

YEIP
04-033
2004

Final Report
Target Evaluation Module

Little Blanche Creek
2004 Exploration Season

NTS 115-O-14

For
Y.M.I.P.

By
Bernie Kreft

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YMIP 04-033

YMIP TARGET EVALUATION FINAL REPORT LITTLE BLANCHE CREEK

Project Location – Little Blanche Creek is located at 139°10' W/63°50' N, on NTS map 115-O-14 in central Yukon Territory, approximately 30km SSE of Dawson City. The property consists of 15 contiguous placer claims (Oro 28-42; P10445-P10459) located within the Dawson Mining District.

Access – Access was achieved by truck from Dawson City, via the Bonanza Creek road and the Victoria Gulch road, or Gay Gulch road. Total distance one-way is approximately 34 kilometres with a travel time of about 1.0 hour.

Target – The target was a placer gold deposit within a frozen, overburden covered, channel.

Previous Results – Recent auger drilling and limited excavator trenching (2001-2002) has confirmed the presence of placer gold within the upper portion of the left fork of Little Blanche Creek. Drill values of up to 0.081 oz/yd have been returned from a paystreak averaging 6 feet thick and approximately 30-40 feet wide. These values are well within the threshold needed for an economically viable placer gold mine. Small-scale 1.0 cubic yard bulk sampling (2002) has shown a grade of up to 0.149 oz/yd, which is an increase in grade of approximately 80% over the grade that was defined by auger drilling. Based on exploration data to date, the channel on Little Blanche Creek, within the area of the claims, has the potential to contain as much as 7,000 ozs of placer gold.

Work Program – Exploration work consisted of auger drilling which was followed by excavator pitting and trenching. Access road up grading and construction, as well as a small amount of stripping was necessary to facilitate access for the truck, drill and excavator used during the testing program.

Auger drilling consisted of 12 holes for a total of 358 feet. Lines were started on the right limit (right side of the valley looking downstream). Drilling was continued along the line towards the left limit at approximately 8.0m-12.0m spacing until pay gravels were encountered, or the holes became barren. See attached maps for locations of the auger hole lines.

Excavator pitting was conducted at sites previously defined as anomalous through auger drill testing. A total of four pits were attempted, of which 3 encountered bedrock, while one was stopped short of its target depth due to groundwater seepage/flooding. A total of approximately 6 cubic yards were sluiced from the three pits that hit bedrock.

Excavator trenching was conducted at one site. The trench was to crosscut, and therefore define the width of the channel, at an anomalous excavator pit site. This trench was not completed as groundwater rapidly filled the pit when a porous gravel horizon was breached. No further attempts were made to dig long crosscut trenches as it appears that the likelihood of hitting significant amounts of groundwater is high, especially so in larger trenches.

Work on access was necessary to fix numerous small sections of the road, and one large one, so that truck access would be possible. The small areas were washed out by spring run-off, while the large

area was a spot where the permafrost layer had been broached, and the ground had gradually become impassable. Two small side roads were cut from the main road down into the valley, so that the drill could climb up and down the steep banks. At the upper area of 2004 drilling, about 25m x 60m was de-bushed (large trees bulldozed) to aid in the maneuvering of the auger drill.

Results – Results were generally favourable.

All four of the auger drill lines encountered the paystreak. Results varied from 20mg to 56mg representing recovered grades of from 0.012 to 0.032 oz/yd. The consistently lower grades in 2004 auger drill holes is likely a result of a different driller used than in previous years. Holes 2004-9 to 2004-12 were drilled between, and close to, previous holes that returned values of 0.06 to 0.081 oz/yd. Too much down-hole pressure was used by the driller, which resulted in the “pushing” of muck down into the gravel layer, resulting in a melange of very mucky gravel which was often discarded as waste by the driller. Also, rocking of the drill stem in the hole caused much “reaming” of the hole and subsequently poor recovery to surface of the material drilled. The mixing of gravel and mud, and subsequent wasting of much, if not all, of the gravels made it often appear as if black dirt was resting on bedrock. Given that there are 2004 holes near to previous holes, it is possible to extrapolate results and come up with a realistic “probable” grade.

Holes 2004-9 and 2004-12 returned 38mg and 35mg respectively. Average of 36mg
Holes 2000-6 and 2000-7 returned 141mg and 90mg respectively. Average of 115mg
Previous holes returned on average 3.194 times more gold than 2004 holes drilled in roughly the same area.

Therefore, upper holes where there are no nearby drill holes usable for comparison or correlation can now be assigned a “probable” grade.

Upper hole 2004-5 returned 20mg that is a probable actual grade of 63.9mg
Upper hole 2004-6 returned 20mg that is a probable actual grade of 63.9mg
Upper hole 2004-4 returned 56mg that is a probable actual grade of 178.9mg

63.9mg recovered from a 6 inch auger hole is equivalent to an ounce per yard value of 0.037 oz/yd
178.9mg recovered from a 6 inch auger hole is equivalent to an ounce per yard value of 0.103 oz/yd

Previous bulk testing has shown auger drilling to be an under-estimation of the actual grade present. Using previous proven ratios of auger drill to bulk sample values of 1:1.8, the estimated grade of the pay channel on the upper portion of Little Blanche Creek is calculated as containing between 0.067 oz/yd to 0.185 oz/yd.

No comparison and correlation results have been calculated for the lower holes on the property as previous drilling and small-scale bulk sampling has adequately and accurately defined a paystreak value for this area (0.1 to 0.15oz/yd). These holes have been, and are to be, used for paystreak location purposes only.

Excavator pitting was attempted in 3 areas. The first pit (2004-1) was made approximately 100 feet downstream of the site of auger hole 2001-15, which had a 5 foot intersection of 0.07 oz/yd (4 feet

of gravel and 1 foot of bedrock). The initial hole was started in the middle of a previously (1980's) stripped area. The upper 6 feet of the pit was within thawed muck, below that the muck was frozen. Once the frozen ground was encountered, the digging became tough and subsequently the excavator began to gradually sink into the thawed ground due to the added vibration and pressure on the machine as it tried to dig permafrost. The excavator became quite stuck in the middle of the liquefied mud and it took a while to free the machine. Once the machine was extricated, and a solid pad was constructed, digging began again. At about the 14 foot depth dirt became thawed, and at about 17 feet deep, a coarse gravel horizon within the muck was hit and water inflow along this gravel layer forced the abandonment of this pit.

A second pit (2004-2) was made in the same area, approximately 20 feet upstream of auger hole 2001-15. Work here was more successful. A decent pad was constructed prior to the start of pitting, and the first 3-4 feet of moss and thawed muck were removed prior to starting the main portion of the pit. This pit was continued to bedrock. Approximately 2.0 cubic yards of gravel with numerous large (+0.3m in diameter) boulders and quartz clasts were recovered from the bottom 5 feet (4 feet of gravel and one foot of bedrock) of the pit before slow but gradual water in-flow forced the abandonment of this site.

The excavated material was run in its entirety through a test sluice consisting of an elevated grizzly screening to 5/8 inch, and a two foot wide by four foot long run lined with 4 pound expanded metal and un-backed nomad matting. Some difficulty was encountered in trying to develop enough water to feed the sluice. Water flow in Little Blanche Creek at this site is at most 10 igpm, resulting in a wait of about 3-4 hours for the reservoir we constructed to fill with enough water to provide an uninterrupted flow during sluicing. Results of the test sluicing were excellent. A total of 8.1 grams of small flakes, specks and chunks were recovered. Gold appears to be of two distinct types, one dark and more rounded and one bright and slightly rougher. The calculated grade of this small bulk sample is 0.13 ounces of raw gold per cubic yard of gravel.

The third pit (2004-3) was made at the upper end of the claims, approximately 300 feet downstream of the general vicinity of holes 2004-5 and 2004-6. This pit was situated to be on the outer portion of the presumed location of the right limit of the paystreak. This pit was successfully completed to bedrock, and 2 cubic yards of material were recovered from a 4 foot thick section of gravel and one foot thickness of bedrock. Gravel had noticeably fewer large boulders and quartz clasts than pit 2004-2. Sluicing of this material returned 1.45 grams of specks and chunks of bright coloured gold. The average grade of this hole is 0.023 ounces of raw gold per cubic yard of gravel. The same test sluice was used, and the same low water problem was encountered, at this pit site, as at pit site 2004-2.

Given the attempt to spot the pit on the edge of the right limit of the paystreak, and given the subsequent low gold grade encountered and lack of large boulders and quartz clasts in the gravel, it was assumed that the pit was spotted successfully. It was then decided to expand and extend this pit towards the left limit until the paystreak was completely crosscut. This work was begun, but as soon as the coarse gravel/boulder layer that is invariably found associated with pay gravel was encountered, rapid water inflow began and the trench was discontinued.

A different approach, to deal with the groundwater issue, was used for the fourth pit. The pit was spotted to hit bedrock, just downstream of, and between, auger holes 2004-5 and 2004-6. Based on the gradient of the creek and the depth to bedrock in the auger holes, it was decided that a 200 foot long drain would be needed to ensure that bedrock and the quartz clast boulder layer, when encountered, would be able to drain. The drain construction started in frozen muck, but soon encountered a mixed sequence of muck, gravel and fine decomposed slide rock. This material was thawed and easily excavated, allowing for the rapid completion of the drain to the target area and depth.

A two cubic yard sample was taken from the lower 4 feet of gravel and one foot of bedrock exposed at the end of the drain. This material consisted of small quartz cobbles up to 0.2m in diameter and flat slabs of schist. The excavated material was sluiced in the same manner as the previous samples. Results were excellent. A total of 10.4 grams of raw gold were recovered from the 2.0 cubic yard sample, resulting in a grade of 0.167 ounces of raw gold per cubic yard of gravel. The gold consisted of two distinct types, bright and rough and brown rounded to flat pieces. One 1.7g rounded brownish nugget was found at this site.

Roadwork was successfully completed. Roadbeds were constructed to allow for proper drainage during break-up. The lower end of the road was extended about 100.0m, and a turn-around was constructed. The area of slumping and sinking just below camp was re-built and should no longer be a problem. Several narrow areas were widened to allow access for the 235 excavator used during pitting and trenching. The road system on the property is now sufficiently well established and constructed to allow for easy access during future mining.

Reclamation – All necessary permits were applied for, received, and are in good standing. Reclamation was conducted and consisted of back filling and re-contouring the pits with the tested gravel and then overburden. All work sites and roads were left in a stable manner to prevent erosion. Stream crossings were kept to a minimum and stream banks (where crossed) were left in a stable manner. All garbage and debris pertaining to the exploration work was removed from the site and deposited in the Dawson City dump. Some time was also spent cleaning up the old (circa 1980's) campsite and associated garbage.

Conclusions – Economic gold grades were encountered during the 2004 testing program at Little Blanche Creek. Highest gold grades were encountered in areas where brownish, flat or rounded, gold was encountered; this material likely represents the old pay channel on the creek. The amount of gold in a cubic yard increases in an upstream direction. Groundwater flow, where encountered, is often of greater volume than the flow in the creek. The auger drill operated by Henry Reinink did not recover as much gold as the auger drill operated by Sylvain Fleurant. The lack of operator skill by the driller was a detriment to the program, in that the materials intersected were not properly labelled, therefore not allowing for the construction of stratigraphic columns, and in a few instances even accurate depth measurements are in doubt. A Caterpillar 235c excavator is large enough to penetrate permafrost.

Recommendations – Exploration work to date has successfully defined an economic placer gold deposit. Based on the results of the test-work to date, it is recommended that an aggressive program

of stripping and preliminary ground work be instituted in preparation for the on set of full-scale mining during the 2005 season.

Time Budget

Excavator pitting and trenching	65 hours (9 days)
Bulldozer roadwork	26 hours (3 days)
Bulldozer ground prep and drill support	11 hours
Test sluicing	3 days
Auger drilling	8 days
Reclamation work hand methods	1 day
Reclamation work equipment	6 hours excavator and 6 hours bulldozer

Project Costs

Wages Manager E.Kreft (24 days x \$300/day)	= \$7200.00
Wages Helper B.Kreft (20 days x \$300/day)	= \$6000.00
Wages Helper E.Driscoll(4 days x \$150/day)	= \$600.00
Cat 235c excavator rental	= \$8281.80
Diesel for Excavator and dozer	= \$3002.36
Cat D7 bulldozer wet (43 hours x \$120/hr x 75%)	= \$3870.00
Auger Drilling (12 holes 358 feet)	= \$5390.16
Bulldozer mobilization from Whse to Dawson	= \$1784.23
Bulldozer and excavator demob to Dawson	= \$585.32
Sluice System (3 days x \$150/day)	= \$450.00
Food And Camp Supplies (48 man days x \$35/day)	= \$1680.00
Truck Costs (4752 km x \$0.475/km)	= \$2257.20
Report Preparation	= \$1200.00
Reclamation (costs included within above amounts)	
ATV Rental (24 days x \$150/day x 25%)	= <u>\$900.00</u>
TOTAL	= \$43201.07

Black Muck Layer 10 Feet Thick
Fine Rusty Gravel 2 Feet
Black Muck Layer 4 Feet Thick
Rusty Gravel
Black Muck Layer 3 Feet Thick
Quartz Cobble Gravel 4 Feet Thick
Bedrock Rusty Chloritic Schist

Pit 2004-2

24 feet to bedrock

8.1 grams gold recovered from 2.0 cubic yards quartz cobble gravel and the upper foot of bedrock.

0.13 ounces of raw gold per cubic yard

Black Muck Layer 6 Feet Thick
Fine Greenish Gravel 2 Feet
Black Muck Layer 2 Feet
Fine Rusty Gravel 2 Feet
Black Muck Layer 4 Feet Thick
Muddy Slide Rock 3 Feet
Black Muck Layer 3 Feet Thick
Chlorite Schist Gravel 4 Feet Thick
Bedrock Chloritic Schist

Pit 2004-3

26 feet to bedrock

1.45 grams gold recovered from 2.0 cubic yards of chlorite schist gravel and the upper foot of bedrock.

0.023 ounces of raw gold per cubic yard

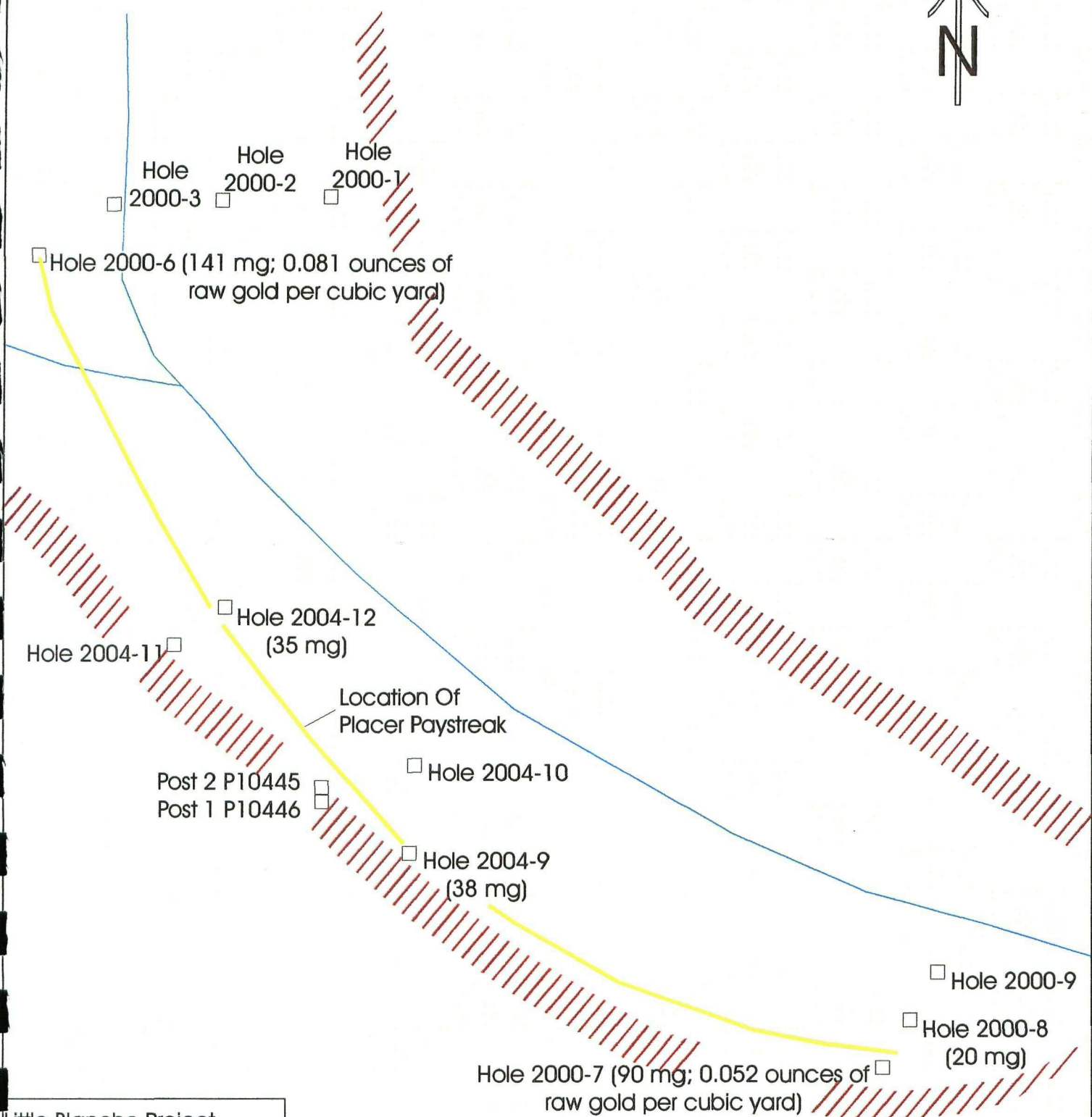
Black Muck Layer 4 Feet Thick
Decomposed Fine Beige Slide-rock 4 Feet
Black Muck Layer 2 Feet
Beige Slide- rock 2 Feet
Black Muck And Trees 4 Feet Thick
Fine Gravel 2 feet thick
Rusty Slabby Schist Gravel 3 Feet
Quartz Cobble Gravel 2 Feet
Bedrock Yellow Schist

Pit 2004-4

23 feet to bedrock

10.4 grams gold recovered from 2.0 cubic yards of quartz cobble gravel, 2 feet of slabby schist gravel and the upper foot of bedrock.

0.167 ounces of raw gold per cubic yard of gravel



Little Blanche Project
Southern Work Area
NTS Map 115-O-14
Scale 1:1,000

0m 10m 20m 30m 40m

Post 1 P10445 □

Dawson
32.0 km



Gold Rush
Era Shaft

Upper Access

Abandoned Upper Access

Holes 2004-1
X X X X X
2 3 4 8
5 56 10
mg mg mg

Post 1 P10457
Post 2 P10456

Holes 2004-
7 6 5
X X X
20 20
mg mg

Pierre Monfette Shaft
(1986)

Pit 2004-4 (2 cubic yard sample yielded 0.334
raw ounces of gold)

Pierre Camp

Turn Around

Gold Rush
Era Shaft

Lower Access

(2 cubic yard sample yielded 0.046
raw ounces of gold) Pit 2004-3

Little Blanche Project
Northern Work Area
NTS Map 115-O-14
Scale: 1:1000

0M 10M 20M 30M 40M

Placer Drill Log

Date Stamp

Date: Aug. 8, 9 - 2004 Driller: Henry Reinink
 Type of drill: Auger Inside Diameter of Drill: 6"
 Location: Little Blanche Creek
 Lease or Grant Numbers: _____

Drill Hole Number	Total Footage	Breakdown in feet	Materials encountered	Remarks: Samples / Results
H01	17 1/2	0-11	- slides	
		11-14	- mud	
		14-17 1/2	green bedrock	sampled bottom 5 buckets
H02	22'	0-16	- slides / muddy slides	
		16-22	- green bedrock	sampled bottom 6 bucket
H03	31'	0-18	- mud / slides	
		18-25	- layers of mud and slides	
		25-31	- bedrock	" " 8 "
H04	30'	0-25	- mud and slides	
		25-30	- bedrock	" " 7 1/4 "
H05	24	0-8	- mud slides mud	
		8-21	- slides	
		21-24	- bedrock	" " 3 "
H06	26 1/2	0-23	- mud and muddy slides	
		23-26 1/2	- bedrock	" " 4 1/4 "
	15 1'			

Date: Aug 13, 2004 Signed (Driller or Representative): [Signature]

Placer Drill Log

Date Stamp

Date: Aug 10, 11, 12, 2004 Driller: Henry Reinink

Type of drill: auger Inside Diameter of Drill: 6"

Location: Little Blanche Creek

Lease or Grant Numbers: _____

Drill Hole Number	Total Footage	Breakdown in feet	Materials encountered	Remarks: Samples / Results
H07	28'	0-24	mud and slides	
2 mg		24-28	- bedrock	sampled bottom 6 buckets
H08	29'	0-19	- mud and muddy slides	
10 mg		19-24	- slides	
		24-29	- bedrock	" " 6 "
H09	30'	0-23	- mud	
38 mg		23-30	- orange bedrock	" " 3 "
H10	34'	0-27	- mud	
2 mg		27-34	- bedrock - orange	" " 4 "
H11	43'	0-38	- mud, sand, mud, slides, ice	
2 mg		38-43	- bedrock - green → orange	" " 3 1/2 "
H12	43'	0-20	- mud	
35 mg		20-25	- slides	
		25-37	- mud	
		37-43	- bedrock - orange	" " 3 1/2 "
	207'			

Date: Aug 13, 2004

Signed (Driller or Representative): [Signature]



1000762242

DATE DUE