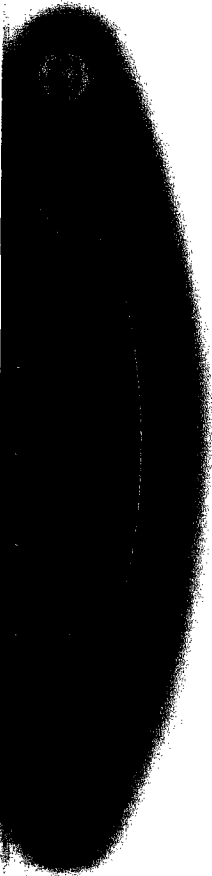


YEIP

04-002

2004



TECHNICAL REPORT

BULK SAMPLING OF THE FIFTY MILE PLACER PROPERTIES, CHERYL CREEK AND RALPH CREEK, FIFTY MILE RIVER AREA, YUKON TERRITORY

YMIP 04-002
~~**YMIP 04-067**~~

CLAIMS

RAL 1-30 (P44499-P44528)

RALA 1-2 (P 45044-P45045)

BER 1 - 30 (P44335 - P44364)

NTS: 115 N 15

NTS: 115 N 16

Mining District: Dawson, YT.

Date: January 11, 2005

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1.0 SUMMARY:

Bulk sampling at **Cheryl Creek** indicates top to bottom economic values of gold if mining is cautious and cost effective. It also indicates highly favorable economic values if mining can be restricted to pay concentration nearer to bedrock. It is recommended that a small production operation begin on Cheryl Creek in the vicinity of Cheryl Pit 1. Inferences and "could-be's" set out in Section 10 below, should be evaluated as part of the production process. Evaluation of overall creek potential will require cross-valley trenching and bulk testing at the mid and upper creek levels and in tributaries.

Bulk sampling results on **Ralph Creek** are not conclusive enough to warrant a production decision. While the values found are not economic, they have been impacted by the weather-related failure to run stockpiled pay at bedrock and in bedrock. It is recommended that bulk testing of Ralph Pit 1 be continued by running the stockpiled bedrock pay. Trenching and bulk sampling across the upper Ralph Creek valley should to be carried out to determine overall creek potential. Trenching in the vicinity of Cat pit #2 and #5 should be carried out to verify the higher values found at those locations. The trenches here should extend to nearby magnetic survey indicated channels to determine if values increase within the channels. Selected high potential magnetic survey channels on both the upper and lower should be sampled to assess their overall higher value potential.

2.0 LOCATION AND ACCESS:

The 50 Mile Creek placer properties are located in NTS 115N/15 and 115N/16, within UTM 7073.000N to 1090.000N and 518.000E to 533.000E (NAD27) in the Fifty Mile River area of the western Yukon Territory. They include the 50 Mile River and the locally named Cheryl, Ralph, and Al Creeks. The properties are located approximately 55 km southwest of Dawson City, Yukon (Figure 1). Limited access is over the Matson Creek road, and then to the old Mar West mining access road that runs along the ridge line leading to Hart Mountain, and then by newly constructed CAT trail down into the Cheryl and Ralph Creek valleys. (Project location is shown as Attachment 1 in the enclosed photo section.)

3.0 PROPERTY:

The target claims are: RAL 1-30 (P44499-P44528) – Ralph Creek
 RALA 1-2 (P 45044-P45045) – Ralph Creek
 BER 1 - 30 (P44335 - P44364) – Cheryl Creek

4.0 PHYSIOLOGY AND PLACER GEOLOGY:

The geology and physiology of the area containing the property has been described by Cockfield (1921) and Gordey and Makepiece (1999). It is located in the Yukon Plateau, south of the Tintina Trench at elevations ranging from 600 to 900 m. The area is subject to continental climatic conditions with short, warm summers and cold winters. Temperatures range from 15 to 25° C during the summer period and down to -50° C during the coldest months of winter.

The local geology of the area is described in DIAND Open File 1996-1G, specifically in its coverage of 115N/15,16. It states in general:

"Northern Stewart River map area southwest of the Tintina Fault Zone is underlain by two distinct lithotectonic assemblages: 1) medium to high grade, polydeformed metasedimentary and met-igneous rocks of the Yukon-Tanana Terrane, and 2) weakly deformed and metamorphosed rocks to the Slide Mountain Terrane. These two assemblages are both mainly Paleozoic in age in the study area, and were juxtaposed by regional scale thrust faults in Early Mesozoic time, during a period of terrane accretion that affected much of the northern Cordillera. A variety of younger (post-accretion) volcanic, plutonic and sedimentary rocks are also present in the study area."¹

Cockfield (1921) describes the regional placer geology. The property occurs in a large area of the western Yukon which escaped Quaternary glaciations. Placer gold occurs in pre-glacial valley-bottom gravels and in benches or terraces along the streams. Gravels are described as poorly sorted and consisting of cobbles and pebbles (to 10 cm) of metamorphic rocks overlain by loess and lesser sand and gravel. The bench deposits occur at a higher elevation and have a lower average gradient indicating that the present stream channel gravels formed through reworking of older deposits and down-cutting associated with regional uplift.

Lowey (1999) states that "previously unrecognized glacial erosional landforms (i.e. cirques, u-shaped troughs, truncated spurs and aretes, in order of increasing doubt) and glacial depositional landforms (i.e., an end moraine and possibly ground moraine occur in the Fifty Mile Creek area, west of the pre-Reid Cordilleran glacial limit). The cirques and end moraine, representing the best evidence of glaciation, are similar to landforms in the adjacent Yukon-Tanana uplands of Alaska that formed during the Eagle glaciation (>40Ka, or Reid in age). Glaciation caused climate-controlled variation in runoff and cycles of aggradation and incision in the Fifty Mile Creek drainage. This resulted in the formation of upper and lower-level terraces along the Fifty Mile Creek and its tributaries. The terraces, composed of sandy, muddy, gravel that is locally derived, are fluvial in origin. Placer gold occurs along Fifty Mile Creek, several tributaries, and in the lower-level terraces. The

upper-level terraces are potentially gold bearing." In 1999, Dr Lowey's pan sample taken at a placer exploration test pit 2 feet above bedrock on Cheryl Creek showed a gold content of 0.024oz (about \$11) per cubic yard. His report also describes the gravel column and heavy mineral constituents from selected test pits in the project area.

5.0 PREVIOUS WORK:

- The Cheryl and Ralph Creek claim groups were explored with hand trenching in 1998, and by limited cat trenching at its lower end in 1999.
 - 1998 hand trenching on Cheryl Creek was limited, but suggested a consistent value of about \$6 - \$10 per yard (at \$500 CN per oz) up to 2 miles above the mouth. One historically earlier hand pit at the mouth of the pup showed over \$20 per yard. This hand pit was on the edge of a year 2000 indicated possible magnetic channel. There is a broad shallow mostly thawed area beginning about 900 m above the creek mouth. It is about 75 m wide by 200 m long and has little to no muck. A 3 bucket hand panned sample from 1998 showed \$6.50 per yard. Because of permafrost and water problems, only three (of five) 1999 cat pits yielded samples. They indicated \$7 to \$9 per yard at \$500 CN gold. Pit location was 200 m (pit #99-2) to 450 m (pit #99-5) above the Creek mouth. The pits were all located outside of a year 2000 indicated possible magnetic channel.
 - Hand trenching on Ralph Creek was also limited, but suggested that consistent values estimated in the \$5 per yard range up to 2 miles above the pup's mouth. Because of the permafrost and water problems, only one of the 1999 cat pits placed on the creek was successful. It showed over \$10 per yard at \$500 CN gold prices. The pit was located just outside of a 2001 indicated probable magnetic channel.
 - In 2001, a shaft was sunk on the partially filled 1999 Ralph Creek Cat Pit #100 -6. It showed gold with two 3mm very chunky pieces, one 2mm chunky piece, 8 small flakes, and 5fs, with an estimated value of \$10-\$15 per yard (\$500 CN gold). The nine foot shaft began four feet down within old Cat pit #100-6. A 1.2 yard sample beginning at approximately 5' above bedrock with two inches of bedrock was taken. Compared to 1999 Cat pit 100-2, which ran 11.5 grains per yard, very few fines were recovered with the carpet-less box. Fines made up a major portion of the value of pit 100-2.
 - Placer gold in these creeks, and in the overall area as a whole:
 - Is very well washed.

- Shows some gold top to bottom in the gravel column.
 - Has shallow overburden and minimal muck.
 - Contains major magnetite.
 - Shows that the more magnetite present, the higher the gold values.
- A total magnetic field survey was conducted on Cheryl Creek in 2000 under YMIP 00-064 and YMIP 00-66. It extended from the creek mouth up 3380 meters, covering 10.5 line km on 84 lines.
 - Its stacked profile and contour maps show a linear magnetic trend that parallels creek flow and likely represents magnetic stream channels.
 - The Amerok Geosciences Ltd. Report on the Survey concludes
 - That the results of the total magnetic field survey indicate the location of several anomalies which could arise from placer magnetite concentrations.
 - That these anomalies should be investigated on the ground and tested by excavation.
 - And that those with higher amplitudes and flanking negative anomalies should be investigated first.
 - A 27km total magnetic field and gradient survey program with limited shafting was conducted on Ralph Creek in 2001 under YMIP 01-077.
 - Its stacked profile, contour, and gradient maps all show a linear magnetic trend that parallels creek flow and likely represents magnetic stream channels.
 - The main North/South grid anomalies define two potentially channels that extend over 3000 m. (*Work done with this YMIP indicate that the two channel cover an upper and level terrace respectively.*)
 - There is a broadened anomaly below the West branch that could represent magnetite enrichment from that branch.
 - Possible magnetic stream channels are associated with the West branch grid.

6.0 PROJECT WORK:

- 2004 Season impact: Forest fires burned into and threatened the 50 Mile valley throughout the 2004 mining season. Forestry officials specifically restricted us from entering the area until mid-August. This seriously limited the time available to

conduct project work. Forest fire preemptive utilization of helicopters made bringing equipment into the target area by land our only option, and it was necessary for us to access the area by CAT trail. Regardless, we were able to bulk sample one main pit sluicing 513.5 cubic yards and two small sample pits on Cheryl Creek. On Ralph Creek, we were able to bulk sample one main pit sluicing 363 cubic yards and one small sample pit. Work on Cheryl Creek was done on claims BER 5 and 6, and work on Ralph Creek was done on RAL 2.

- Key Equipment utilized included a Hitachi EX300 excavator, a D8H CAT, a 25 yards per hour test trommel with hydraulic riffles over NOMAD matting, and a 2'X4' U-Tech vibrating table.
- Recirculation system: All pits and sampling were out of stream. 100% recirculation was used with water from the creeks taken only for initial reservoir charging and make-up water. A two settling pond/recirculation system was used for Cheryl Creek, while Ralph Creek was limited to a single recirculation pond. Yukon Client Services monitored all work and were satisfied with it and the way it was done. Attachment 2 in the enclosed photo section shows the Cheryl Creek recirculation system.
- Cheryl Creek Pit Descriptions:
 - *Cheryl Creek Main Pit (c04pit1):* 200 feet by 80 feet was stripped on the West side of Cheryl Creek with the long axis paralleling the creek (N –S). The half of the creek closest to the creek was thawed ground. Sluiced material was taken from an 80' by 35' pit in this thawed zone. Thawed pit GPS location was 07525693E, 7079850N. Depth of gravel to bedrock varies from 5 to 7 feet. An average of 1.5 feet of muck and 1 foot of sand overlay the top of the gravel. The gravel in the pit is poorly sorted and consists mostly of cobbles and pebbles up to 3 inches. There are sporadic boulders of up to 18" at bedrock. There is virtually no clay in the gravel from the sand layer to bedrock. There is locally abundant black sand found throughout the column. Pan samples a various depths in the column showed the gold to be present throughout the column. One pan taken at 6' above bedrock showed two small colors, and one pan taken at bedrock showed 7 colors and several small flakes. Bedrock was fractured gneiss ranging from open to tight. Bedrock ability to allow gold penetration is judged to range from good to fair. 446 yards of material was sluiced. The unthawed balance of the pit did not thaw sufficiently in the time available to allow its testing. Pictures of the pit, pit operations, and an aerial photo taken by Yukon Client Services are shown in the attached photo section. Photos of the gold from bulk sample sluicing are also shown this section.
 - *Cheryl Creek Sample Pit c04pit2:* 250 feet by 250 feet was stripped on the East side of Cheryl Creek in a zone directly across the creek from c04pit1. Of this only a

40' buffer zone close to the creek was unthawed. A 10' X 15' test pit was dug to bedrock in the thawed area. Pit GPS location is 07525708E, 7079918N. Depth of gravel to bedrock averages about 5.5 feet. An average of 1.5 feet of muck overlies the gravel. Below the muck there is 1.5 feet of cobbles and pebbles in a sandy matrix, over 1.5 feet of sand consisting of decomposed schist, over 2 feet of well layered but poorly sorted cobbles and pebbles that are elongated by stream wear, over 1 foot of very poorly sorted boulders, cobbles and pebbles over bedrock. The boulders are up to 20". Bedrock lenses up and down. It is different from the blocky gneiss in c04pit1. It consists of highly fractured layered micaceous schist reposing perpendicular to stream flow at a dip of 15 degrees. It holds this structure for about 3.5' to the bottom of the pit where it continues down. It is judged to form a very good gold trap. A one bucket sample was taken from two feet above and down to bedrock. It was run over a long tom, was weighed, and showed a value of over \$16 per yard for \$500 CN gold. Photos of the stripped area, the pit, and the gravel column are given in the photo section. The unthawed balance of the stripped area did not thaw sufficiently in the time available to allow its testing.

- *Cheryl Creek Sample Pit c04pit3*: This test pit was dug in a thawed East/West trending reef 150 feet directly North of c04pit2 at GPS location 07525714E; 7079952N. The reef is 15' higher than the adjoining valley floor, and thus represents an earlier deposition than c04pit1 and c04pit2. A similar parallel reef is located 100 feet to the South (downstream), and there may be a possible enrichment zone between the two. Both reefs are about 20' wide. Pebble orientation shows stream flow to come from 350 degrees true. 4 feet of gravel is exposed down to a frozen base of gravel. Depth to bedrock is unknown. Coverage is a light moss and no muck. The pit floor at four feet is a cobble, pebble, and boulder base and the depth to bedrock is not known. The top 1 foot of column is of poorly sorted cobbles up to 6"; over 3" of sandy material; over 6" of poorly sorted cobbles up to 3"; over 1" of sand; over 2" of sand and smaller pebbles; over 1 foot of cobbles to 6" and pebbles; on top of the frozen floor of sand, pebbles, cobbles, and boulders to 18". A one bucket representative sample was run over a long tom. Gold recovered was weighed and represents \$16 per yard at \$500CN. The gravel column is shown in the photo section.
- Ralph Creek Pit Descriptions:
- *Ralph Creek Main Pit (r04pit1)*: 1,000' by 50' was stripped on the East bench running NW along the bench and parallel to the Ralph Creek canyon. No thawed areas were uncovered. The area was left to thaw while operations were switched to Cheryl Creek. The Southern limit of the cut was at GPS 07522271E; 7080100N. Where exposed 100' North from the above Southern most point, the gravel column shows 2.5 feet of muck; over one foot of brown sand; over 4 feet of a very poorly sorted mix of pebbles and cobbles; over 2 feet of a pebble,

cobble, boulder mix; over bedrock. The column is hard to read due to slide material up slope covering and infiltrating the cut. Where exposed, bedrock is highly fractured quartz schist grading to gneiss. It is well positioned to trap gold. When operations shifted back to Ralph Creek only a limited area 100' North of the cuts Southern limit was thawed sufficiently to permit sluicing. Several pan samples at bedrock showed a visually estimated \$9 per yard (\$500 CN gold). 363 yards were sluiced. Pictures of the stripped area, the gravel column, and gold recovered are given in the photo section.

- *Ralph Creek upper bench pit (r04pit2):* A 4 foot by 8 foot test pit was placed in the East slope high bench at GPS location 07522327E; 7080265N. This is a higher level bench in the 50 Mile system, and it has not been previously sampled for gold. It is representative of the upper-level terraces that Dr. Lowey stated (above) are potentially gold bearing. Exposed is 6 feet of slide rock over 8 feet of poorly sorted gravels with sand lenses. There are up to 20" boulders at the bottom of the pit, but no bedrock is exposed and the depth to bedrock is unknown. Cobble orientation indicates that stream flow paralleled Ralph Creek. The overall width of this upper bench at this point is 300 feet.

7.0 SAMPLING RESULTS:

Cheryl Creek Bulk Sampling:

Cheryl Pit 1 bedrock was penetrated down 18". Except for Sept 7, 8, and 9, the entire column below muck/sand was run. The height of the column varied from around 6' to 7'. Pictures of the gold are included in the photo section. Weighted average Au/yd in pay was .4340 grams. Weighted average Au/Yd for top to bottom was .2276 grams. Total yards run was 513.5. *Lab testing of representative fineness of Cheryl Creek gold showed 91.97% Au, 6.87% Ag before, and 92.88% Au, 7.09% Ag after melt loss.* Pictures of the gold are included in the photo section.

Date	Cu. Yards	Au	Au/Yd.	Material Run
Sept. 7	45.0	14.0 grams	.3111 grams	1.5' BR+1.5' Grv
Sept. 8	22.5	13.0 grams	.5778 grams	1.5' BR+1.5' Grv
Sept. 9	112.0	50.9 grams	.4545 grams	1.5' BR+1.5' Grv
Sept. 10	49.0	14.0 grams	.2857 grams	top to btm+BR
Sept. 11	150.0	37.0 grams	.2467 grams	top to btm+BR
Sept. 12	54.0	11.0 grams	.2037 grams	top to btm+BR
Sept. 13	81.0	14.0 grams	.1728 grams	top to btm+BR

Cheryl Creek Pit Sampling:

Cheryl Pit 2: The pit received a one five gallon bucket sample which was run over a

long tom and then weighed. Because the bucket was not quite filled to the top, 40 buckets per yard were used in value estimate. There is suspicion that cross contamination occurred from an earlier bulk sample run over the long tom. As a result, the value is estimated as at least as much if not more than that found in Pit 3, or \$16 per yard.

Cheryl Pit 3: This pit received a two five gallon bucket sample which was run over a long tom and then weighed. Because the bucket was not quite filled to the top, 40 buckets per yard were used in value estimate. 54 mg Au was recovered. The value is estimated in to be \$16 per yard (\$500/oz CN)

Ralph Creek Bulk Sampling:

Ralph Pit 1: Bedrock was not penetrated. The entire column below muck/sand was run. The height of the column varied from around 7' to 8'. Considerable infiltration from slide rock was unavoidable due to weather constraints. *No bedrock or pay at bedrock was run.* Weighted average Au/Yd was .1074 grams. Total yards run was 363. *Lab testing of representative fineness of Ralph Creek gold showed 82.82% Au, 15.52% Ag before, and 84.03% Au, 15.95% Ag after melt loss.* Pictures of the gold are included in the photo section.

Date	Cu. Yards	Au	Au/Yd.	Material Run
Sept. 15	96.0	08.0 grams	.0833	top to btm
Sept. 16	200.0	18.0 grams	.0900	top to btm
Sept. 17	67.0	13.0 grams	.1940	top to btm

Ralph Creek Pit Sampling:

- Ralph Pit 2: Bedrock was not penetrated. A one bucket representative sample taken showed 3 small colors which were not weighed.

8.0 PROXIMITY OF BULK TESTS TO MAG CHANNELS:

The late start caused by forest fire restrictions limited our flexibility in placing bulk sample sites. Our main sites had to be selected by percent of thaw, and suitability to recirculation pond placement. Secondary sites were restricted by time restraints and the accessibility of thawed ground. As a result, we were unable to test key magnetic survey indicated targets, and/or to verify earlier Cat pit sites. Analysis based on proximity to magnetic targets is as follows: A comparison of bench topography near the two pits to the trends of major potential magnetic channels indicates that the magnetic channels run along both the lower terrace and higher level terrace benches. This is significant as the benches are broad, approximately 350' for the lower bench and 300' for the upper bench. This also adds credence to

Dr. Lowey's suggestion (above) that the 50 Mile upper level terraces could be gold bearing.

Cheryl Creek:

Cheryl Pit 1: The center of this bulk tested pit is located on magnetic survey line 40S, 50 meters from the West end of the line. This places it close to the juncture of Ber #5 and #6. Cheryl Pit 1 overlies and encompasses Cat pit #5. The next nearest Cat Pit, #4, is located 240 meters downstream. There are no covering or nearby magnetic channels indicated by the placer deposit model used in the year 2000 survey. There are slightly elevated magnetic readings showing, and these may be low level indicators below the model's detection level. The sample values in Cat pit #5 were about \$11 per yard based on two half yard samples run over a long tom and weighed separately.

Cheryl Pit 2: This pit is located on survey line 40S, 130 meters from the West end of the line. There are no covering or nearby magnetic channels indicated by the placer deposit model used in the year 2000 survey. There are slightly elevated magnetic readings showing, and these may be low level indicators below the model's detection level. This pit is about 80 meters from the former location of Cat pit #5 which ran about \$11 per yard, and Cheryl Bulk Sample Pit 2 which ran as indicated above. A value of over \$16 per yard is estimated based on a one 5 gallon bucket sample and values found in Cheryl Pit 3.

Cheryl Pit 3: This pit is located near the marker for magnetic center line 120N. There are no covering or nearby magnetic channels indicated by the placer deposit model used in the year 2000 survey. There are slightly elevated magnetic readings showing, and these may be low level indicators below the model's detection level. There are no Cat pits in the vicinity. A value of \$16 per yard is estimated based on a two 5 gallon bucket sample run over a long tom and weighed.

Ralph Creek:

Ralph Pit 1: The center of this bulk tested pit is located on magnetic survey line L200N, 20 meters from the West end of the line. This places it on the lower end of claim Ral #2, and between Cat pits #1 and #2. Cat pit #1, which is located at L120N, 15 meters from the West end of the line, was too frozen to give a sample. Cat pit #2, which is located at L240N, 10 meters from the West end of the line, ran about \$11 per yard. Ralph Creek magnetic survey maps show Ralph Pit 1 to be just off of the West edge of a potential magnetic channel. The bench at this level is about 350' wide. As stated above, the low bulk sample values at Ralph Pit 1 are suspect because of time and weather limitations and the resulting failure to run pit bedrock and pay close to bedrock. Proximity to the higher value Cat pit #2, suggests that a higher average value might be estimated after the stockpiled

bedrock is run and considered.

Ralph Pit 2: This pit is located on survey line L240N, 5 meters to the SE of the survey data point 10 meters from the East end of the line. It is at the very east edge of a potential magnetic channel. There are no Cat pits in the vicinity. The pit is on an upper bench which has a width of about 300' at this location. As there is no way of knowing how far to bedrock and possible pay the sample was taken at, the significance of the sample is that it shows that the upper terrace gravels are gold bearing.

9.0 VALUE ANALYSIS:

Cheryl Creek:

At \$500 CN, the weighted average of gold values (adjusted for 92% fineness) found in the Cheryl Bulk Pit for 1.5' above and 1.5' below bedrock is \$6.44 per yard, with a day run low of \$4.60 per yard and high of \$8.57 per yard. For top to bottom of the column below muck and sand the weighted average adjusted for fineness is \$3.38 per yard, with a day run low of \$2.57 per yard and a high of \$4.24 per yard. This compares with one and two 5 gallon bucket samples from Cheryl Pits 2 and 3 which indicate about \$16 per yard; with two half yard samples from the encompassed Cat pit #5 which showed about \$11 per yard at pay; and with a Cat pit pan sample 2' above bedrock taken by Dr. Lowey and weighed at \$11 per yard. It may be significant that the bulk sample pit was over blocky gneiss, while the Cheryl pit 2 was over highly fractured schist.

Variation in values could be a result of the spotty nature of gold distribution, the varying efficiency of the new test plant which underwent changes in configuration and set-up, or the variation of the bedrock type. While there is no major correlation to magnetic survey indicated channels, the above indicates economic values of gold potentially across the valley.

RALPH CREEK:

At \$500 CN, the weighted average of gold values (adjusted for 83% fineness) found in the Ralph Bulk Pit for top to bottom excluding bedrock and pay right on bedrock is \$1.43 per yard, with a day low of \$1.20 per yard and high of \$2.60 per yard. The nearest Cat pit, #2., is located about 50 meters upstream, and ran about \$11 per yard for a one yard sample at pay. As the excavator operator had panning results that showed most the gold value to be concentrated near and in bedrock, it may be quite significant that stockpiled bedrock was not run. Ralph Creek magnetic survey maps show Ralph Pit 1 to be just off the West edge of a potential magnetic channel. This is similar to the proximity of Cat pit #2 from a potential channel.

Variation in values could be a result of the spotty nature of gold distribution in the gravel above bedrock pay, variation dilution from slide rock, and/or the varying efficiency of the new test plant which underwent changes in configuration and set-up.

10.0 CONCLUSIONS AND RECOMMENDATIONS:

CHERYL CREEK:

Bulk sampling indicates top to bottom economic values of gold if mining is cautious and cost effective. It also indicates very favorable economic values if mining can be restricted to pay concentration nearer to bedrock. Earlier Cat pit sampling and Cheryl pit 1 and 2 sampling to the East side of the valley could indicate that higher average values will be found under production and/or locally. Higher values associated with blocky gneiss versus fractured micaceous schist could impact overall values and raise the average creek-wide value indicated by the blocky gneiss bound bulk pit. Limitation of bedrock penetration to 18" allows that deeper pay can be found below 18". Cheryl Pit 1 and 2 locations could indicate that values extend across the valley. Economic values in the absence of indicated magnetic survey channels could indicate widespread economic gold value throughout Cheryl Creek, with higher yet concentrations to be found associated in the placer model indicated channels. The high (92%) fineness, normally an indication of mature gold, could mean that the gold originates from high up on the creek, or that it has its origins in a paleoplacer as suggested in earlier YMIP submissions. The coarse nature of the gold found this far down the creek could mean that a gold source is near, the source is a paleoplacer, or there has been an unusual deposition environment that needs to be evaluated.

It is recommended that a small production operation begin on Cheryl Creek in the vicinity of Cheryl Pit 1. Inferences and "could-be's" above should be evaluated as part of the production process. For instance evaluation of production plant versus test plant recovery near pit 1; differences in gold value and recovery between blocky gneiss and fractured micaceous schist bedrock; determination of depth of pay in both bedrock types; tradeoffs between top to bottom and selective mining; and determination of continuity of gold values across the valley should be assessed as soon as practical. *Evaluation of overall creek potential* will require cross-valley trenching and bulk testing at the mid and upper creek levels and in tributaries. Key questions to be answered are the extent and nature of coarse gold location throughout the creek; continuity of high fineness value throughout the creek and its significance; values found in the placer model indicated magnetic channels (which are most extensive upstream); and the depth of and thickness of pay throughout the creek.

RALPH CREEK:

Bulk sampling results are not conclusive enough to warrant a production decision for Ralph Creek. While the values found are not economic, they have been impacted by the weather-related failure to run stockpiled pay at bedrock and in bedrock. Earlier Cat pit sampling about 50 meters from the bulk pit gave favorable results of around \$10 per yard. Pan samples at pay, while not weighted, showed results favorable when compared to those taken at Cheryl Pit 1. The absence of indicated magnetic survey channels near the pit could indicate higher values will be found when the indicated channels are sampled. Comparison of two parallel indicated magnetic channels to topography shows that the two channels likely cover upper and lower benches (terraces) separately; and therefore that both the upper and lower benches may have placer potential. Ralph Pit 2, on the upper bench, is quite significant as it is the first documented instance of gold found in the previously un-assessed upper level terraces of the 50 Mile drainage. The placer potential of these upper level terraces was suggested in Dr. Lowey's report as given above.

It is recommended that bulk testing of Ralph Pit 1 be continued by running the stockpiled bedrock pay. The pit area should also be selectively bulk sampled to minimize slide rock and maximize material run as pay. Trenching and bulk sampling across the upper Ralph Creek valley should to be carried out to determine overall creek potential. Trenching in the vicinity of Cat pit #2 and #5 needs to be carried out to verify the higher values found at those locations. The trenches here should extend to nearby magnetic survey indicated channels to determine if values increase within the channels. Selected high potential magnetic survey channels on both the upper and lower should be sampled to assess their overall higher value potential.

11.0 REFERENCES CITED:

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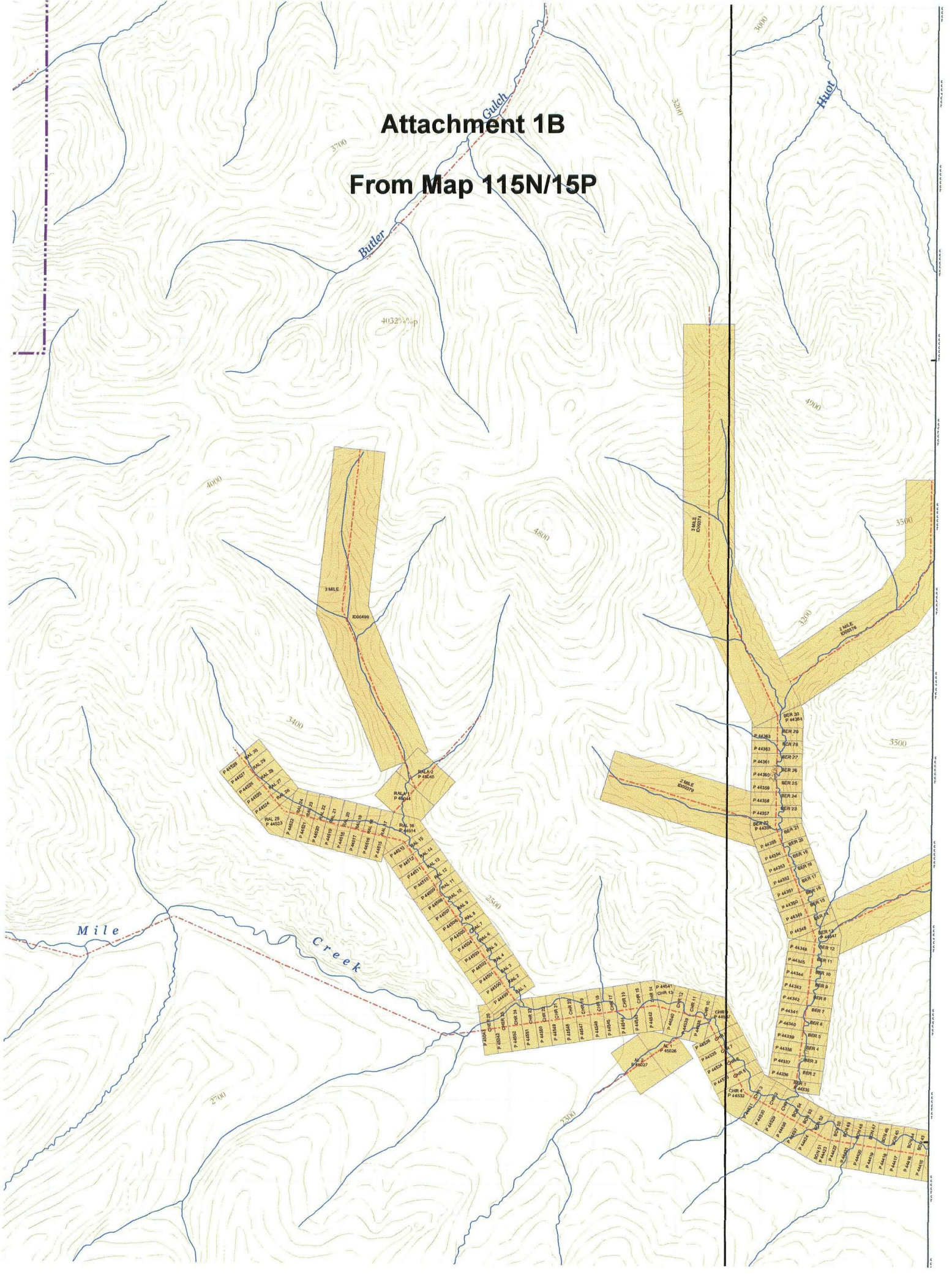
DIAND Open File 1996-1G

Gordey, S.P. and Makepeace, A.J. (1999) Yukon Digital Geology. Geological Survey of Canada Open File D3826.

Lowey, G.W., Glaciation, Gravel and Gold in the Fifty Mile Creek Area, West Central Yukon, Yukon Geology Program, Nov 1999.

Attachment 1B

From Map 115N/15P



Attachment 2. c04pit1 recirculation



Attachment 3: Loading pay into test trommel at c04pit1



Attachment 4: Trommel discharge into settling pond c04pit1



Attachment 5: c04pit2 also showing part of stripped area



Attachment 6: c04pit2 gravel column



Attachment 7: c04pit3 gravel column



Attachment 8: r04pit1 stripped area



Attachment 9: r04pit1 exposed gravel column



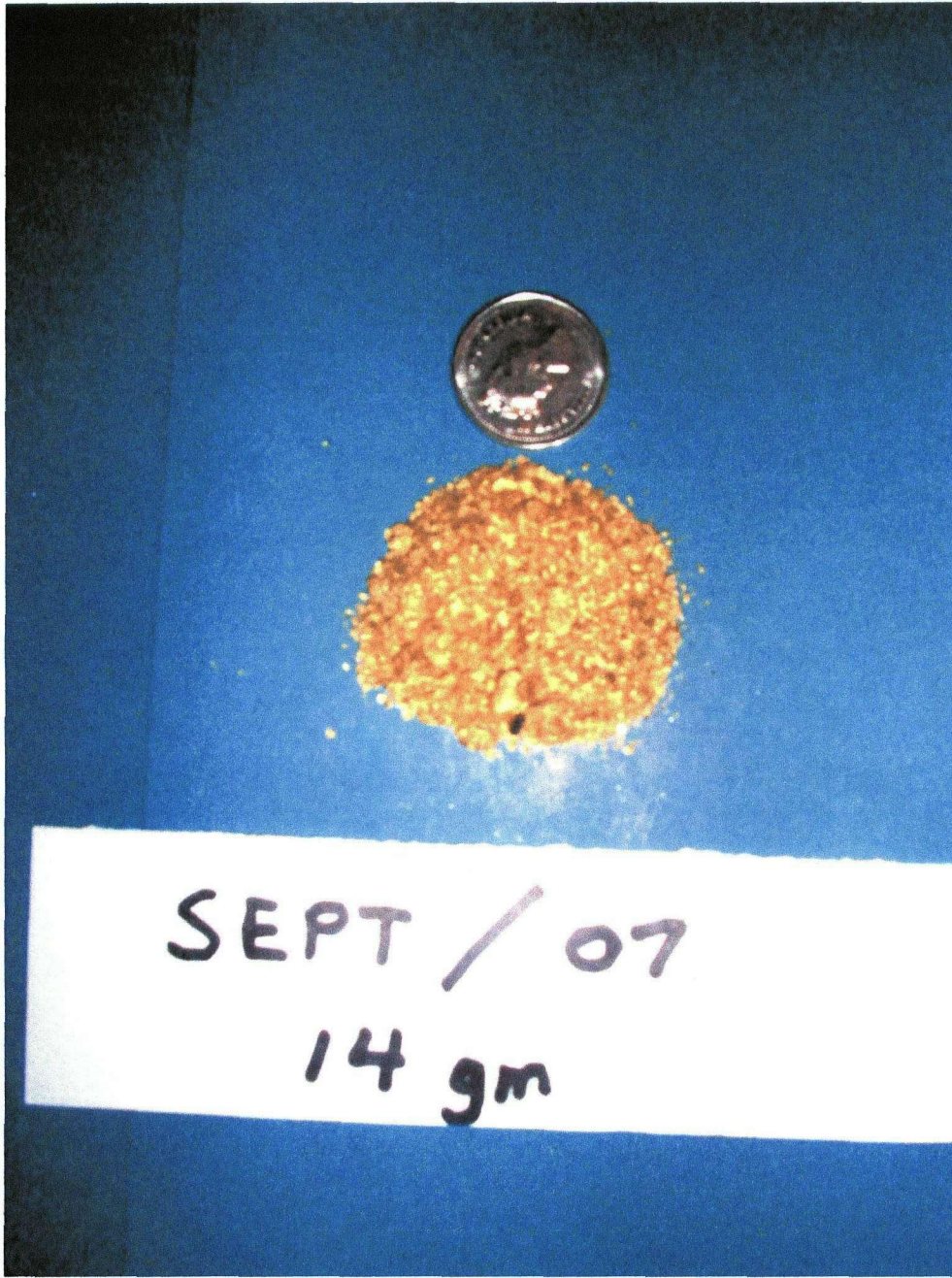
Attachment 10: Aerial view of Cheryl Creek pit area



Attachment 11: Aerial View of Ralph Creek pit area



Attachment 12: Au Sept 7



SEPT / 07

14 gm

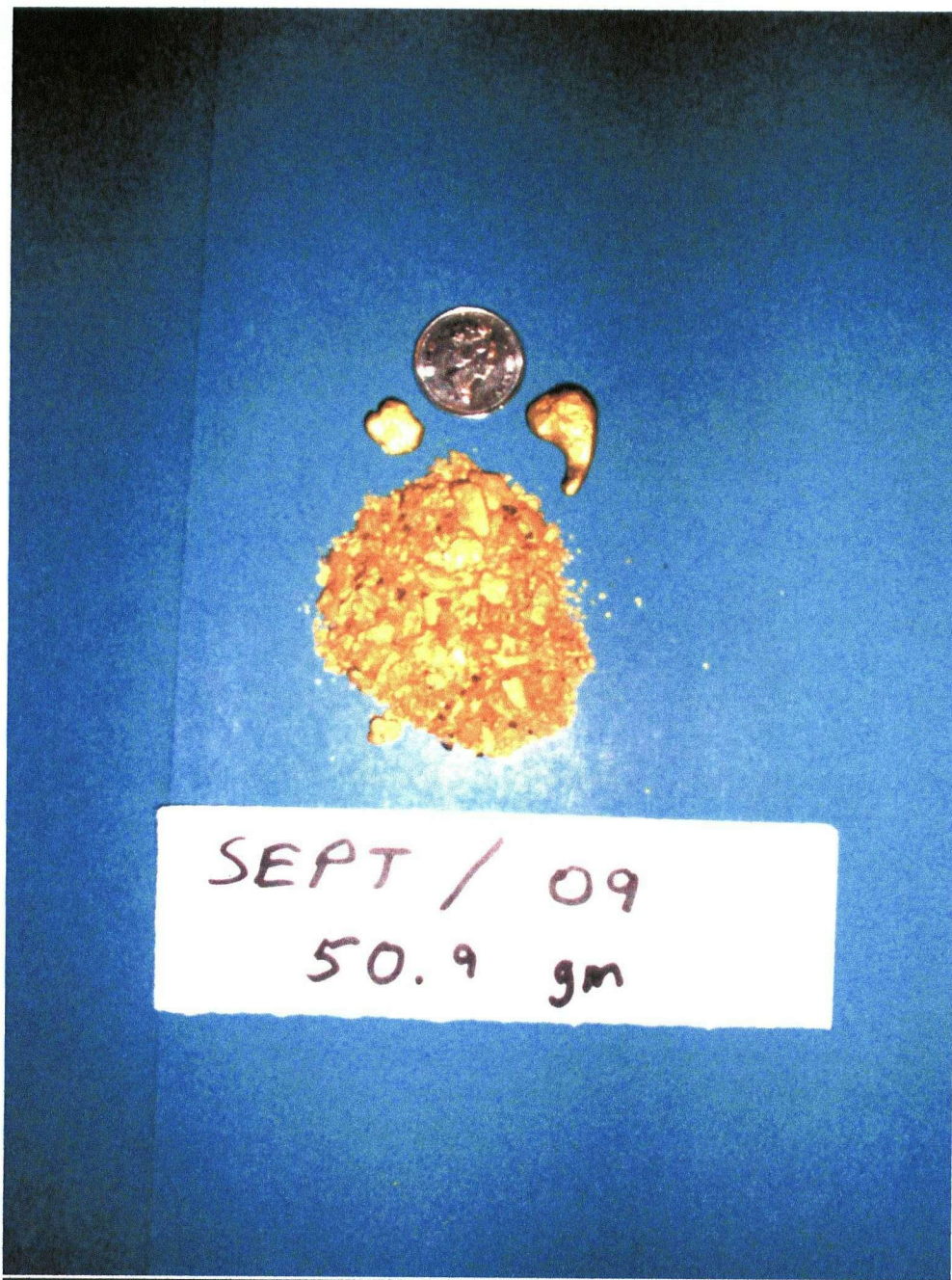
Attachment 13: Au Sept 8



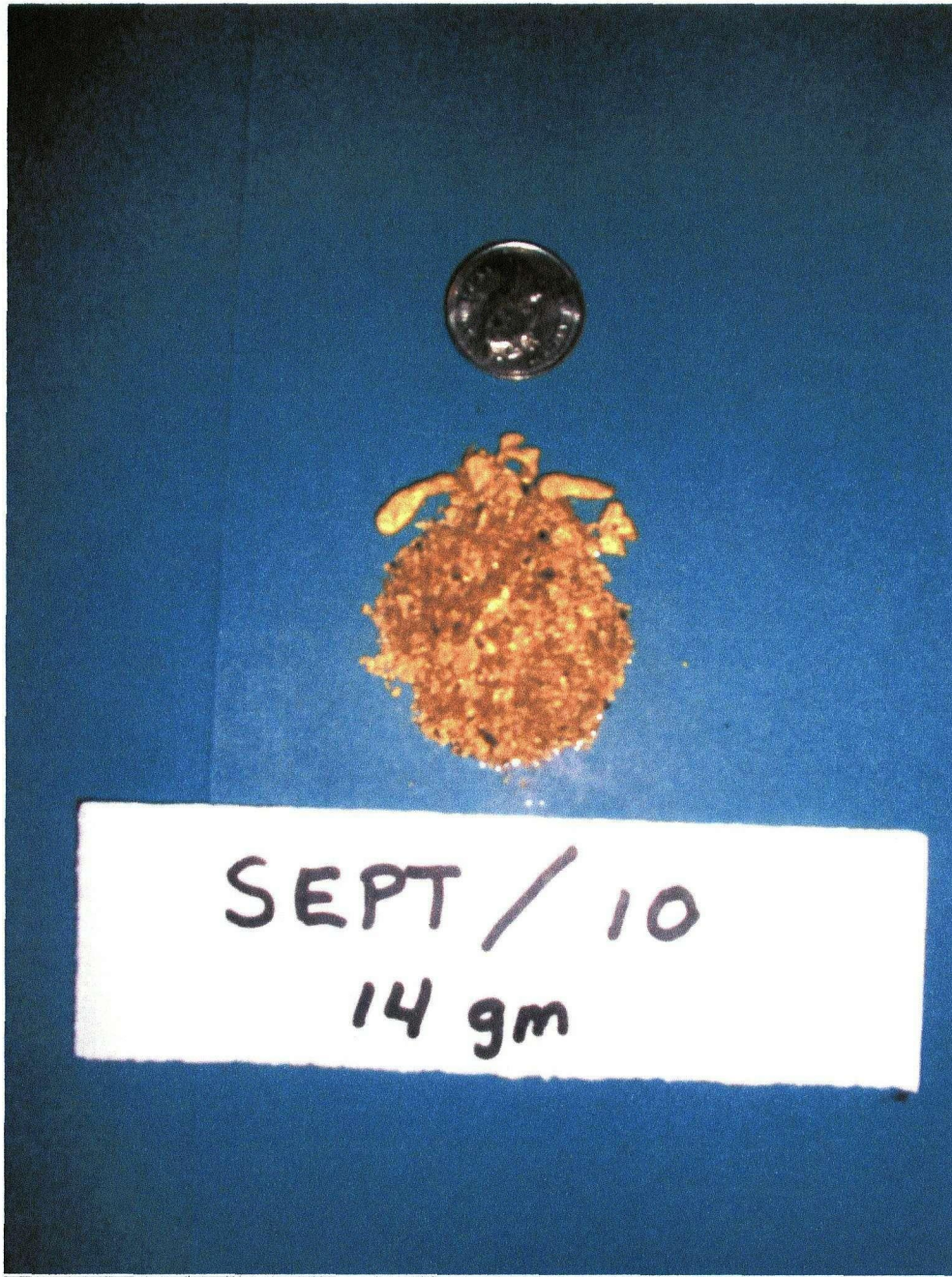
SEPT / 08

13 gm

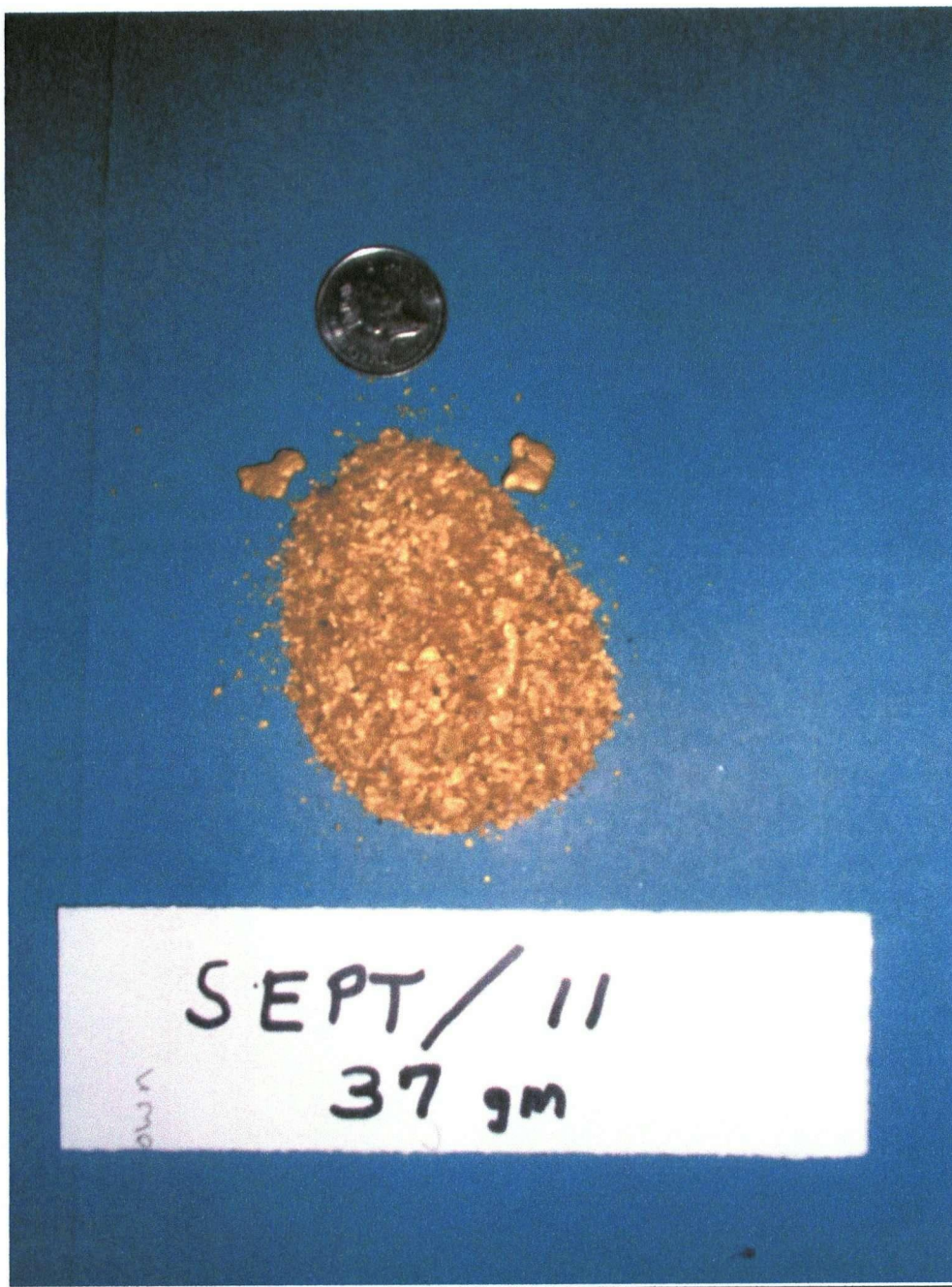
Attachment 14: Au Sept 9



Attachment 15: Au Sept 10



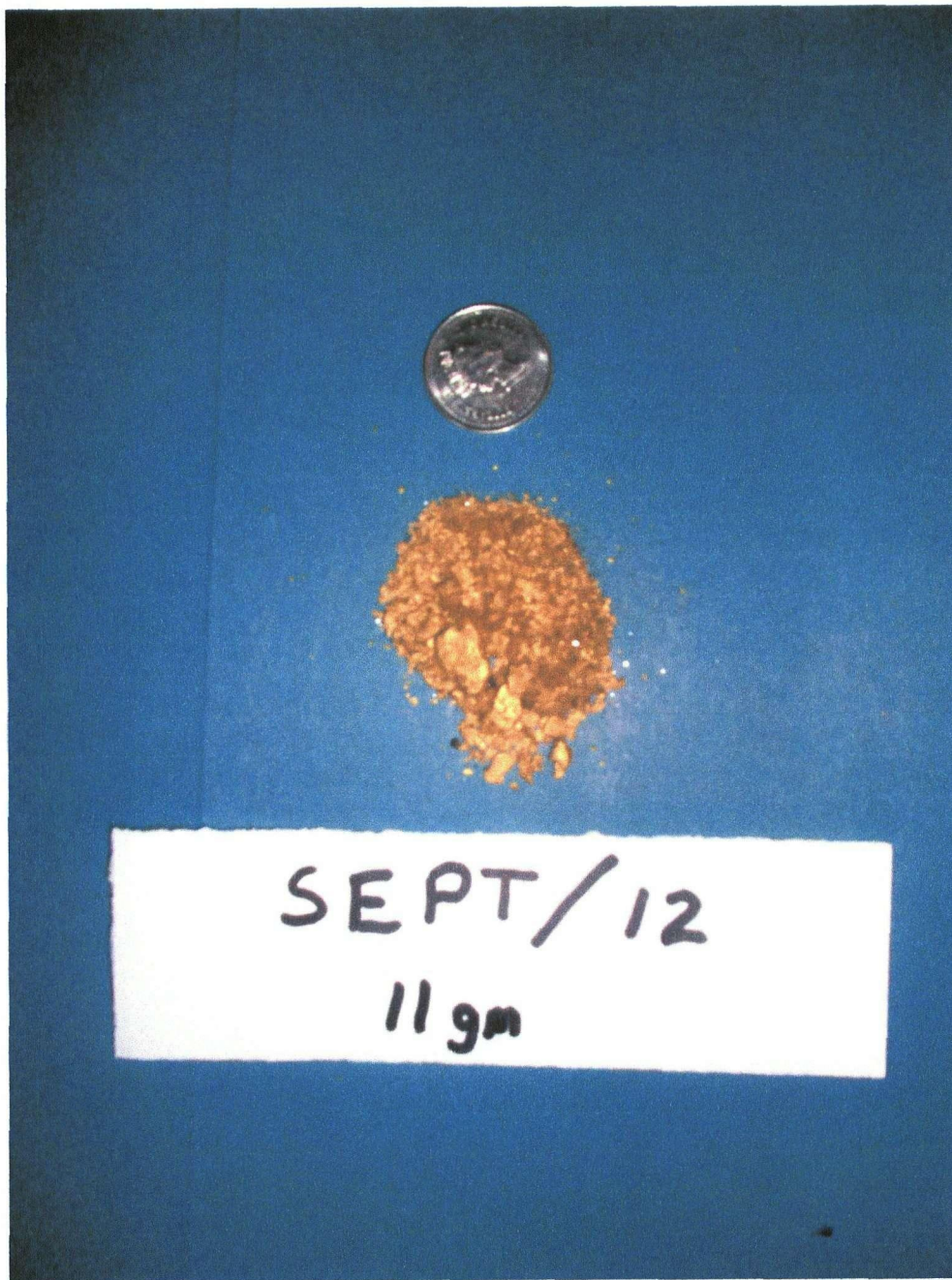
Attachment 16: Au Sept 11



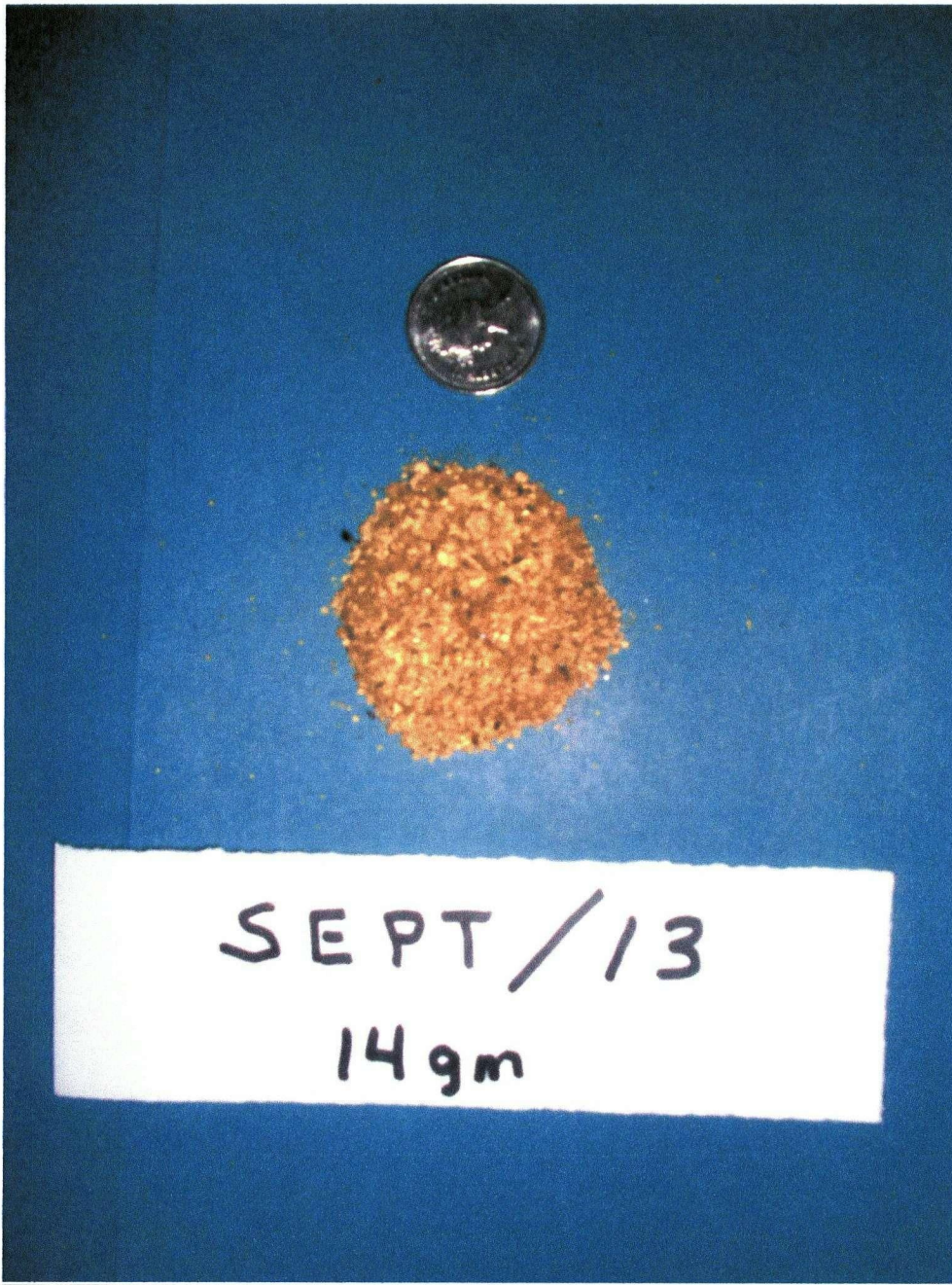
SEPT / 11
37 gm

V.M.

Attachment 17: Au Sept 12



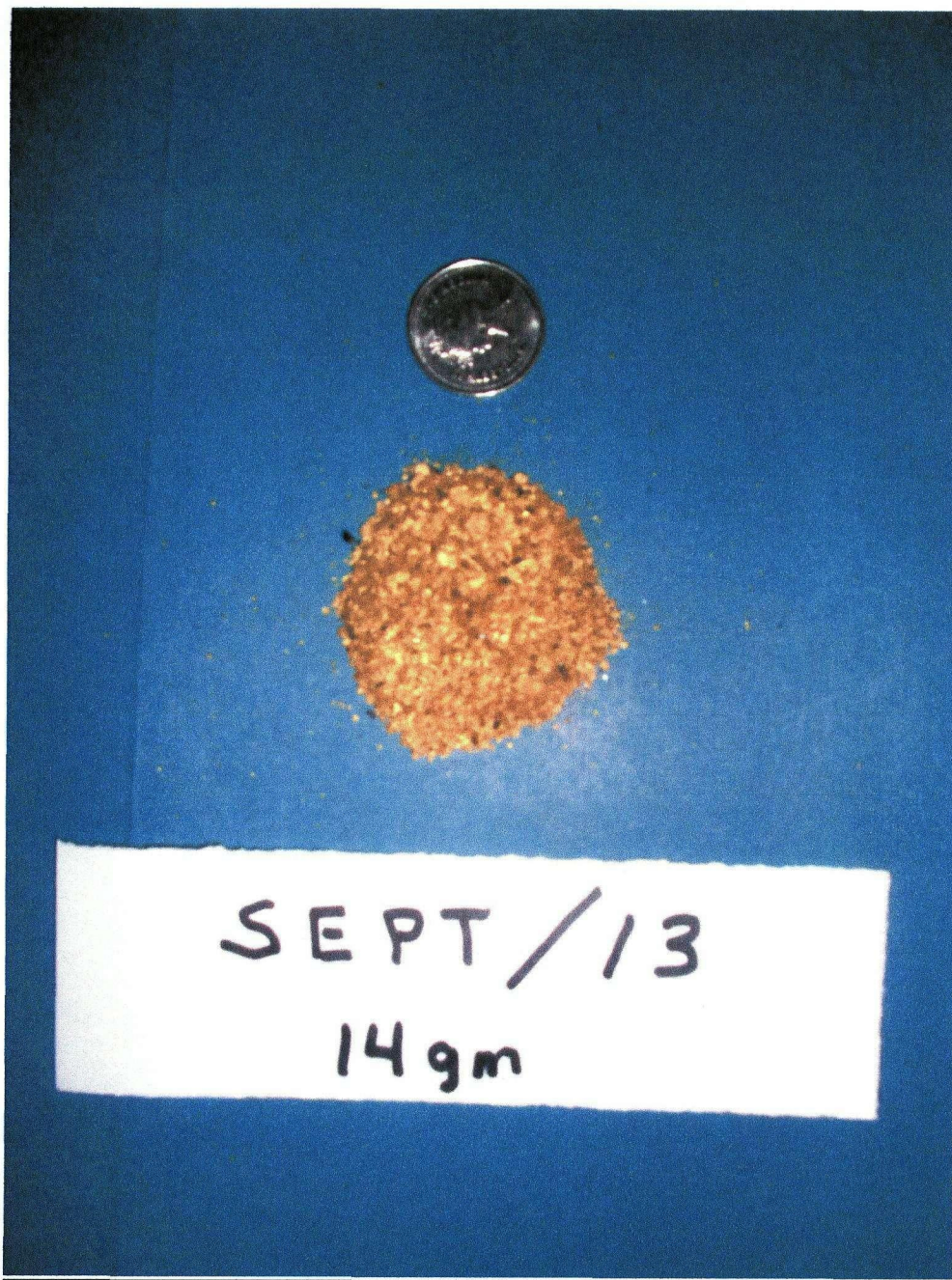
Attachment 18: Au Sept 13



SEPT/13

14 gm

Attachment 18: Au Sept 13

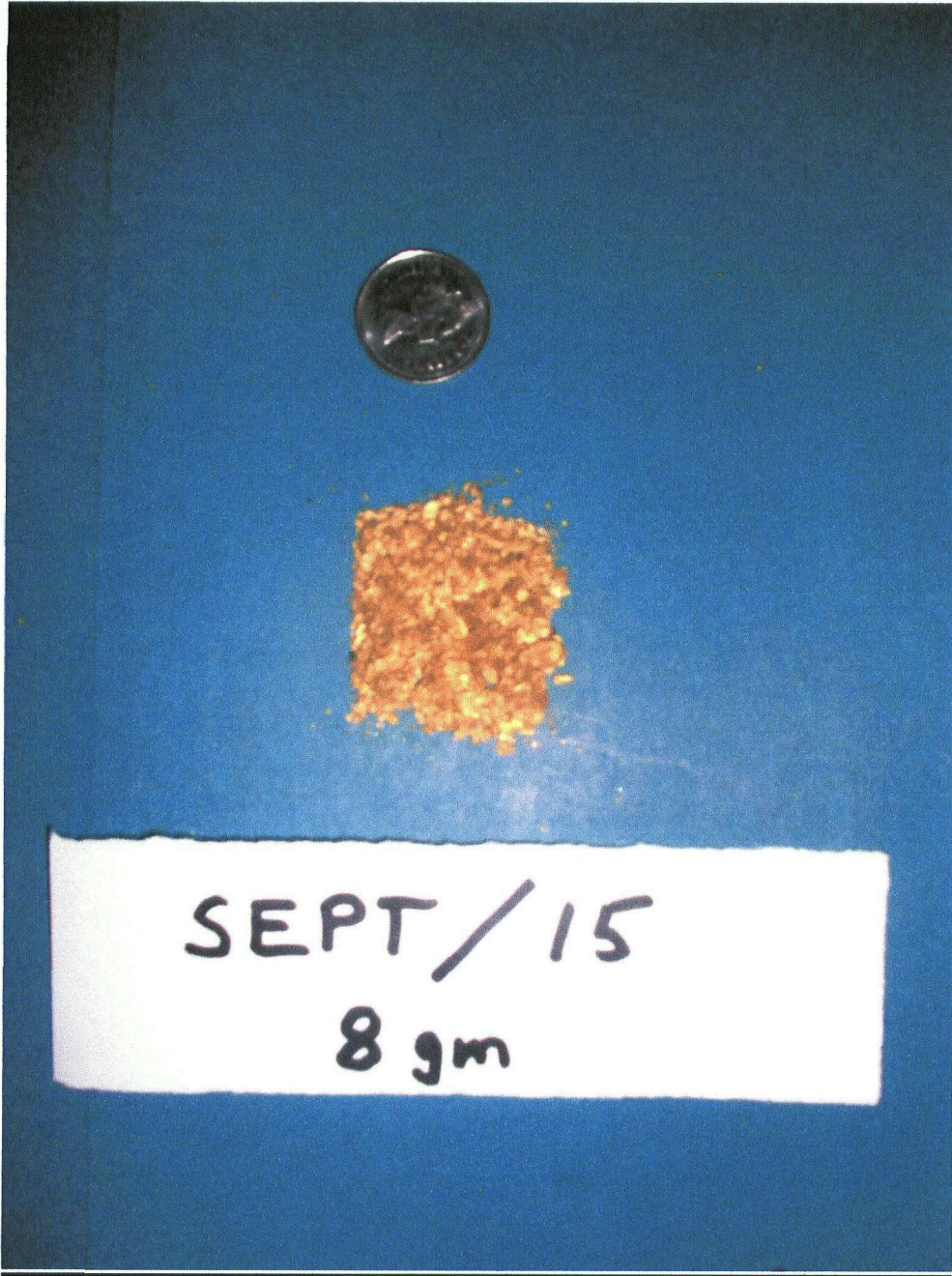


SEPT/13

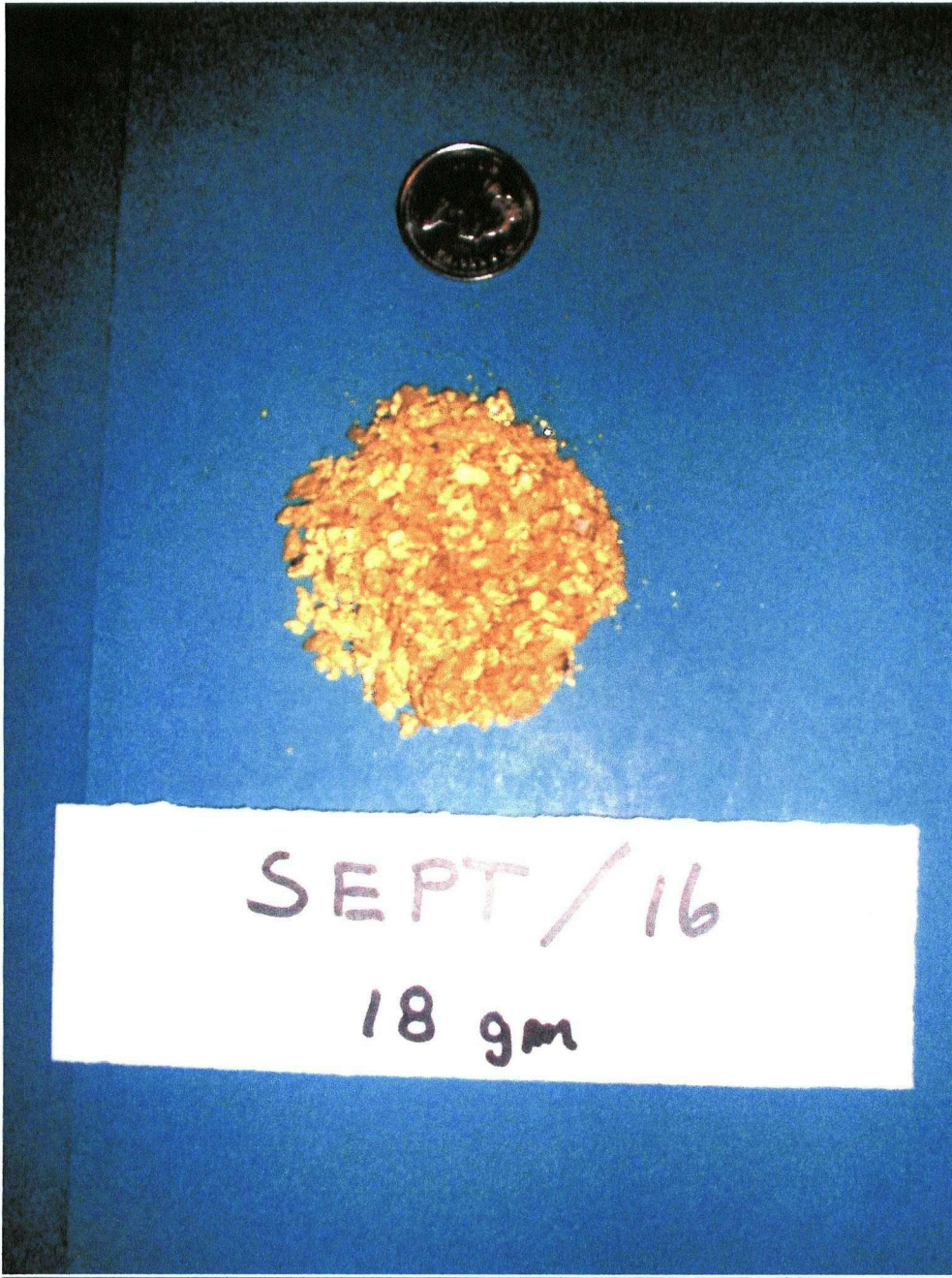
14 gm

Attachment 1: Locaton

Attachment 19: Au Sept 15



Attachment 20: Au Sept 16



SEPT / 16

18 gm

Attachment 21: Au Sept 17



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CERTIFICATE OF ASSAY

Client: Ralph Nordling
P.O. Box 256
Dawson, Yukon Territory
Y0B 1G0
Attention:

File no: C31, R31
Date: January 7, 2005
P.O. no:

We hereby certify that the following are the results of assays on: 2 samples placer fines

SAMPLE IDENTIFICATION	Au	Ag	Au	Ag				
	%	%	%	%				
C #1 as	91.97	6.83						
R #1 received	82.82	15.52						
C #1 after	----	----	92.88	7.09				
R #1 melt	----	----	84.03	15.95				


B.C. GOVERNMENT CERTIFIED ASSAYER

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