

YEIP
05-048
2005

PROGRAM NUMBER: 05-048

KEYSTONE MINING LTD.

**REVERSE CIRCULATION DRILLING PROGRAM
OF THE DUNCAN CREEK PROPERTY,
MAYO AREA,
YUKON TERRITORY**

Michael Mason-Wood, ND, B.Sc., Geotech

PLACER CLAIMS

BON 1-11	P2663-P2673
1 st Tier Bench 1-16	P16758-P16773
TAYLOR 1-5	P3676-P3680
TRIPLE 1-13	P2722-P2734

Location: $63^{\circ} 47' N 135^{\circ} 30' W$
NTS: 105 M 13/14
Mining District: Mayo
Date: December 5, 2005

TABLE OF CONTENTS

1.0	INTRODUCTION / OBJECTIVES	
2.0	LOCATION AND ACCESS	
3.0	PROPERTY	
4.0	PHYSIOLOGY AND PLACER GEOLOGY	
4.1	Regional bedrock geology	
4.2	Surficial geology	
4.3	Placer geology and property history	
4.4	Target description	
5.0	RESULTS	
5.1	Summary of drilling information	
5.2	Drill logs	
5.3	Facies interpretation	
5.4	Drill holes overlain seismic surveys.....	Back pocket
5.5	Duncan Creek drilling 2005 sample results	
6.0	DISCUSSION	
7.0	CONCLUSIONS	
8.0	RECOMMENDATIONS	
	REFERENCES CITED	
	APPENDIX A. EXPENDITURE RECEIPTS	

LIST OF FIGURES

Figure 1. Property location

Figure 2. Claim and drill hole locations

Figure 3. Drill hole and seismic line locations

Figure 4. Photo of drill rig

Figure 5. Photo of Michael Mason-Wood longtommimg

1.0 INTRODUCTION / OBJECTIVES

A buried paleochannel to the west of Duncan Creek near Mayo, Yukon was identified by a large seismic survey conducted in 2003. Midnight Sun Drilling Co. Ltd. was retained by Keystone Mining Ltd. to conduct reverse circulation drilling on placer claims located on Duncan Creek. A total of 787 feet was drilled in 5 holes between May 3-12, 2005. The objectives of the drilling program were to confirm results of seismic work done in the same area in 2003 and to identify possible gold bearing gravels. This report describes the drilling results.

2.0 LOCATION AND ACCESS

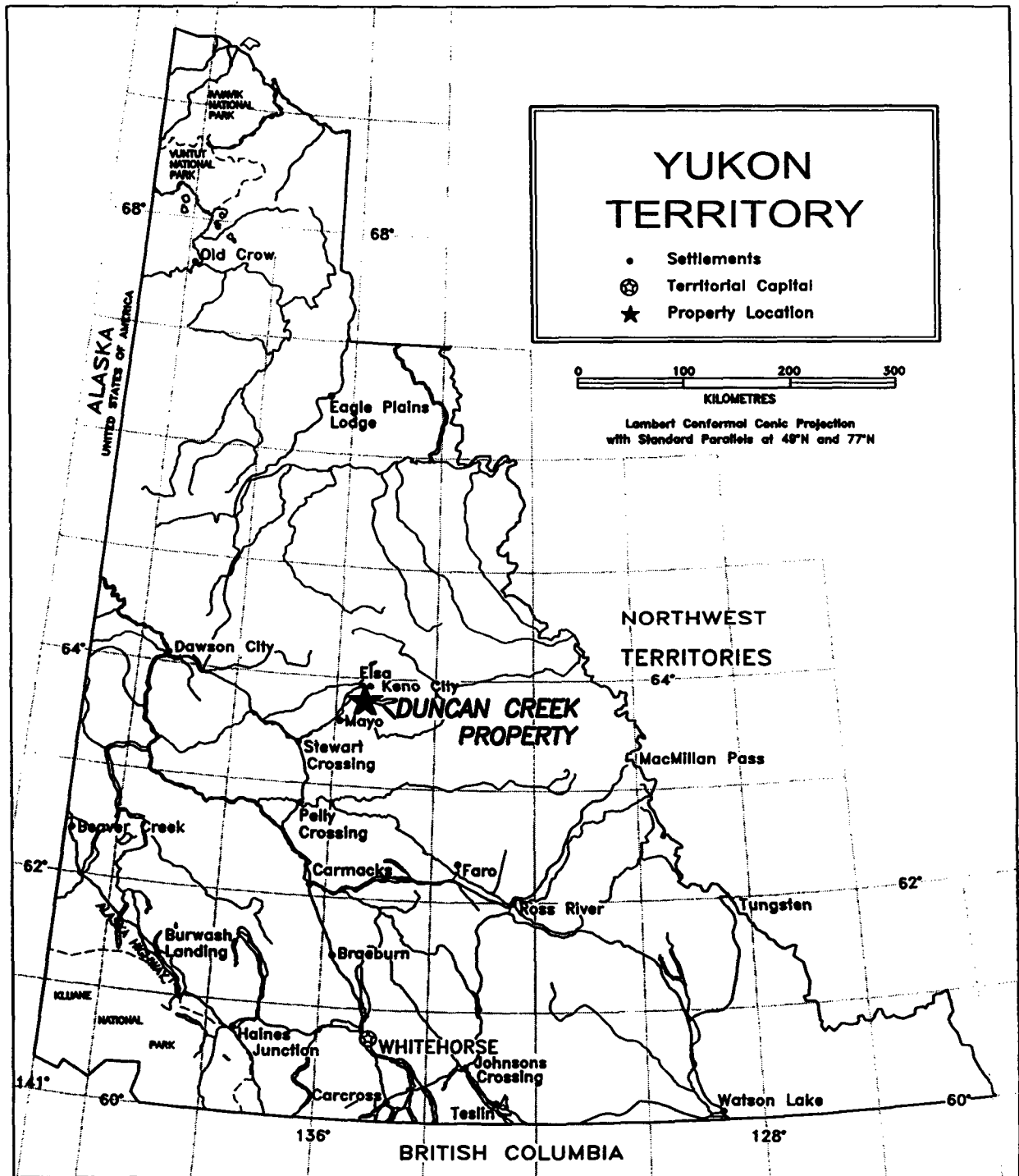
The Duncan Creek Property is located at 63° 47' N 135° 30' W on NTS 105M/13 and M/14 in the central Yukon Territory. The property is 41 km north of Mayo via the following route: From Mayo follow the Silver Trail 19km north to the Duncan Creek Road and proceed 22km east until reaching Duncan Creek. The property lies in a broad wooded valley at elevations ranging from 670 to 900 m above sea level.

3.0 PROPERTY

The Duncan Creek Placer Property consists of 99 placer claims staked under the Yukon Placer Mining Act in the Mayo Mining District. The claims are shown in Figure 2. The drilling program discussed in this report was conducted on or near the following claims:

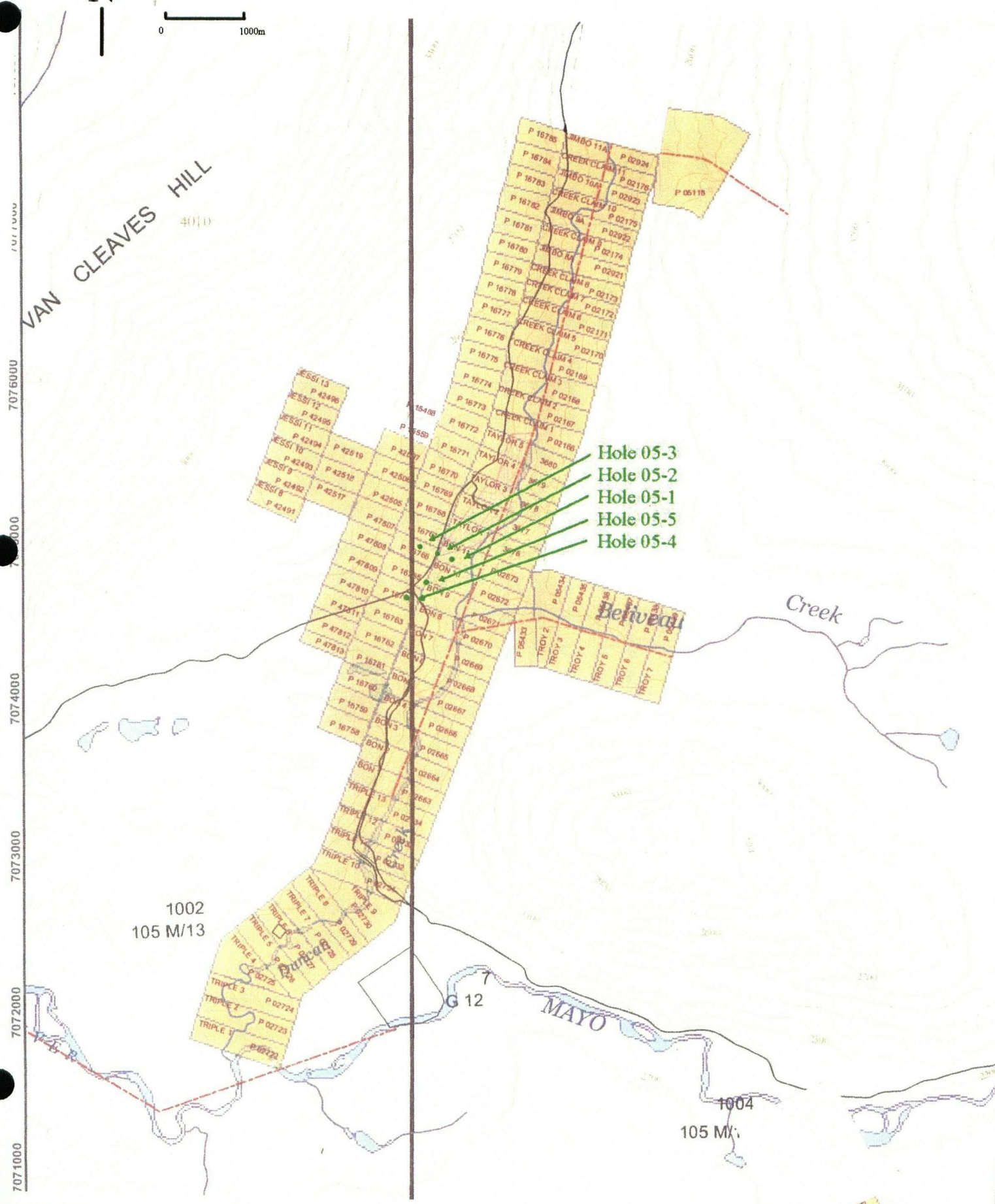
Claim Name	Record Number
BON 1-11	P2663-P2673
1 st Tier Bench 1-16	P16758-P16773
TAYLOR 1-5	3676-3680
TRIPLE T 1-13	P2722-P2734

The claims are 100% owned by Duncan Creek Goldbusters Ltd. The property is under option for exploration to Keystone Mining Ltd.



Property Location
Figure 1

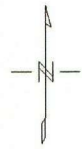
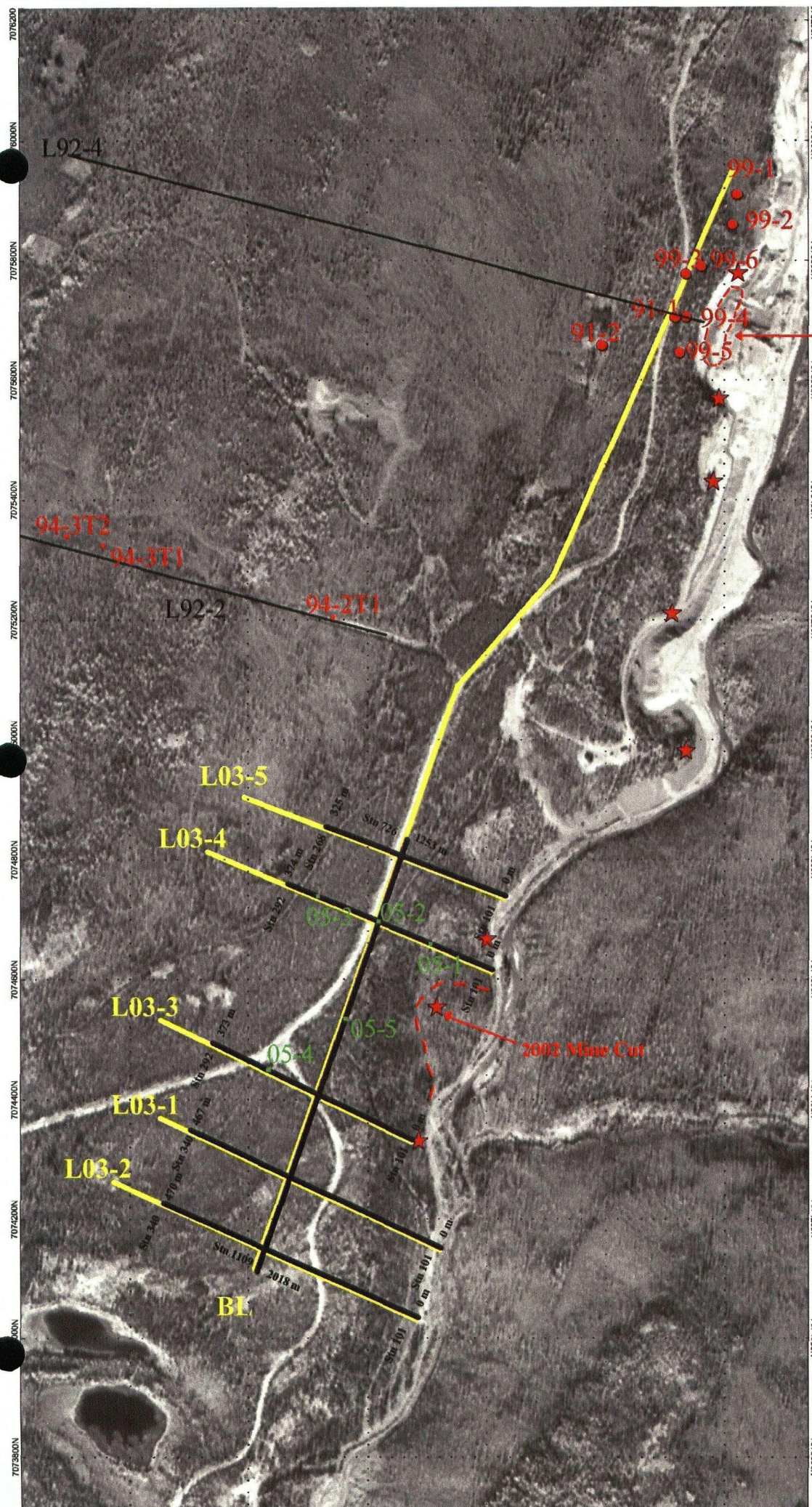
Claim Locations (extract from claim maps 105M/13 & 105M/14)
Including 2005 Drill Hole Locations
Figure 2



- Hole 05-3
- Hole 05-2
- Hole 05-1
- Hole 05-5
- Hole 05-4

1002
105 M/13

1004
105 M/14



LEGEND

- ★ Bedrock Exposure
- ● Drill holes
- - - Mine cut
- Cut line
- Seismic survey



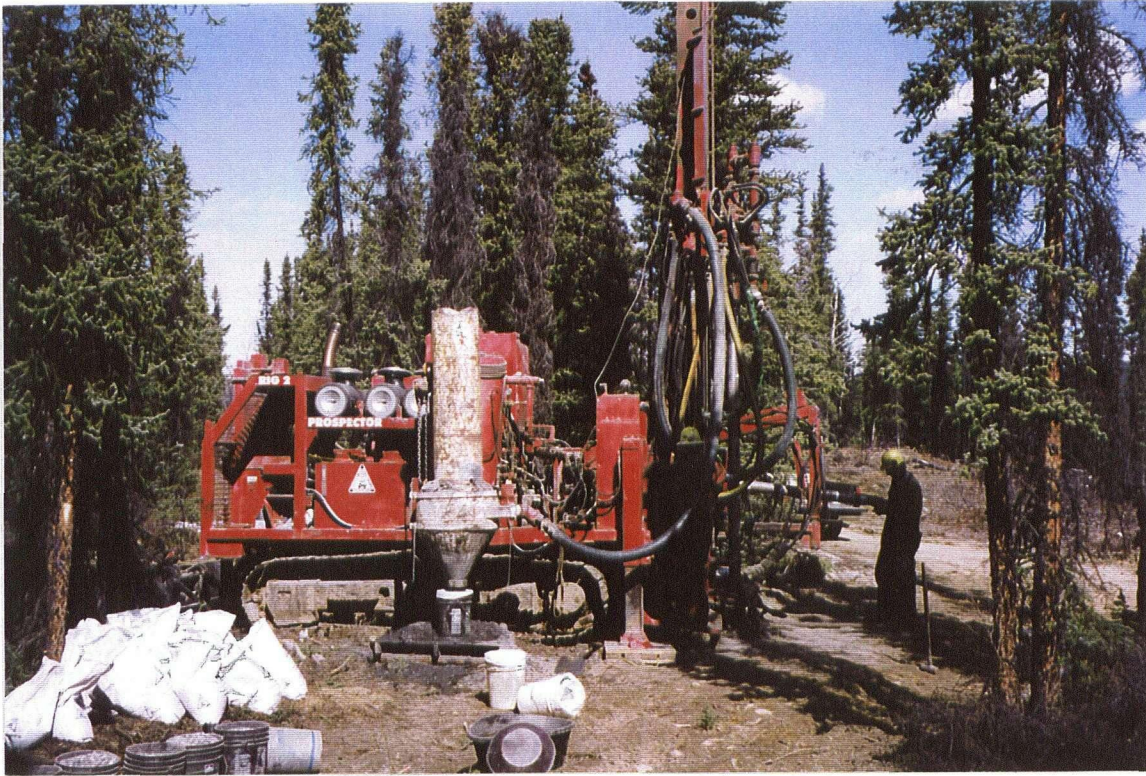


Figure 4. 1994 Prospector Drill, Taken by Troy Taylor May 12, 2005



Figure 5. Michael Mason-Wood longtoming along side Duncan Creek, Taken by Troy Taylor Aug 30, 2005

4.0 PHYSIOLOGY AND PLACER GEOLOGY

4.1 Regional bedrock geology

The area including the Duncan Creek Placer Property is underlain by Upper Proterozoic Hyland Group rocks with a small window of Keno Hill Quartzite in a tectonic window four km WNW of the Property. The Hyland Group rocks are predominately grey weathering, dark grey to grey white schist, dark green phyllite and rare limestone. This rock unit hosts gold occurrences near the McQuesten airstrip, 13 km to the NW. Foliation and presumed foliation parallel bedding strikes WNW and dips SSW in the property area. Bedrock is exposed in sparsely distributed outcrops along Duncan Creek.

4.2 Surficial geology

The surficial and placer geology of the Mayo area has recently been summarized by Labarge *et.al.* (2002)¹. The Duncan Creek area has been affected by three glacial events separated by two periods of interglacial sedimentation. These are summarized below:

Age	Description
Holocene (10Ka-recent)	Modern stream sedimentation and limited mass wasting on steep slopes. Reworked placer deposits in modern drainage where older deposits have been exposed by erosion.
McConnell glaciation (20 Ka peak)	Glaciofluvial and glaciolacustrine deposits up to 40m thick.
Koy-Yukon interglacial (200-20 Ka)	Alluvial fans and glaciofluvial sediments (reworked Reid sediments); some placer occurrences.
Reid glaciation (300-200 Ka)	Extensive glacial and periglacial deposits with up-valley ice flows apparent in the Duncan Creek Valley.
Pre-Reid Glaciations (2.58Ma- 300Ka)	Erratics, glacial and interglacial deposits primarily exposed at elevations of 1200-1600m above sediments deposited by younger glaciations. Pre-Reid sediments may occur in the Duncan Creek Valley either above 1200m or preserved beneath Reid deposits.

¹ W.P. Labarge, J.D. Bond and F.J. Hein (2002) Placer gold deposits of the Mayo area, central Yukon. Exploration and Geological Services Division, Yukon Region, INAC Bulletin 13, 209 p.

4.3 Placer geology and property history

The Duncan Creek drainage contains or is inferred to contain several placer deposit types at different stratigraphic levels. These are summarized in the table below:

Age	Description
Holocene	Reworked placers, often containing coarse gold, formed where post-glacial down cutting has facilitated local placer generation. These deposits are most common in Upper Duncan Creek, in Lightning Creek and in the lower portions of Duncan Creek in the modern drainage.
Koy-Yukon	High grade placer deposits limited in size by the restricted volume of interglacial sediments in the Duncan Creek drainage.
Reid	LeBarge et. al. (2002) asserts that the Late Reid outwash gravels are the most significant gold-bearing unit in the Duncan Creek valley and represent the largest potential buried placer deposit in the Mayo District. This unit is usually the lowest stratigraphic unit exposed along Duncan Creek. The auriferous gravels recently discovered to the west of the modern channel are presumed to be the Late Reid pay unit. <i>This deposit type and pay unit is the target of the proposed exploration program.</i>
Pre-Reid	Interglacial placer deposits may occur beneath the Reid deposits to the west of the present Lower Duncan Creek drainage.

Placer mining along Duncan Creek and its subordinate creeks commenced in 1898 and has continued until the present. The bulk of past production has been from Holocene deposits in lower Duncan Creek and from narrow west draining tributaries of Duncan Creek. In the mid to late 1990's, Late Reid gravels were discovered on the west side of the Duncan Creek valley and production occurred from these deposits.

Exploration, (including drilling, test pitting and seismic surveys) has been conducted along the length of Duncan Creek. Seismic survey programs and drilling conducted in areas west of the present creek drainage have indicated the presence of a thick pay gravel/overburden section.

As a result of financial assistance provided by the Yukon Mining Incentives Program (YMIP), a seismic reflection survey was conducted on a large plateau west of the present Duncan Creek flood plain in 2003 (see Figure 3).

4.4 Target description

The target of this proposed exploration program is the Late Reid outwash gravels. To date, most of the Late Reid deposits mined on lower Duncan Creek were located in gravels resting on bedrock below the present drainage. These gravels may be remnants from an older channel reworked by the present stream. Currently, Duncan Creek is pinned on the eastern (left) limit of the broad valley and there is an extensive area blanketed by McConnell glacial deposits west of the modern creek bed. Regional surficial mapping and the results of seismic surveys conducted in the Duncan Creek valley suggest that Late Reid and perhaps Pre-Reid sediments may be present beneath the McConnell glacial sediments.

The relatively uniform gold grades found in the late Reid gravels, their extensive distribution and their derivation from pre-existing sediments point to the existence of older auriferous gravels from which the Late Reid pay gravels were derived. LeBarge *et al.* (2002) infers that pre-Reid gravels might be preserved in Duncan Creek but mapped no exposures of these gravels in the present drainage.

Seismic surveys conducted west of the Duncan Creek floodplain mapped sections of overburden and auriferous gravels locally in excess of 60m with bedrock surfaces below that of the present drainage. These results indicate that there are thick pay gravel/overburden sections west of Duncan Creek where Late Reid and perhaps Pre-Reid gravels might be preserved beneath McConnell glacial sediments.

The YMIP assisted seismic reflection survey conducted on Duncan Creek in 2003 by Aurora Geosciences Ltd. identified a thick, lenticular body of gravel overlying a bedrock depression. The shape and position relative to the bedrock depression indicate that it is a gravel accumulation in a paleochannel preserved beneath McConnell sands and silts.

Drilling has also provided evidence of an older deeper channel west of the present drainage. Reverse circulation drilling conducted in 1999 upstream from the Duncan Creek Road / Mayo Lake Road junction located an anomalously thick section of overburden on the west side of Duncan Creek (Figure 3). Drill returns from these holes appeared to contain material from the Late Reid pay unit but the total thickness of this unit could not be determined because the drill holes failed to reach bedrock at a depth of 148 feet. This suggests the possibility of a deeper channel on the west side of Duncan Creek.

Further evidence that a thick section of Late Reid gravels might be present west of Duncan Creek is the discovery of pay gravels at a location near the Duncan Creek Road / Mayo Lake Road junction (Figure 3). At this location in 2002, a test cut exposed west-dipping pay gravels and bedrock.

Taken together, these observations suggest there may be a major buried channel containing Late Reid and perhaps Pre-Reid pay gravels west of the present Duncan Creek drainage. The base line of the 2003 seismic survey is believed to follow the location of this inferred channel (see Figure 3).

5.2 Drill log

DRILL HOLE: 05-1

DATE: May 3 & 4, 2005

LOCATION: 7074860N 475640E, (97m east of BL and L03-4 intersection)

DRILL COMPANY: MIDNIGHT SUN DRILLING CO. LTD

RIG TYPE: 1994 Prospector Drill

TECHNIQUE: reverse circulation

BIT DIAMETER: 5 $\frac{5}{8}$ "

BIT TYPE: Tricone w/ carbides

DRILLER: Greg Coombs

HOLE DEPTH: 99'

DEPTH (ft)	DESCRIPTION	NOTES
0-9	loose cobble/sand/gravel	
9-10	clay	
10-11	boulder	
11-13	sand	
13-21	cobble/sand/gravel	rust color, start sample
21-23	clay/silt	
23-25	sand/gravel	
25-29	gravel/cobble	
29-33	clay	
33-40	gravel	
40-44	gravel/silt	gray color
44-47	silt/gravel	
47-53	gravel/silt	
53-59	silt/gravel	approx 10% gravel saturated (water) shake flat
59-61	silt	
61-89	clay	
89-97	gravel	
97-99	clay	

5.2 Drill log

DRILL HOLE: 05-2

DATE: May 4 & 5, 2005

LOCATION: 7074900N 475525E, (BL and L03-4 intersection)

DRILL COMPANY: MIDNIGHT SUN DRILLING CO. LTD

RIG TYPE: 1994 Prospector Drill

TECHNIQUE: reverse circulation

BIT DIAMETER: 5½"

BIT TYPE: Tricone w/ carbides

DRILLER: Greg Coombs

HOLE DEPTH: 200'

DEPTH (ft)	DESCRIPTION	NOTES
0-10	cobble/silt	
10-18	gravel/little silt	
18-24	gravel/silt	
24-48	sand/some silt	silt/sand 43-48
48-49	clay	
49-50	sand/gravel	
50-73	gravel/cobble/sand	start samples
73-82	sand/gravel	78' damp
82-84	sand/little gravel	
84-88	cobble/gravel	rusty color
88-92	clay	
92-96	gravel/silt/schist	damp
96-97	cobble	
97-104	gravel	water table 98'
104-116	clay/gravel	
116-119	gravel/clay	
119-121	silt/gravel	
121-128	clay	
128-134	clay/gravel	
134-137	gravel/clay	
137-139	gravel	
139-141	clay/gravel	
141-150	gravel (clean)	
150-152	gravel, some clay/sand	wet
152-156	sand/cobble/gravel	wet
156-158	gravel/sand	wet
158-159	clay	dry
159-161	sand/clay	
161-162	silt/sand	
162-163	gravel/sand	
163-164	gravel (no clay)	
164-167	gravel/sand	
167-169	silt/sand/gravel	
169-170	silt/clay	
170-174	sand/pea gravel	
174-175	sand/clay	
175-183	sand/coarse sand	
183-187	sand/pea gravel	
187-194	silt/sand/pea gravel	
194-200	sand/pea gravel/clay	

5.2 Drill log

DRILL HOLE: 05-3

DATE: May 5 & 6, 2005

LOCATION: 7074950N 475425E, (107m west of BL and L03-4 intersection)

DRILL COMPANY: MIDNIGHT SUN DRILLING CO. LTD

RIG TYPE: 1994 Prospector Drill

TECHNIQUE: reverse circulation

BIT DIAMETER: 5½"

BIT TYPE: Tricone w/ carbides

DRILLER: Greg Coombs

HOLE DEPTH: 180'

DEPTH (ft)	DESCRIPTION	NOTES
0-1.5	frozen	
2-3	gravel/sand	
3-12	cobble/sand/gravel	one cobble @ 7-8', one cobble @10-11'
12-15	silt/cobble	gray color
15-17	cobble/silt	start sampling
17-18	gravel/cobble/silt	
18-19	gravel/sand	brown, damp
19-20	gravel/silt/cobble	gray
20-21	gravel/sand	rusty brown,
21-24	sand/gravel	rusty brown, stop sampling at 23'
24-47	silt	light brown
47-48	clay	
48-49	clay/sand	
49-50	sand/gravel	start sampling
50-84	silt/gravel	brown, damp
84-85	clay/gravel	
85-91	clay	
91-99	gravel/sand	brown, damp
99-103	silt/clay/sand	water table at 103'
103-110	sand/gravel	dark gray, 104' wood, 107' cobble
110-114	clay	
114-116	sand/pea gravel	black, dry
116-117	sand/gravel	
117-118	silt/sand/gravel	
118-124	clay/silt	
124-125	dry fine silt	gray/white
125-128	silt/clay	
128-129	sand/gravel	
129-130	silt/clay	
130-134	sand/gravel	
134-135	clay/silt	
135-140	pea gravel/sand	damp, black
140-142	silt/clay	
142-154	gravel/sand	146' lots of water
154-157	silt/gravel	
157-167	silt/some sand	
167-169	silt/gravel	
169-174	clay	
174-180	dry white silt	

5.2 Drill log

DRILL HOLE: 05-4

DATE: May 6, 7 & 9, 2005

LOCATION: 7074625N 475275E, (92m west of BL & L03-3 intersection)

DRILL COMPANY: MIDNIGHT SUN DRILLING CO. LTD

RIG TYPE: 1994 Prospector Drill

TECHNIQUE: reverse circulation

BIT DIAMETER: 5½"

BIT TYPE: Tricone w/ carbides

DRILLER: Greg Coombs

HOLE DEPTH: 100'

DEPTH (ft)	DESCRIPTION	NOTES
0-10	sand/gravel/small cobble	brown, frozen from 0-1 ft
10-20	silt/cobble/gravel	cobble at 11', 16' & 18'
20-23	sand/gravel/cobble	brown, slightly rusty
23-29	silt/sand/cobble	gray, brown
29-46	silt/sand	
46-49	silt/sand/gravel	
49-63	silt	
63-64	clay	
64-65	silt	rusty brown, dry
65-69	clay/silt	brown, damp
69-70	silt	brown
70-71	clay	
71-72	silt	gray
72-76	clay	
76-80	silt/cobble	some gravel
80-81	sand/gravel	
81-83	silt/gravel	
83-89	sand/gravel/cobble	87' damp, 88' wood
89-90	silt/sand	90' wet
90-95	clay	
95-96	silt	gray, dry
96-98	silt	gray-brown, moist
98-100	clay/silt	

5.2 Drill log

DRILL HOLE: 05-5

DATE: May 10, 11 & 12, 2005

LOCATION: 7074750N 475420E, (173m south of L03-4 along BL)

DRILL COMPANY: MIDNIGHT SUN DRILLING CO. LTD

RIG TYPE: 1994 Prospector Drill

TECHNIQUE: reverse circulation

BIT DIAMETER: 5 $\frac{5}{8}$ "

BIT TYPE: Tricone w/ carbides

DRILLER: Greg Coombs

HOLE DEPTH: 208'

DEPTH (ft)	DESCRIPTION	NOTES
0-10	silt/cobble/gravel	cobble at 3' and 7'
10-19	cobble/gravel/silt	cobble at 11'
19-25	silt/cobble/gravel	
25-33	sand/pea gravel	
33-39	sand/gravel/cobble	
39-40	cobble/silt/gravel	
40-43	silt/sand/cobble/gravel	
43-45	sand/silt	
45-48	sand/silt/gravel	
48-51	sand/silt	
51-55	sand/silt/gravel	
55-63	sand/silt	
63-64	damp silt	
64-72	dry silt	
72-75	damp silt	
75-76	clay	
76-77	damp silt	
77-80	clay	
80-81	silt/gravel/sand	
81-84	silt/sand/gravel/cobble	
84-86	clay	
86-87	dry silt	
87-88	moist clay	
88-90	dry silt	
90-91	silt/sand/gravel	wood at 91'
91-93	clay	
93-94	wet silt	
94-95	clay	
95-100	dry silt	
100-102	sand/pea gravel	dry - black
102-105	sand/silt	
105-107	clay	
107-114	silt/clay	
114-116	gravel/sand	
116-118	silt/gravel (small)/sand	
118-122	wet silt/sand	
122-123	silt	
123-136	silt/gravel	
136-140	clay	
140-144	silt	

DRILL HOLE 05-5 CONTINUED

144-146	silt/gravel	
146-148	silt/cobble/gravel	gray color, 4 GPM water
148-155	sand/cobble	water is brown/tan color
155-157.5	boulder	one 2.5' boulder, very hard
157.5-181	cobble/gravel	rusty, 8" cobble at 164', 1'6" cobble at 178', 20GPM water
181-204.5	silt/cobble/gravel	187-188.5 cobble
204.5-208	bedrock	silver colored schist (50%) quartz (50%), EOH 12pm Thurs May 12/05

5.3 FACIES INTERPRETATION

DRILL HOLE: 05-1

DATE: May 3 & 4, 2005

LOCATION: 7074860N 475640E (97m east of BL and L03-4 intersection)

DRILL COMPANY: MIDNIGHT SUN DRILLING CO. LTD

RIG TYPE: 1994 Prospector Drill

TECHNIQUE: reverse circulation







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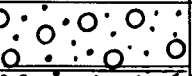

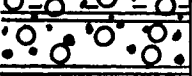
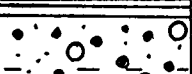
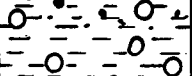
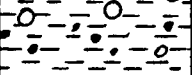

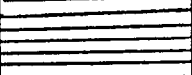
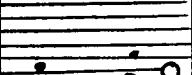
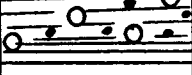
BIT TYPE: Tricone w/ carbides

DRILLER: Greg Coombs

HOLE DEPTH: 99'

LEGEND

Bedrock	
Clay	
Silt	
Sand	
Pebble Size Gravel	
Cobble/Boulder Gravel	
Gold Occurrence	*

Depth (feet)	Drill Log	Gold	Gold (grains)	Grade (oz/yd ³)	Sample Color	Facies description
10				Not Sampled	Rust Brown	Cobble size gravel in sand matrix
20		*	0.5	0.011		
30		*	<0.5	<0.0112	Grey	Pebble - cobble size gravels in a matrix of silt/sand
40						
50		*	<0.5	<0.0063	Black/Grey	10% gravel, 90% silt, water
60						
70						
80				Not sampled		Clay, Blue-gray color mostly decomposed schist with granules of Quartz, possible bedrock
90						Gravels within clay matrix
100						Clay or bedrock
110						
120						
130						
140						
150						
160						
170						
180						
190						
200						
210						

5.3 FACIES INTERPRETATION

DRILL HOLE: 05-2

DATE: May 4 & 5, 2005

LOCATION: 7074900N 475525E, (BL and L03-4 intersection)

DRILL COMPANY: MIDNIGHT SUN DRILLING CO. LTD

RIG TYPE: 1994 Prospector Drill

TECHNIQUE: reverse circulation







BIT DIAMETER: 5 5/8"

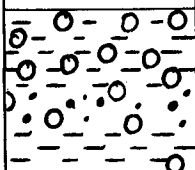
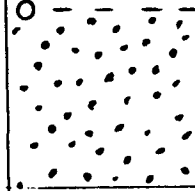
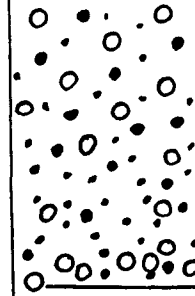
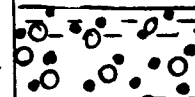

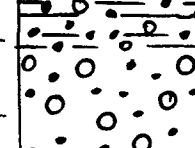
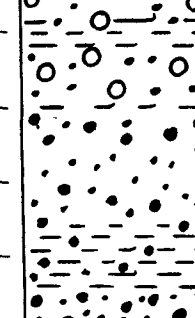
BIT TYPE: Tricone w/ carbides

DRILLER: Greg Coombs

HOLE DEPTH: 200'

LEGEND

Bedrock	
Clay	
Silt	
Sand	
Pebble Size Gravel	
Cobble/Boulder Gravel	
Gold Occurrence	*

Depth (feet)	Drill Log	Gold	Gold (grains)	Grade (oz/yd ³)	Sample Color	Facies description	
10						Cobble gravel	
20							
30							
40						Sand with some clay, silt or gravel	
50							
60		Samples collected – to date not processed					Cobble size gravel
70							
80					Rusty		
90							
100						Water at 98'	
110							
120						Clay and silt with some pebble size gravel	
130							
140					Black		
150						Cobble size gravel with some clay and sand, water at 150'	
160							
170						Pebble size gravels interbedded with sand and silt	
180							
190							
200							
210							

5.3 FACIES INTERPRETATION

DRILL HOLE: 05-3

DATE: May 5 & 6, 2005

LOCATION: 7074950N 475425E, (107m west of BL and L03-4 intersection)

DRILL COMPANY: MIDNIGHT SUN DRILLING CO. LTD

RIG TYPE: 1994 Prospector Drill

TECHNIQUE: reverse circulation







BIT DIAMETER: 5 5/8"



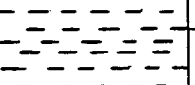
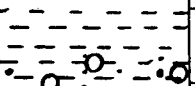
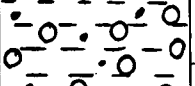
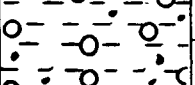
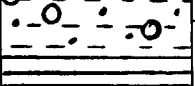

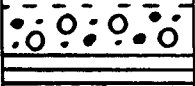
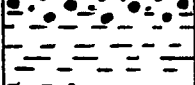
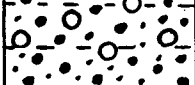

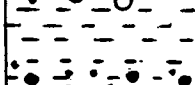
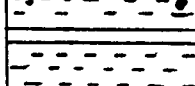


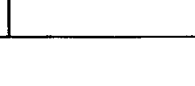

BIT TYPE: Tricone w/ carbides

DRILLER: Greg Coombs

HOLE DEPTH: 180'

LEGEND

Bedrock	
Clay	
Silt	
Sand	
Pebble Size Gravel	
Cobble/Boulder Gravel	
Gold Occurrence	*

Depth (feet)	Drill Log	Gold	Gold (grains)	Grade (oz/yd ³)	Sample Color	Facies description
10					Gray	Cobble to boulder size gravel, dry
20		*			Rusty Brown	1 pan at 12': 1 spec gold, black sand, hematite 2 pails longtomed at 11'-13': ~ 20 specs gold
30					Light Brown	Silt
40						
50						
60						
70		Samples collected – to date not processed			Brown	Cobble size gravel
80						
90						
100					Brown	Predominantly pebble to cobble size gravel interbedded with clay and silt
110					Dark Gray	Water at 103'
120					Black	1 pan at 115': abundant sulphides
130					Gray/white	Predominantly clay, silt and sand interbedded with pebble size gravel, dry
140					Black	Pebble to cobble size gravels interbedded with lesser amounts of clay/silt
150						1 pan at 139': abundant sulphides
160						Lots of water at 146'
170						1 pan at 149': abundant sulphides
180					White	Silt interbedded with a lesser amount of pebble size gravel
190						Dry white silt (bedrock?)
200						
210						

5.3 FACIES INTERPRETATION

DRILL HOLE: 05-4

DATE: May 6, 7 & 9, 2005

LOCATION: 7074625N 475275E, (92m west of BL & L03-3 intersection)

DRILL COMPANY: MIDNIGHT SUN DRILLING CO. LTD

RIG TYPE: 1994 Prospector Drill

TECHNIQUE: reverse circulation







BIT DIAMETER: 5 5/8"


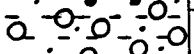

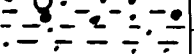
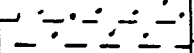

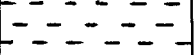
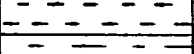
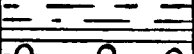

BIT TYPE: Tricone w/ carbides

DRILLER: Greg Coombs

HOLE DEPTH: 100'

LEGEND

Bedrock	
Clay	
Silt	
Sand	
Pebble Size Gravel	
Cobble/Boulder Gravel	
Gold Occurrence	*

Depth (feet)	Drill Log	Gold	Gold (grains)	Grade (oz/yd ³)	Sample Color	Facies description
10					Brown	Cobble size gravel Longtommed 4 pails at 8-12': 20 specs gold, black sand Cobble at 11, 16 & 18'
20		*			Gray	
30					Brown	
40						Interbedded silt, sand and clay
50						
60		Samples collected – to date not processed				
70					Brown	
80					Gray	
90						Pebble to cobble size gravel Wet at 90'
100						Silt and clay
110						
120						
130						
140						
150						
160						
170						
180						
190						
200						
210						

5.3 FACIES INTERPRETATION

DRILL HOLE: 05-5

DATE: May 10, 11 & 12, 2005

LOCATION: 7074750N 475420E (173m south of L03-4 along BL)

DRILL COMPANY: MIDNIGHT SUN DRILLING CO. LTD

RIG TYPE: 1994 Prospector Drill

TECHNIQUE: reverse circulation







BIT DIAMETER: 5 5/8"

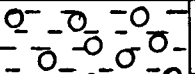
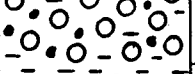

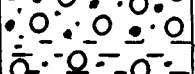

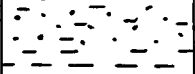

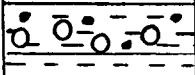
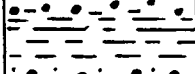
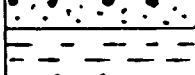


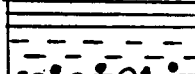
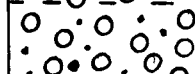


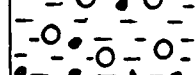
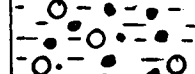


BIT TYPE: Tricone w/ carbides

DRILLER: Greg Coombs

HOLE DEPTH: 208'

LEGEND

Bedrock	
Clay	
Silt	
Sand	
Pebble Size Gravel	
Cobble/Boulder Gravel	
Gold Occurrence	*

Depth (feet)	Drill Log	Gold	Gold (grains)	Grade (oz/yd ³)	Sample Color	Facies description
10						Cobble size gravel
20						
30						
40						
50						Sand and silt with minor amounts of pebble size gravels
60						
70						
80						Pebble to cobble size gravels interbedded with silt-clay
90						
100						Wood at 91'
110					Black	Silt/clay interbedded with pebble to cobble size gravels 1 pan at 118': abundant sulphides
120						
130						Alternating dry and wet layers
140						4 gallons/minute water at 146'
150		*	3	0.0131		1 boulder at 155-157.5' 20 gallons/minute water at 157' 8" cobble at 164' Cobble to boulder size gravels
160						
170		*	1	0.0042		
180						1 boulder at 178-179.5' with silt/sand matrix
190		*	4	0.0168		1 boulder at 187-188.5'
200						
210						Bedrock – silver color – 50% schist, 50% quartz

5.5 Duncan Creek Drilling 2005 Sample Results

Hole # 05-1

Depth	Gold Weight (grain)	Sample Weight (lbs)	Ounces/ton	Ounces/yd ³
13-24'	½ grain	273 lbs	0.0076	0.0114
24-40'	< ½ grain	280 lbs	<0.0074	<0.0112
40-61'	< ½ grain	499 lbs	<0.0042	<0.0063

Hole # 05-5

147-167'	3 grains	1433 lbs	0.0087	0.0131
167-187'	1 grain	1475 lbs	0.0028	0.0042
187-208'	4 grains	1492 lbs	0.0112	0.0168

HOLE 05-1 Long Tom Samples May 4/05

<u>DEPTH (ft)</u>	<u>WT (lbs)</u>	<u>COLOR</u>	<u>TEXTURE</u>		<u>NOTES</u>
13-15	53	Rust	sand/gravel	Dry	Lots of rock chips
15-17	39	Brown	sand/gravel		Less rock chips, more sand
17-18	43	Reddish brown	sand/gravel		More rock chips, some grey
18-19	46	Orange	sand/gravel		Chips/sand
19-20	55	Reddish brown	sand/gravel		Chips/sand/rounded pebbles
20-24	43	Reddish brown	sand/gravel		Some gray/brown clay
Total WT	273				

24-29	50	Gray	Clay		Few fines, very little gravel
29-31	51	Gray	50%Clay/50%gravel		Few fines, no course
31-35	66	Gray	90%gravel/10%Clay		More course, some fines
35-38	66	Gray			Lots of course, some clay
38-40	52	Gray			Lots of course, some clay
Total WT	280				

40-47	83	Black/Gray	60%Sand/40%gravel		Lots of chips
47-48	85	Black/Gray	75%Sand/25%gravel		
48-49	62	Black/Gray	75%Sand/25%gravel		
49-50	13	Black/Gray	80%Sand/20%gravel	Wet	
50-56	46	Black/Gray	75%gravel/25%sand	Wet	
56-57	76	Black/Gray	90%Sand/10%gravel		Sticky, but washed okay
57-60	82	Black/Gray	95%Silt/5%Sand		Sticky, but washed okay
60-61	60	Black/Gray	100%Silt or bedrock?	Wet	Milkshake consistency
Total WT	499				

61-100			Bedrock or clay?		Not sampled
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HOLE 05-5 Long Tom Samples Aug 30/05

DEPTH	WT (lbs)	COLOR	TEXTURE	NOTES	
147-147*	45	Black	80%Sand/20%Gravel	Damp	
147 Wash	65	Black	" "	Damp	
147-148	30	Black	" "	Damp	
148-149	80	Black	" "	Damp	2 Hematite Chips
149 Wash	63	Grey/Tan	" "	Damp	
149 Wash	62	Grey/Tan	" "	Damp	
149-150	52	Grey/Tan	" "	Damp	
150 Wash	59	Tan	60%Sand/40%Gravel	Moist	
150-151	58	Tan	" "	Moist	
151-152	60	Tan	" "	Moist	
152-153	54	Tan	" "	Moist	1 - 1" Clay
153-154	61	Tan	" "	Moist	
154-155	65	Tan	" "	Moist	
156-157	50	Tan	" "	Dry	
157-158	66	Tan	" "	Moist	
158-159	52	Tan	" "	Moist	
159-160	55	Tan	" "	Dry	
160-161	52	Tan	" "	Damp	
162 Wash	55	Tan	" "	Moist	
163	51	Tan	" "	Dry	1 - 1" Clay
164	59	Tan	" "	Moist	
164.5	51	Tan	" "	Moist	
165	70	Tan	" "	Moist	
166	58	Tan	" "	Dry	
167	60	Tan	" "	Moist	

Total WT 1433 38 lbs of Rock Chips

168	62	Tan	60%Sand/40%Gravel	Dry	
169	60	Tan	" "	Moist	
169-170	56	Tan	" "	Moist	
170	54	Tan	" "	Moist	
170-171	63	Tan	" "	Moist	
171-172	62	Orange	70%Sand/30%Gravel	Dry	
172-173	55	Orange	50%Sand/50%Gravel	Dry	
173	51	Orange	60%Sand/40%Gravel	Moist	
173-174	55	Orange	" "	Moist	
175	62	Orange	50%Sand/50%Gravel	Dry	
175-176	51	Orange	60%Sand/40%Gravel	Dry	
176	58	Orange	50%Sand/50%Gravel	Dry	
177	50	Orange	60%Sand/40%Gravel	Dry	
177-178	56	Orange	" "	Dry	
178	60	Orange	50%Sand/50%Gravel	Moist	
178-179	60	Orange	60%Sand/40%Gravel	Dry	
180	47	Tan	" "	Dry	
180	49	Tan	70%Gravel/30%sand	Dry	

181	59	Tan	60%Sand/40%Gravel	Dry
182-183	54	Orange	50%Sand/50%Gravel	Dry
183	55	Orange	60%Sand/40%Gravel	Moist
183-184	48	Orange	50%Sand/50%Gravel	Dry
185	51	Tan	50%Sand/50%Gravel	Moist
185	50	Tan	60%Sand/40%Gravel	Moist
185-186	55	Tan	" "	Moist
186-187	50	Tan	" "	Moist
187	42	Tan	" "	Moist

Total WT 1475 50 lbs of Rock Chips

187-188	45	Tan	60%Sand/40%Gravel	Damp
188	62	Tan	" "	Moist
188-189	52	Tan	" "	Moist
189	53	Tan	" "	Moist
189-190	66	Tan	" "	Moist
190	73	Tan	70%Sand/30%Gravel	Moist
191-192	46	Tan	60%Sand/40%Gravel	Moist
192	42	Tan	70%Sand/30%Gravel	Moist
192-193	52	Tan	60%Sand/40%Gravel	Moist
193	65	Tan	60%Gravel/40%Sand	Dry
194	51	Tan	60%Sand/40%Gravel	Moist
194-195	50	Tan	" "	Moist
195	50	Tan	50%Sand/50%Gravel	Moist
196	50	Tan	60%Gravel/40%Sand	Dry
196-197	42	Tan	60%Sand/40%Gravel	Dry
197	55	Tan	" "	Moist
197-198	57	Tan	50%Sand/50%Gravel	Dry
198-199	62	Tan	" "	Dry
199-200	49	Tan	70%Sand/30%Gravel	Moist
200	66	Tan	50%Sand/50%Gravel	Moist
200-201	67	Tan	70%Gravel/30%Sand	Dry
201-202	58	Tan	50%Sand/50%Gravel	Dry
202	52	Tan	" "	Moist
202-203	55	Tan	" "	Moist
203	51	Tan	" "	Moist
204	50	Tan	" "	Moist
204-205	52	Tan	70%Sand/30%Gravel	Moist
205-208	19	Tan BR	100% Bed rock	Moist

Total WT 1492 55 lbs of Rock Chips

6.0 DISCUSSION

Reverse circulation drilling was conducted over a nine day period from May 3-12, 2005. Drilling was completed by Midnight Sun Drilling Co. Ltd. of Whitehorse, Yukon. Five holes were drilled varying in depth from 99' to 208'. The holes were logged by the driller, Greg Coombs and samples were placed in durable plastic bags for processing at a later date.

Troy Taylor processed samples from Hole 05-1 using a longtom in which gold was collected. Michael Mason-Wood arrived at the property in late August and processed samples from Hole 05-5. Holes 05-1 and 05-5 were selected for sampling because of their proximity to recent mining activity. The gold grades recovered from these two holes were compared to the known grades from nearby mine cuts.

Samples were collected from Holes 05-2, 05-3 and 05-4. These samples were not processed because the main objective of the drill program was to confirm the 2003 seismic survey results. The Late Reid gravels found in Holes 05-1 and 05-5 contain gold, therefore it is believed that the Late Reid gravels identified in Holes 05-2, 05-3 and 05-4 would also contain gold.

The longtom concentrates were allowed to air dry and the black sand was then blown away from the gold. The gold was weighed and recorded. The scales used to weigh the gold could not accurately weigh less than ½ grain. Two of the six samples contained less than ½ grain of gold, therefore the grades are recorded accordingly.

7.0 CONCLUSIONS

1. The drilling results largely confirm the seismic survey conducted in 2003. Therefore, the 2003 seismic work can be used with more confidence. This was a positive step towards defining the boundaries of a large buried paleochannel on the Duncan Creek Property.
2. The average gold grades from Hole 05-5 are approximately one half the average grades found in a mine cut located 140m N. E. of Hole 05-5
3. The grades indicated by this method of drilling may not be extremely accurate, however, the drill results do provide an indication of the presence of gold.
4. The drill results indicate the large buried paleochannel identified by the 2003 seismic survey exists. However, more seismic and drilling work needs to be done to better understand this deposit.

REFERENCES CITED

- LeBarge, W.P., J.D. Bond and F.J. Hein
2002: Placer Gold Deposits of the Mayo area, Central Yukon. Exploration and Geological Services Division, Indian and Northern Affairs Canada, Yukon Region, Bulletin 13.
- Power, M.A.,
2003: Seismic Reflection Survey of the Duncan Creek Property, Mayo Area, Yukon Territory

APPENDIX A. EXPENDITURE RECEIPTS

Natural Terrain

306 Hoge Street
 Whitehorse, Yukon Y1A 1V9
 867-668-6464 fax 867-667-7305

Invoice No.

1

INVOICE

Customer

Name Keystone Mining
 Address 20 Moonstone Lane
 City Whitehorse State YT ZIP Y1A 5Z9
 Phone 867-668-2698

Date 05/12/2005
 Order No. _____
 Rep _____
 FOB _____

Qty	Description	Unit Price	TOTAL
2	One day sampling fee	\$250.00	\$500.00
4	One day report writing	\$250.00	\$1,000.00

Payment Details

- Cash
 Check

Name _____
 CC # _____
 Expires _____

SubTotal	\$1,500.00
Shipping & Handling	\$0.00
Taxes GST	\$105.00
TOTAL	\$1,605.00

Office Use Only

Thank you for your business



MIDNIGHT SUN DRILLING CO. LTD.
 13 MACDONALD RD.
 WHITEHORSE, YT Y1A 4L1
 Tel: (867) 633-3070 Fax: (867) 633-5758

INVOICE

NO. 10547

DATE 06/15/05

PAGE 1 of 1

Re: Order No. 05-2-3

SOLD TO:

Duncan Creek Placer
 20 Moonstone Road
 Whitehorse, Yukon
 Y1A 5Z9

SHIP TO:

Duncan Creek Placer
 Whitehorse, Yukon

ITEM NO.	QUANTITY	UNIT	DESCRIPTION	GST	PST	UNIT PRICE	AMOUNT	
	1	ea	Placer drilling at Duncan creek and Keystone creek from May 3 - 12, 2005.	G		38,404.70	38,404.70	
			Subtotal:				38,404.70	
			G - GST 7.00%				2,688.33	
			GST					
MIDNIGHT SUN DRILLING CO. LTD. GST: #10368 3595								

COMMENTS

TOTAL ►

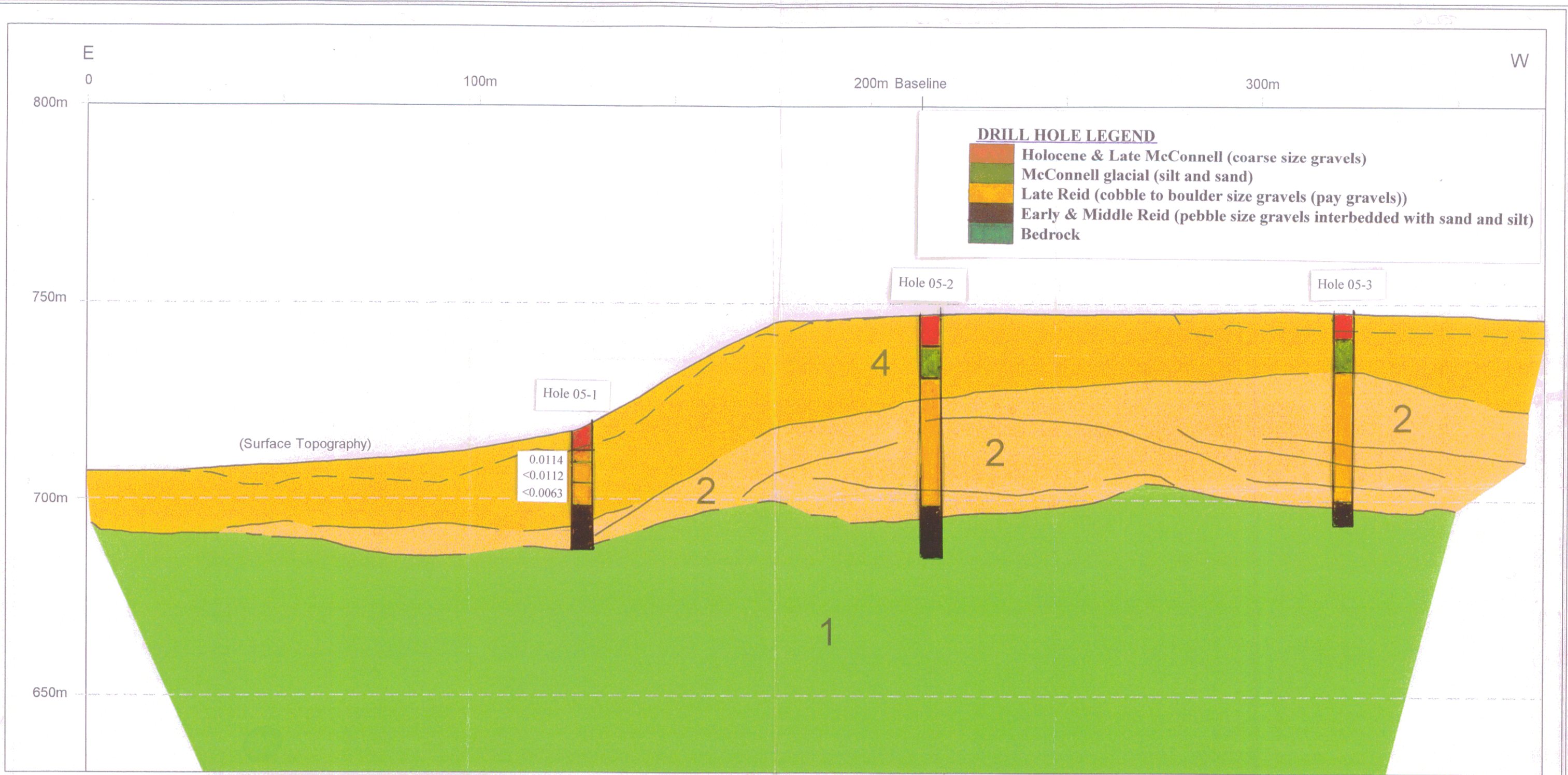
41,093.03



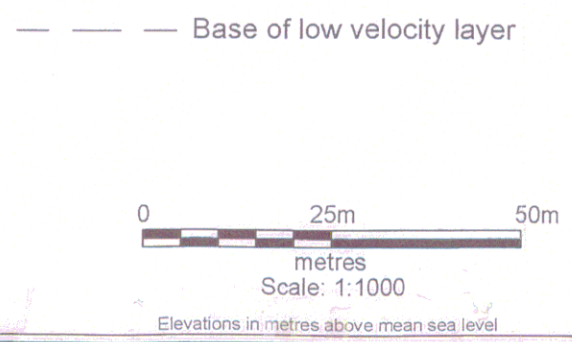
MIDNIGHT SUN DRILLING CO. LTD.
 #13 MACDONALD ROAD
 WHITEHORSE, YUKON Y1A 4L1
 PH: 867-633-3070 FAX:867-633-5758
 Prepared by:

Job #: 05-2-3
 Customer: Keystone Mining Ltd.
 Location: Duncan Creek
 Job Date: May 3 - 12/05
 Drillers: Greg Coombs, Peter Bonnet, Willie Smarch

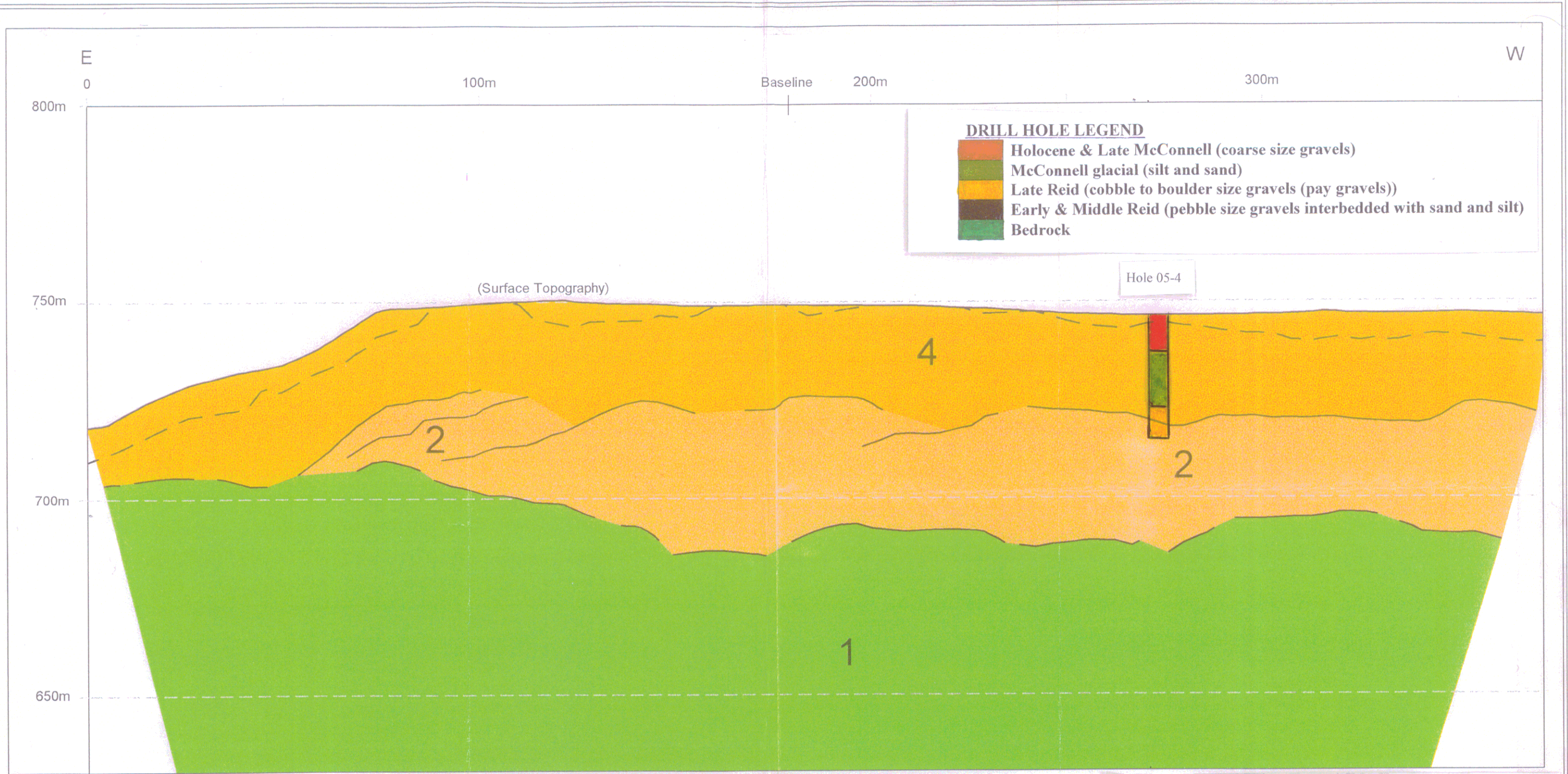
Unit	505 3-May-05	506 4-May-05	507 5-May-05	508 6-May-05	509 7-May-05	510 9-May-05	511 10-May-05	512 11-May-05	513 12-May-05	TOTAL	TOTAL AMT
1 Mob and \$4,000.00 each	1.0									1.00	4,000.00
2 Prospecto \$425.00 hour	1.0		1.0	1.0					1.5	4.50	1,912.50
3 2 man hour										0.00	0.00
4 Tricone \$40.60 foot	40.0	188.0	83.0	188.0	43.0	67.0	126.0	35.0	17.0	787.00	31,952.20
5 Sample 1.8 bag		30.0	40.0	30.0			58.0	105.0	37.0	300.00	540.00
6 Room and day										0.00	0.00
7 Frac Sand bag										0.00	0.00
8 Bentonite bag										0.00	0.00
9 2' PVC foot										0.00	0.00
10 2" PVC each										0.00	0.00
11 2" PVC each										0.00	0.00
12 Protective each										0.00	0.00
	\$6,049.00	\$7,686.80	\$3,866.80	\$8,111.80	\$1,745.80	\$2,720.20	\$5,220.00	\$1,610.00	\$1,394.30	\$38,404.70	
	\$423.43	\$538.08	\$270.68	\$567.83	\$122.21	\$190.41	\$365.40	\$112.70	\$97.60		\$2,688.33
	\$6,472.43	\$8,224.88	\$4,137.48	\$8,679.63	\$1,868.01	\$2,910.61	\$5,585.40	\$1,722.70	\$1,491.90		\$41,093.03



- LEGEND**
- 5 Holocene and Late McConnell unconsolidated boulder to cobble gravel
 - 4 Late McConnell silt
 - 3 Early to Middle McConnell sand with lesser pebble to locally cobble gravel
 - 2 Late Reid boulder to cobble gravel (Pay Gravel)
 - 1 Quartz chlorite schist, phyllite, quartzite



Modified by Michael Mason-Wood, December 4, 2005		
KEYSTONE MINING LIMITED	DUNCAN CREEK PROPERTY	
SEISMIC REFLECTION SURVEY ELEVATION SECTION LINE 03-4	MINING DISTRICT: MAYO	
	JOB: KML-03-001-YT	NTS: 105 M13/14
	DATUM: N/A	DRAWN BY: HDS
	AURORA GEOSCIENCES LTD.	DATE: 15 January 04
		DRAWING F-4



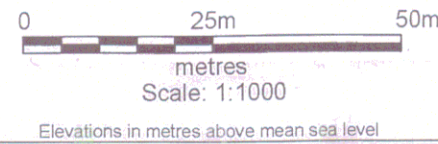
DRILL HOLE LEGEND

- Holocene & Late McConnell (coarse size gravels)
- McConnell glacial (silt and sand)
- Late Reid (cobble to boulder size gravels (pay gravels))
- Early & Middle Reid (pebble size gravels interbedded with sand and silt)
- Bedrock

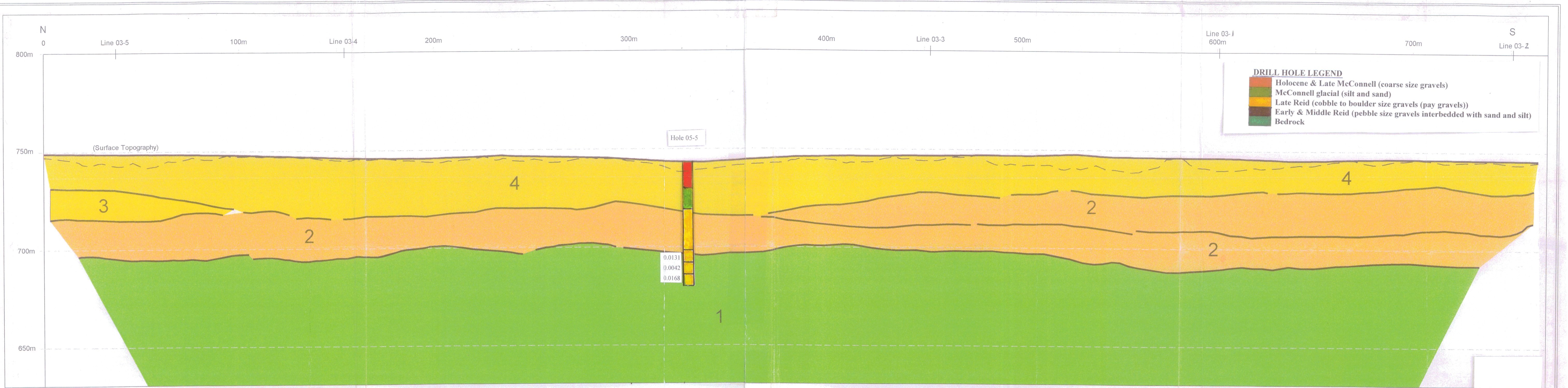
LEGEND

- 5 Holocene and Late McConnell unconsolidated boulder to cobble gravel
- 4 Late McConnell silt
- 3 Early to Middle McConnell sand with lesser pebble to locally cobble gravel
- 2 Late Reid boulder to cobble gravel (Pay Gravel)
- 1 Quartz chlorite schist, phyllite, quartzite

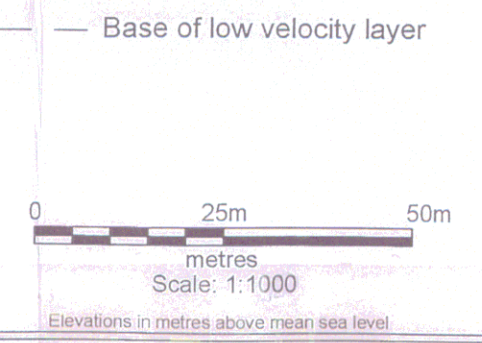
--- Base of low velocity layer



Modified by Michael Mason-Wood, December 4, 2005			
KEYSTONE MINING LIMITED		DUNCAN CREEK PROPERTY	
SEISMIC REFLECTION SURVEY ELEVATION SECTION LINE 03-3		MINING DISTRICT: MAYO	
		JOB: KML-03-001-YT	NTS: 105 M13/14
		DATUM: N/A	DRAWN BY: HDS
AURORA GEOSCIENCES LTD.		DATE: 15 January 04	DRAWING F-3



- LEGEND**
- 5 Holocene and Late McConnell unconsolidated boulder to cobble gravel
 - 4 Late McConnell silt
 - 3 Early to Middle McConnell sand with lesser pebble to locally cobble gravel
 - 2 Late Reid boulder to cobble gravel (Pay Gravel)
 - 1 Quartz chlorite schist, phyllite, quartzite



Modified by Michael Mason-Wood, December 4, 2005			
KEYSTONE MINING LIMITED		DUNCAN CREEK PROPERTY	
SEISMIC REFLECTION SURVEY ELEVATION SECTION BASELINE		MINING DISTRICT: MAYO	
		JOB: KML-03-001-YT	NTS: 105 M13/14
		DATUM: N/A	DRAWN BY: HDS
AURORA GEOSCIENCES LTD.		DATE: 15 January 04	DRAWING F-6



1000762916

includes 3 loose maps