

**PLACER GRAVEL TESTING REPORT
By Hand Shafting Methods**

**on
PL # ID 00409**

**Changed to claims
UM 1 to 13 / P 45347 to P 45359**

Owned by Vern Matkovich and Tom Morgan

Work Performed Between April 2003 –December 2003

Lat.63*42' Long.136*00'

NTS 115-0-11 g

Dawson Mining District

**Prepared by Tom Morgan and Vern Matkovich
For 19651 Yukon Inc.**

In Compliance with YMIP #~~02075~~

January 31,2004

2003-075

Location and History of Bishop Creek Placer Project

The placer project is in the Indian River area covered by the DUN 1 to 24 claims (YC20619-YC20642). A placer lease was staked to cover the placer rights overlying these quartz claims on an unnamed left limit tributary to Indian River, known locally as Bishop Creek. The lease was converted to claims UM 1 to 13, which presently cover Bishop Creek from the Indian River valley to the first fork of the creek. This is in the Dawson Mining District on 115-0-11 NTS map sheet, Lat 63°42', Long 136°00'. This location is approx. 85 kms. by road south and east of Dawson City.

The prospect is accessed from Dawson City via the Hunker or Bonanza Creek roads off the Klondike Highway east of Dawson City. The Quartz Creek road is then followed downstream to the mouth of Quartz Creek to the old sunken dredge. The road turns left just before the dredge and goes upstream along the Indian River for approx. 9 kms. to the Indian River Hay Farm. From the farm one travels along an old Cat trail for 1.5 kms. to the edge of the DUN claims at Bishop Creek, by ATV 4-wheeler or snowmobile. Traveling another 0.5 km. upstream along the old Cat trail takes you to the start of the placer lease, now UM 1. From here the Cat trail is followed another 0.5 km. upstream to the drill hole beside Bishop Creek where the shaft was dug, on UM # 5 claim.

The placer Au prospect was discovered while testing the PGE potential of the Indian River Dunite, covered by the DUN 1 to 24 claims. While drilling the eroded central portion of this ultramafic, which is cut by Bishop Creek, placer Au particles were discovered on the gravel - bedrock contact zone. Twenty mg of Au was recovered from each of two six-inch auger drill holes, DUN-02-004-DH and DUN-02-006-DH. These holes were on the right and left limit of a deeper central channel of Bishop Creek. The Au weights of these two samples are economical values at the current prices and depths encountered here. Another drill hole, Dun-02-003-DH, between 004-DH and 006-DH, drilled to refusal in a boulder layer and no bedrock was encountered. This central drill hole beside Bishop Creek showed the deepest layer of alluvium of all the drill holes and bedrock still was not seen. This is very encouraging, as the central deepest eroded boulder layer is usually the richest portion of a placer gold deposit. A lease ID 00406 was staked to cover the placer rights of the ground that the drilling was done on.

SUMMARY OF WORK FOR 2003 BISHOP CR. PLACER

We began work at the beginning of April 2003 on the Bishop Cr. Shaft following up on the favorable drill results of 2002. The shaft was dug to bedrock at 37'. On top of this bedrock and slightly into it a volume of coarse interlocked gravel and broken bedrock measuring 5'1 x 4.5'w x 3'h was excavated and hoisted, with a windlass, to surface and stock piled. Panning of the gravels showed an anomalous amount of gold, coarse black sand and garnet coming from bedrock up to two feet into the gravels. The gravels were extremely well rounded and packed together for the small creek that was coming out of the Bishop Creek valley.

The shaft was then sealed off and insulated to avoid caving in, so that it could be opened up in the fall/winter and worked again. The 2.5 yd.³ of pay gravels that were stock piled were processed with a small long tom and produced 2.5 gr. of raw Au.

The shaft was reopened in November 2003 and we began a drift towards the present creek and drill hole #006 on the east side of the creek where a favorable result was obtained. Work also had to be done on the shaft walls for a ladder to be constructed on one side and still have enough room for the bucket to fit through while being hoisted. At the present time the drift face is 8' east of where we finished digging in the spring. The drift is approximately 3'w x 4'h x 8'l. The bedrock is dropping across the shaft bottom to the east, then levels out in the drift and then rises at the back around 6". The material from this drift was hoisted and stockpiled by the shaft to be processed after spring thaw.

The number of man-days for the spring shafting, windlass construction, shaft sealing, and sample processing was 48. The number of man-days for the fall/winter shaft opening, widening, ladder construction and drifting was 28. Vern walked the drill in but due to the extreme cold weather was unable to drill.

RESULTS OF SHAFT SAMPLE

The test of 2.5yd³ of the bottom 3' of gravel of the shaft, from bedrock up panned down to 2.5 grams of raw gold which is **1 gram Au/cubic yard.**

The grams of Au / square foot of bedrock cleaned works out to **0.11 gr. Au / ft²** from the 5' x 4.5' square footage value of the shaft bottom.

RECOMMENDATIONS

The results are encouraging enough to continue the program as planned, with drilling, drifting, shafting, and processing the samples from this work. With the gravel types being dunite, schist, quartz pebble conglomerate, massive quartz vein, and volcanic (andesite), a concentration of placer gold in the schist of this channel as we move up towards the conglomerates should occur. There is already an economic value seen in the alluvial channel on the dunite bedrock. The schist is the basal unit of the known stratigraphy, which the creek has eroded through to, upstream from the dunite. The schist can be seen on the left limit side bank starting at UM # 7 claim where an old timers cabin is. Schist is usually more favourable than dunite as a bedrock for creating a placer deposit. We've noticed that where a schist conglomerate contact occurs there can be an enrichment of placer gold. The conglomerate beds are cut by the creek somewhere upstream, as I've seen big beds of them at the head of the creek as well as to the west which the right fork cuts up into.

General Geology

The prospect lies in the Ogilvie map area, which is underlain mainly by a series of metamorphic rock that form a broad northwesterly belt through the Yukon. This belt is bounded on the northeast by the Tintina Trench, which passes through the northeast section of the Ogilvie map sheet.

In the prospect, the Indian River marks a boundary between metamorphic rocks to the north, mapped as Klondike Series, and those marked Nasina Series to the south. The Klondike Series are comprised mainly of sericite schist, chlorite schist and gneiss and form a broad northwesterly trending zone adjacent to the Tintina Trench. The Nasina Series are comprised mainly of dark colored quartzites, quartz mica schist and minor limestone. (Bostock, Ogilvie Map, 1942)

Geology of the Prospect Area

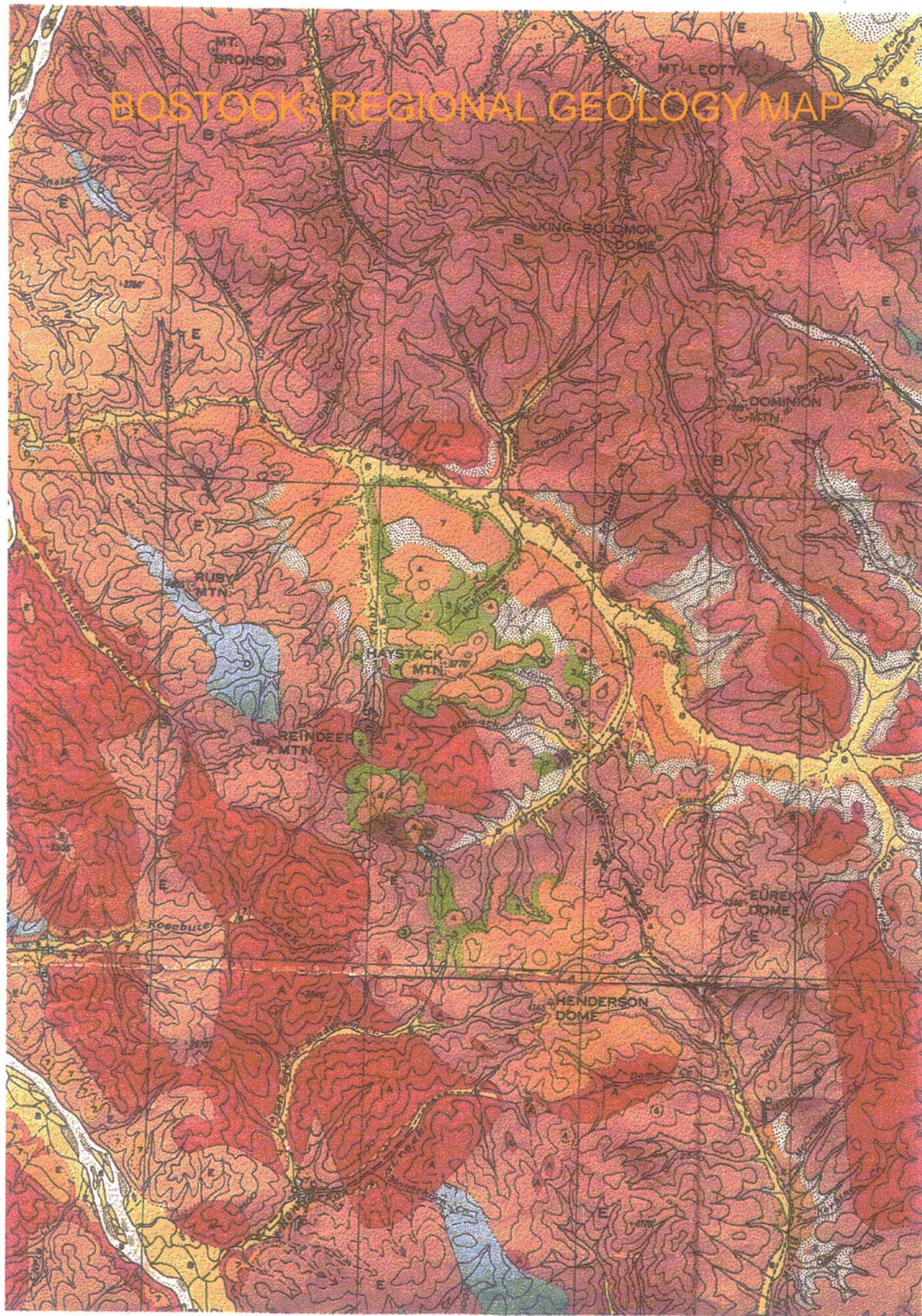
The prospecting lease, which has been changed to claims during the program is on an unnamed left limit tributary to Indian River, locally known as Bishop Creek, in an area where sandstone and quartz conglomerate associated with Tertiary Volcanics overlie Nasina Series rock. Bishop Creek cuts through an ultramafic intrusion thought to be of Proterozoic or Paleozoic age and identified as dunite rock. (Lowey 1981, 1983)

References

Bostock: Map 711 A Ogilvie, 1942

Lowey: Yukon Exploration and Geology, 1983

BOSTOCK REGIONAL GEOLOGY MAP



Regional Geological Legend
115-0-1 and 115-0-2

by H. S. Bostock

RECENT

8-Stream deposits

TERTIARY AND MODERN

7-Stream deposits

SELKIRK SERIES

6-Basalt, andesite

TERTIARY

EOCENE OR LATER

5-Granite porphyry, syenite porphyry

4-Andesite, basalt, dacite, trachyte, rhyolite; breccia,
tuff, agglomerate

EOCENE

3-Conglomerate, sandstone, shale, coal; tuff

JURASSIC OR LATER

2-Chiefly granite and granodiorite

ORDOVICIAN OR LATER

1-Argillite, sandstone, conglomerate

PRECAMBRIAN AND LATER

A-Chiefly gneissic granite

B-Klondike schist: sericite schist, minor chlorite schist

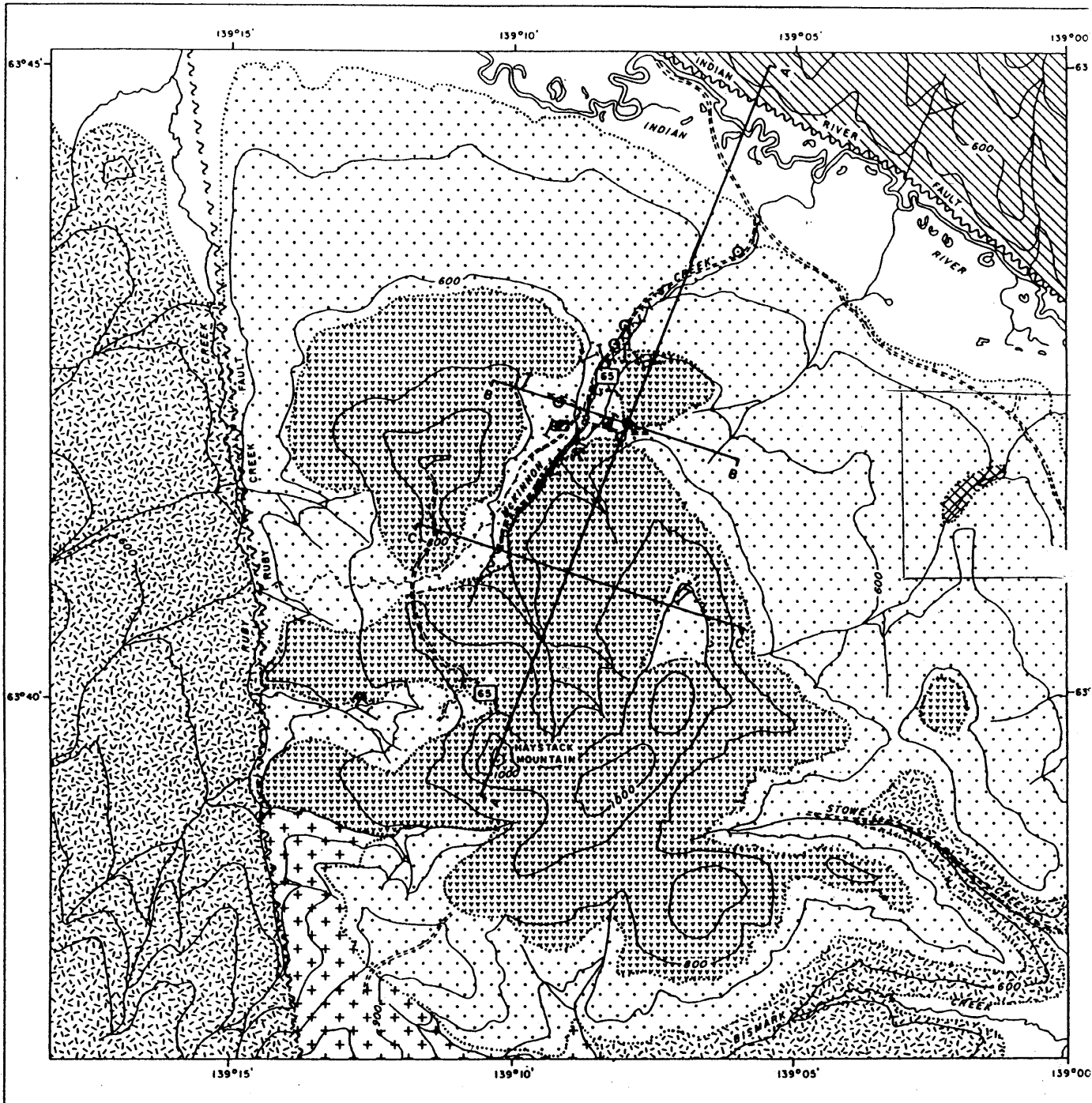
C- Gabbro, pyroxene, peridotite, serpentine

D-Limestone

E-Gneiss, quartzite, schist, slate

MAP 711A
OGILVIE, YUKON
Scale 1: 253,440
One inch to 4 miles

GEOLOGY OF INDIAN RIVER AREA



AUTHOR : GRANT LOWEY

COMPILATION MAP
LOCATION

LEGEND

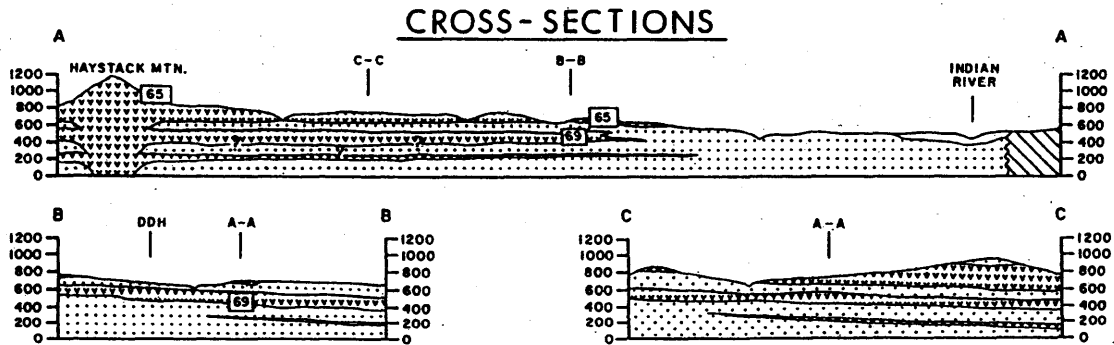
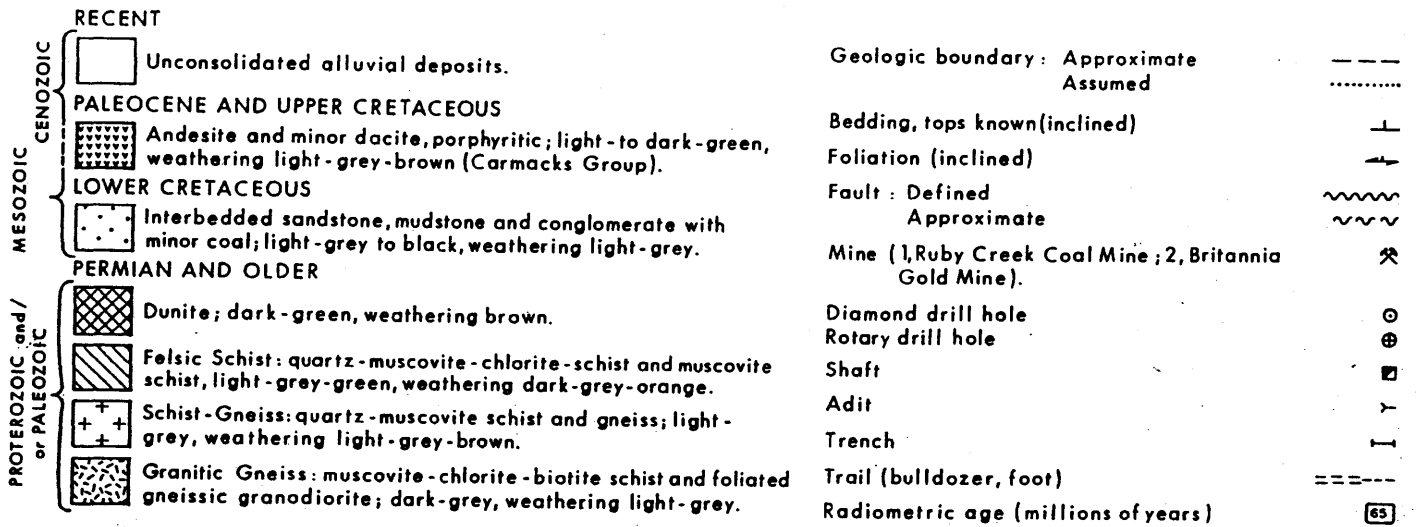
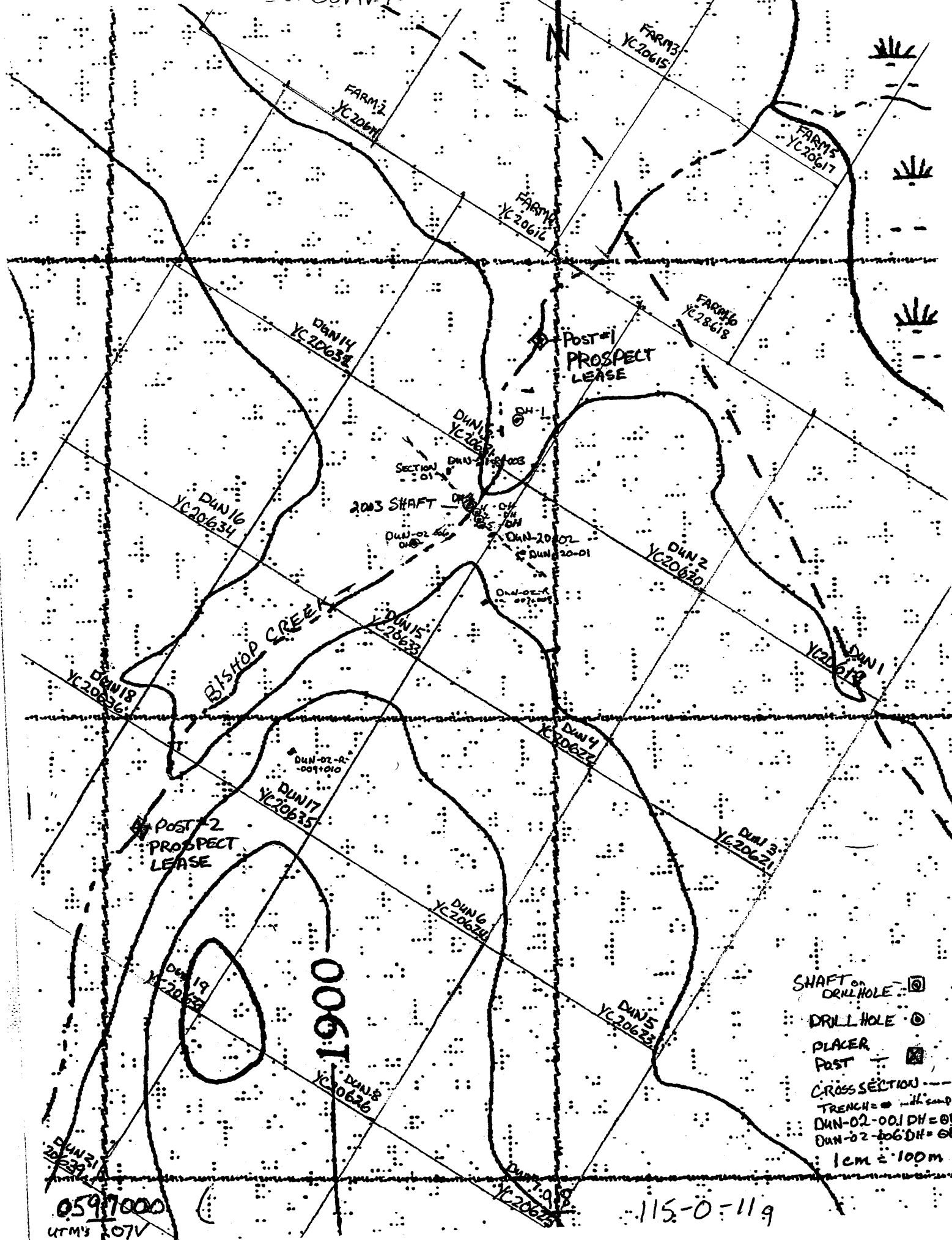


Figure 1. Geologic map and legend of the Indian River area.

COMPLETION



FARM 2
YC 20611

FARM 3
YC 20615

FARM 5
YC 20617

FARM 4
YC 20616

FARM 6
YC 20618

DUN 14
YC 20632

POST #1
PROSPECT
LEASE

DUN 13
YC 20631

SECTION 01

2003 SHAFT

DUN-02
010

DUN-20-02
DUN-20-01

DUN 2
YC 20630

BISHOP CREEK

DUN 15
YC 20633

DUN 18
YC 20636

DUN 1
YC 20619

DUN-02-R
0091010

DUN 4
YC 20622

POST #2
PROSPECT
LEASE

DUN 17
YC 20635

DUN 3
YC 20621

DUN 6
YC 20624

DUN 19
YC 20639

0061

DUN 5
YC 20623

DUN 8
YC 20626

DUN 21
YC 20637

DUN 10
YC 20625

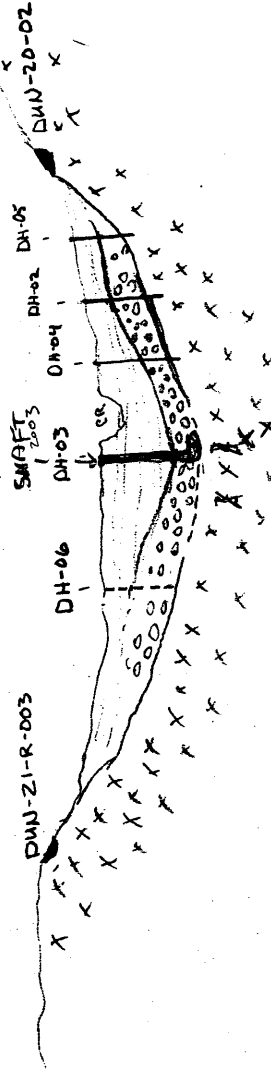
- SHAFT or DRILL HOLE
- DRILL HOLE
- PLACER POST
- CROSS SECTION
- TRENCH
- DUN-02-001 DH =
- DUN-02-006 DH =
- 1 cm = 100 m

0597000
UTM'S 07V

115-0-119

SECTION 01 - DUN 2003

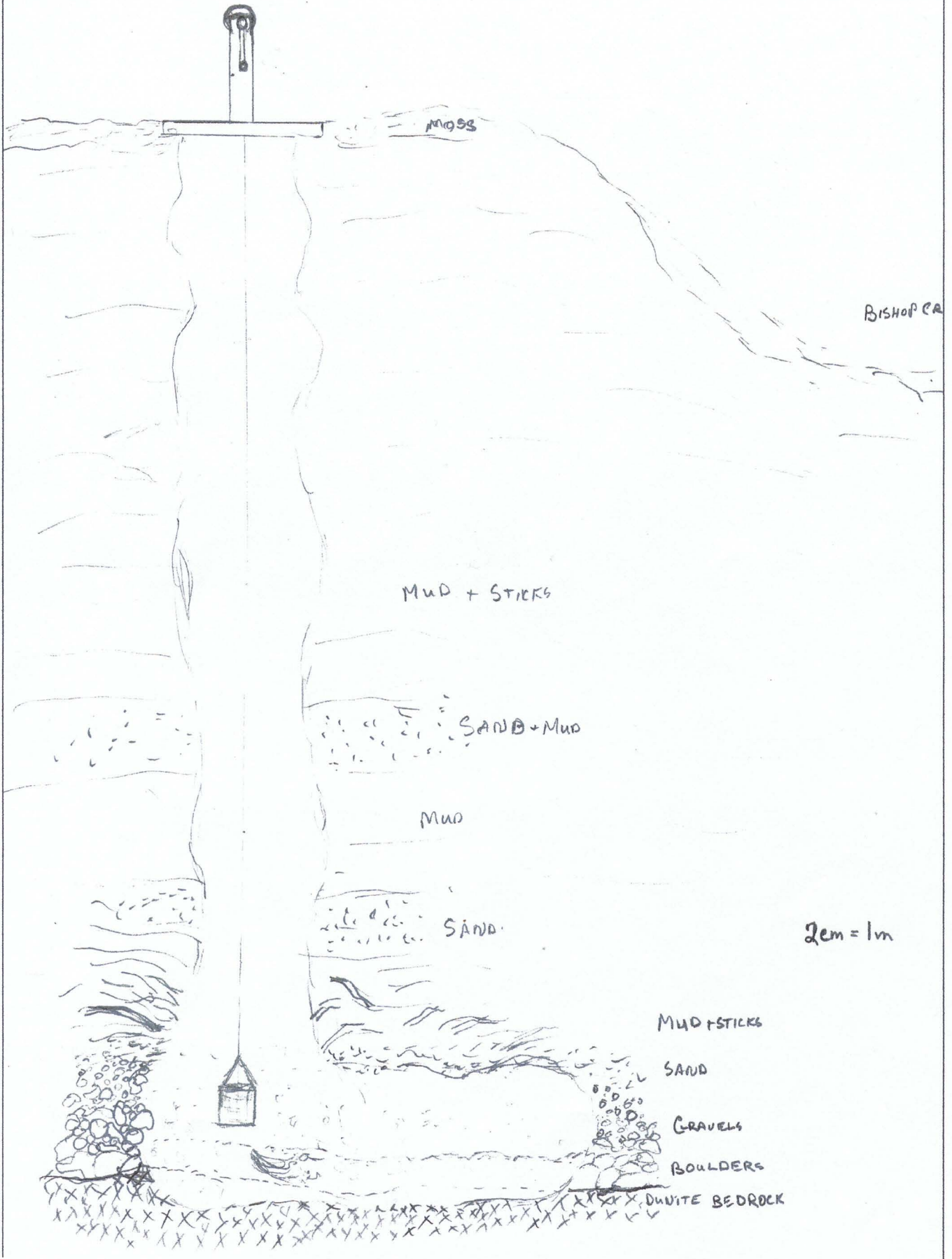
DUN-20-01
 (07 V0597904)
 (UTM 7064439)



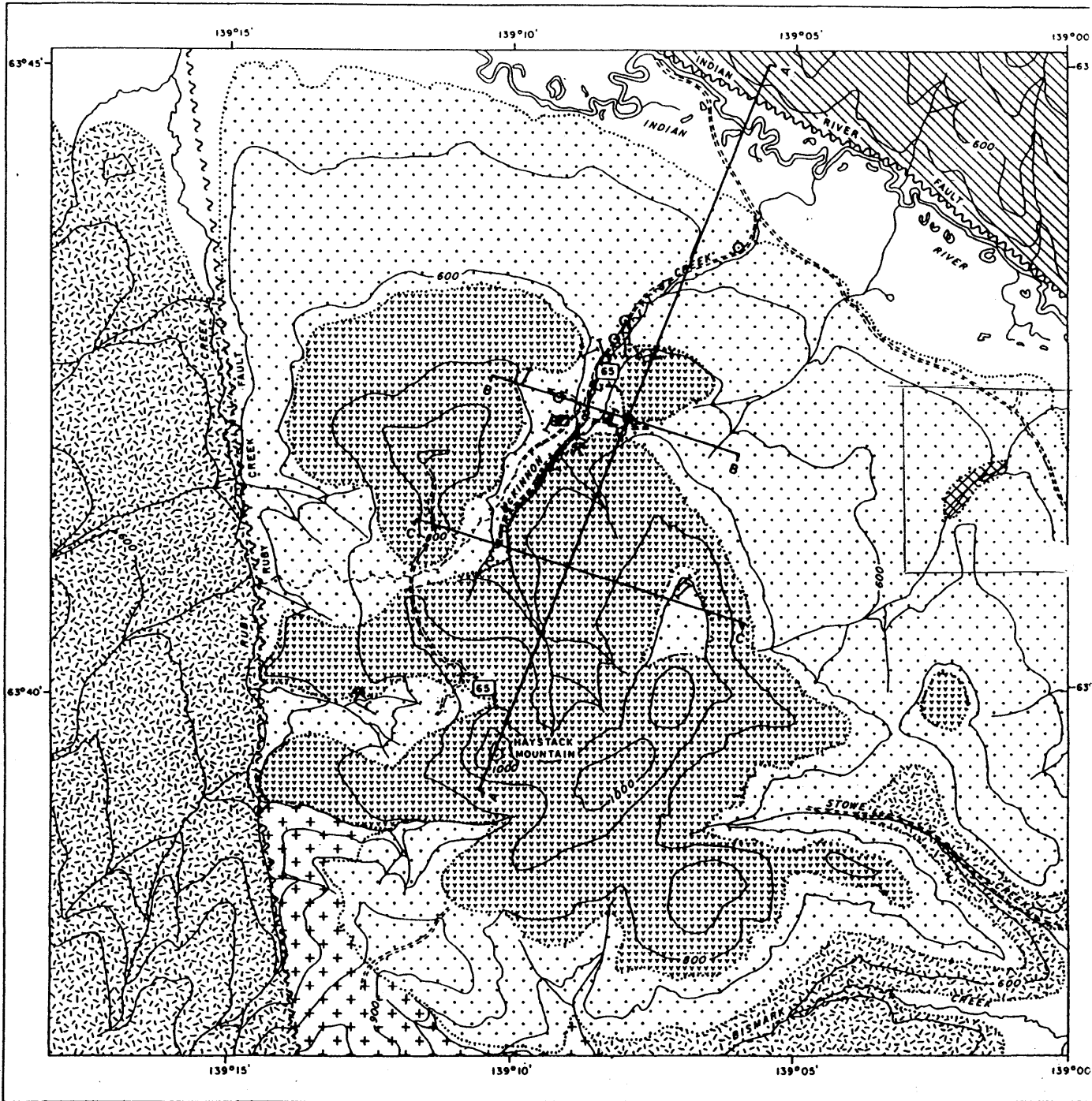
SHAFT 2003
 AUGER DRILL HOLE 2002
 SAMPLE PIT
 DH-01
 DH-02 (lost pit)
 DH-03

MUD-SANA
 GRAVEL
 BEDROCK
 (DUNITITE)
 1cm = 10m

SHAFT CROSS SECTION BISHOP CREEK 2003



GEOLOGY OF INDIAN RIVER AREA



AUTHOR: GRANT LOWEY



COMPILATION MAP
LOCATION

LEGEND

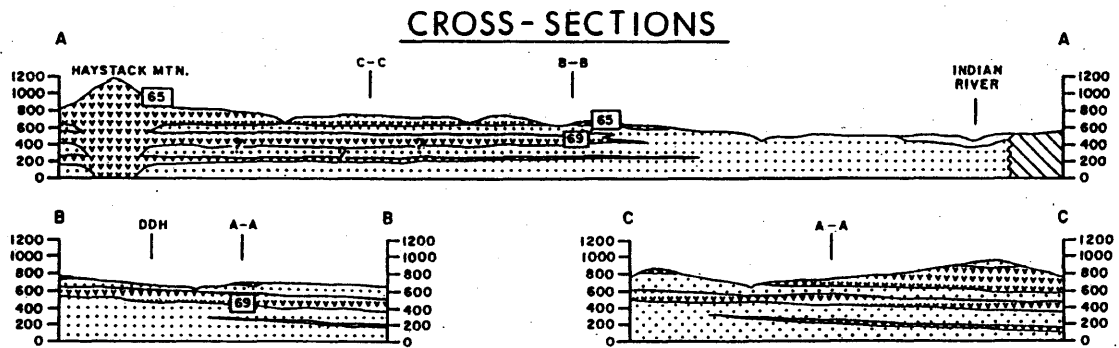
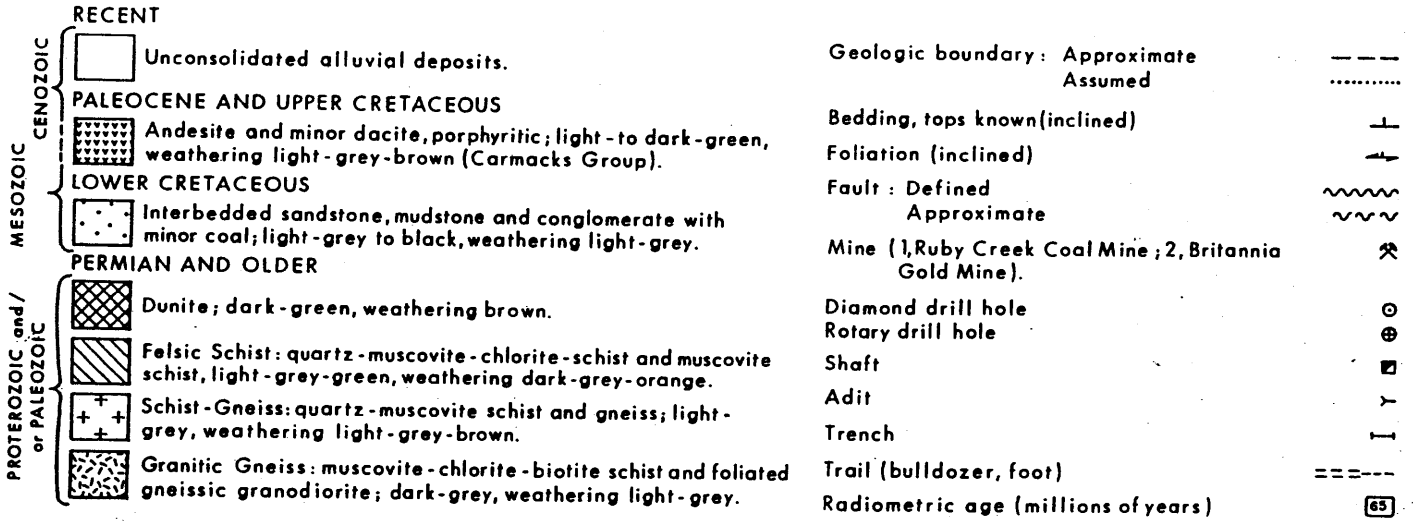
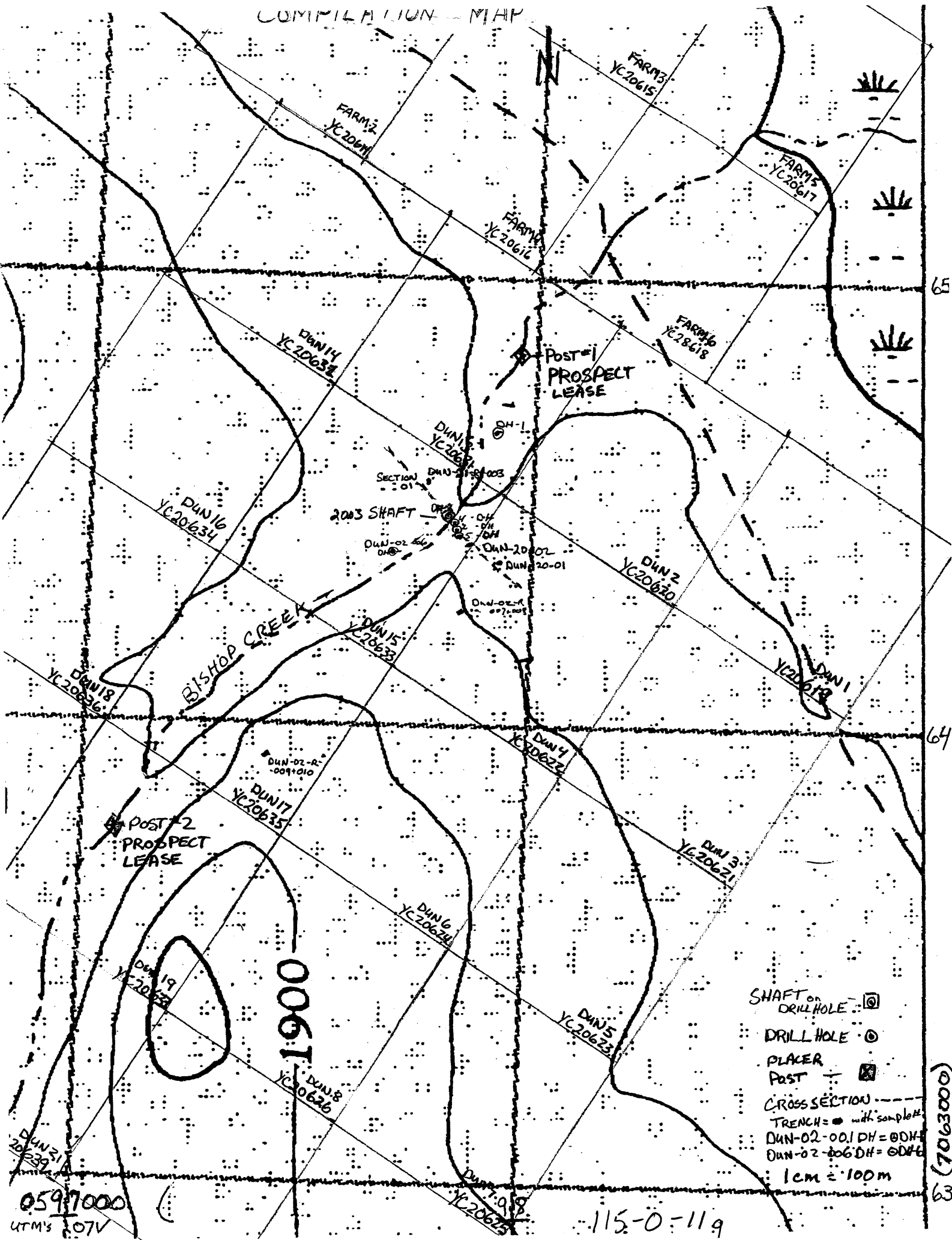


Figure 1. Geologic map and legend of the Indian River area.

COMPILATION - MAP



FARM 3
YC 20615

FARM 2
YC 20611

FARM 5
YC 20617

FARM 4
YC 20616

FARM 6
YC 28618

DUN 14
YC 20632

Post #1
PROSPECT
LEASE

DUN 13
YC 20631

SECTION 01
DUN-01-003

2003 SHAFT

DUN-02-001
DH

DUN-20-02
DUN-20-01

DUN 2
YC 20620

DUN 16
YC 20634

BISHOP CREEK

DUN 15
YC 20633

DUN 18
YC 20636

DUN 1
YC 20619

DUN-02-R
0091010

DUN 4
YC 20622

Post #2
PROSPECT
LEASE

DUN 17
YC 20635

DUN 3
YC 20621

DUN 6
YC 20624

1900ft

DUN 19
YC 20637

DUN 5
YC 20623

DUN 8
YC 20626

SHAFT or DRILL HOLE

DRILL HOLE

PLACER POST

CROSS SECTION

TRENCH = with sample #

DUN-02-001 DH = 001H

DUN-02-006 DH = 006H

1cm = 100m

0597000

UTM'S 07V

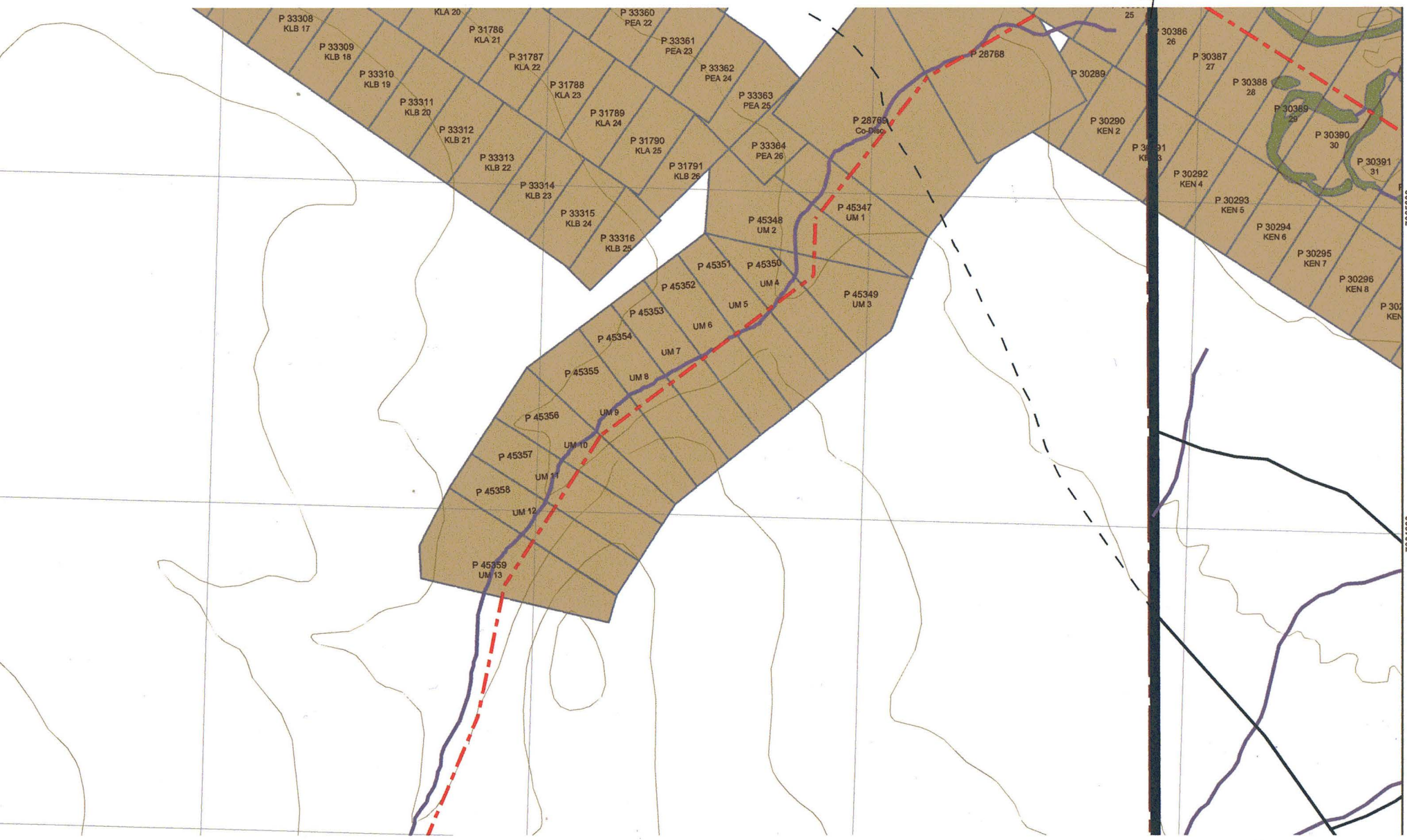
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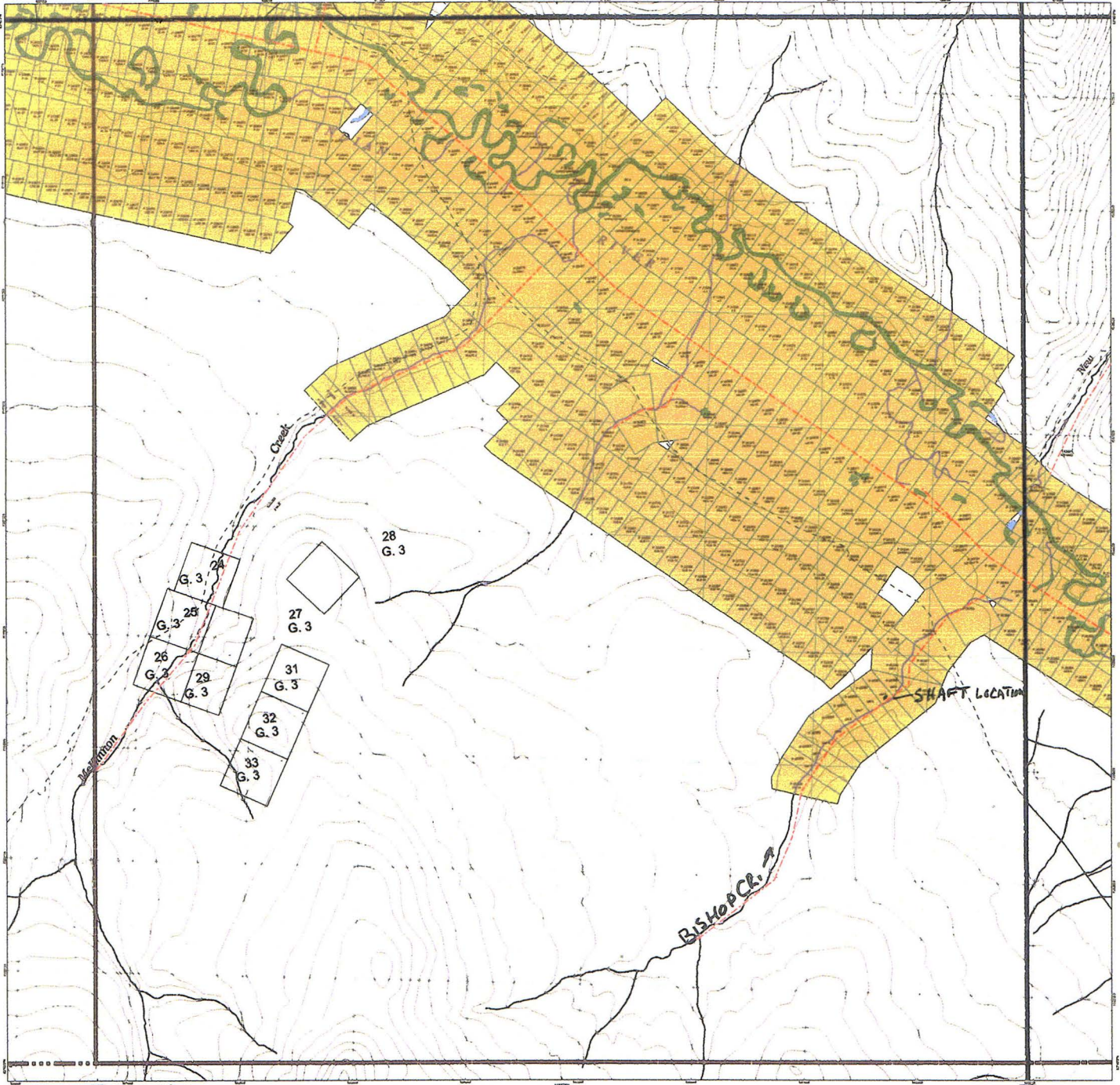
63

65

64



115-0-11g



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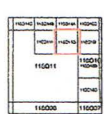
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 Date: 2008
 Author: [Company Name]
 Contact: [Phone Number]
 Address: [Address]

Legend:
 Mining Claims: [Symbol] Mining Claims
 Contour Lines: [Symbol] Contour Lines
 Roads: [Symbol] Roads
 Water Features: [Symbol] Water Features
 Shaft Location: [Symbol] Shaft Location

115011g

MINING CLAIMS

U.S. GEOLOGICAL SURVEY
 Mining Claims
 Map Creation Date: Jan 22, 2008



<p>Legend</p> <ul style="list-style-type: none"> Mining Claims Contour Lines Roads Water Features Shaft Location 	<p>Map Information</p> <p>U.S. GEOLOGICAL SURVEY Mining Claims Map Creation Date: Jan 22, 2008</p>	<p>Scale</p>	<p>Legend</p> <ul style="list-style-type: none"> Contour Lines Roads Water Features Shaft Location
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Qualifications

The principals of 19651 Yukon Inc. are V. Matkovich and T. Morgan.

V. Matkovich has been actively prospecting in the Yukon since 1987. He prospected in the Carmacks area in 1987-1990, and made two trips to Apex Creek, Hayes Creek and Klines Gulch near Prospector Mtn. During this time. In 1990 he completed the Basic Prospecting Course offered by the Yukon Chamber of Mines. In 1991 he moved to the Dawson District and established himself on Montana Creek in the Indian River area. From 1992-1995 he drilled and shafted extensively for placer gold on Montana Creek. At this time V. Matkovich and T. Morgan began working together on developing the Montana Creek placer, as well as exploring other creeks in the area for potential placers. These explorations involved the use of auger drills and shafts steam thawed to bedrock. Since 1995 V. Matkovich has been involved with T. Morgan on quartz hardrock exploration in the Indian River, Reindeer Mtn. and Haines Junction areas. Exploration in these areas is ongoing.

T. Morgan has been actively involved in prospecting since the summer of 1981 when he worked for Shell Minerals as a prospectors assistant. In 1983 he moved to the Yukon and worked with placer miners in ground evaluation and testing in the Sixty Mile, Carmacks, Dawson and Kluane areas. In the winter of 1984 he was in southern California prospecting in the Old Woman Mtns., the Panament Range and Inyo Range for hardrock gold. Some highly mineralized areas were discovered at this time in this rugged mountainous country. He worked underground at Miller Creek in the Sixty Mile area in 1985 and 1987 for Klondike Underground, testing and recording the Au values and gravel characteristics. He staked his own ground on Montana Creek in the Dawson District and Iron Creek in the Whitehorse District during this time Iron Creek was sold to an American outfit and Montana Creek was optioned to Rivest Bros. In 1987-88 he prospected with Glen Harris, Bill Harris, Ron Stack and Graham Davidson in the Kluane Range and in the Carmacks area around Mtn. Freegold. He worked with Doron Explorations on Caribou Creek and Lodestar Explorations in the Wheaton River area on Sb, Ag, and Au deposits in 1988-89. He worked on Montana Creek placer ground in 1990, and with Hughs-Lang Group prospecting in the Ogilvie Mtns. for bedded zinc, Thistle Creek for Au veins and placer shafting on upper Hunker Creek. From 1991-1994 he was involved in placer mining and testing on Montana Creek, where Tom Morgan and Vern Matkovich started working together. Stuart Schmidt optioned the upper Montana Creek and Vern Matkovich drilled for Schmidt. V. Matkovich optioned the ground below S. Schmidt and drilling was done there as well. In 1995 T. Morgan, Glen and Bill Harris and S. Schmidt drove a drift on Caribou Creek, with V. Matkovich and Eric Stoll, and intersected high grade gold in an epithermal vein deposit from Doron Explorations 1989 drill hole. In 1996 he worked in the Hess River area with B. Lueck (Yukon Gold Corp.), prospected for and found Fort Knox Style, Toumbstone Suite intrusive hosting high grade Au, Bi veins. In 1997 he went with B. Lueck to Tok, Alaska and staked the Taurus Property, a Cu, Mo, Au porphyry. The same year T. Morgan and B. Lueck went to the Phillipines to prospect Au vein deposits, Cu-Mo porphyrys, Au hot spring deposits and massive Cu, Au sulfide veins. Work continued until 1999, finishing with drilling on the Plata Claims' Au, Pb, Zn vein at Fido Creek, in the Hess River country. With V. Matkovich, S. Schmidt and K. Jonas he staked the Bear Claims on Thistle Creek on a Pogo style deposit in 1999, along with the Wolf Claims on Scroggie Creek. He also organized and staked two Cu, Ni PGE targets in the Kluane Mafic Ultramafic Belt. Work is ongoing on these projects.