

YEIP  
2006  
-043

# YUKON MINING INCENTIVES PROGRAM

Target Evaluation

PROSPECTING REPORT

FILE # 06 - 043



KIM FERGUSON

Work carried out 26 Sept, 2006 to 2 Oct, 2006

NTS: 115 0 02

Placer Lease: ID 00589

Latitude: 63 degrees, 09 minutes, 30 seconds

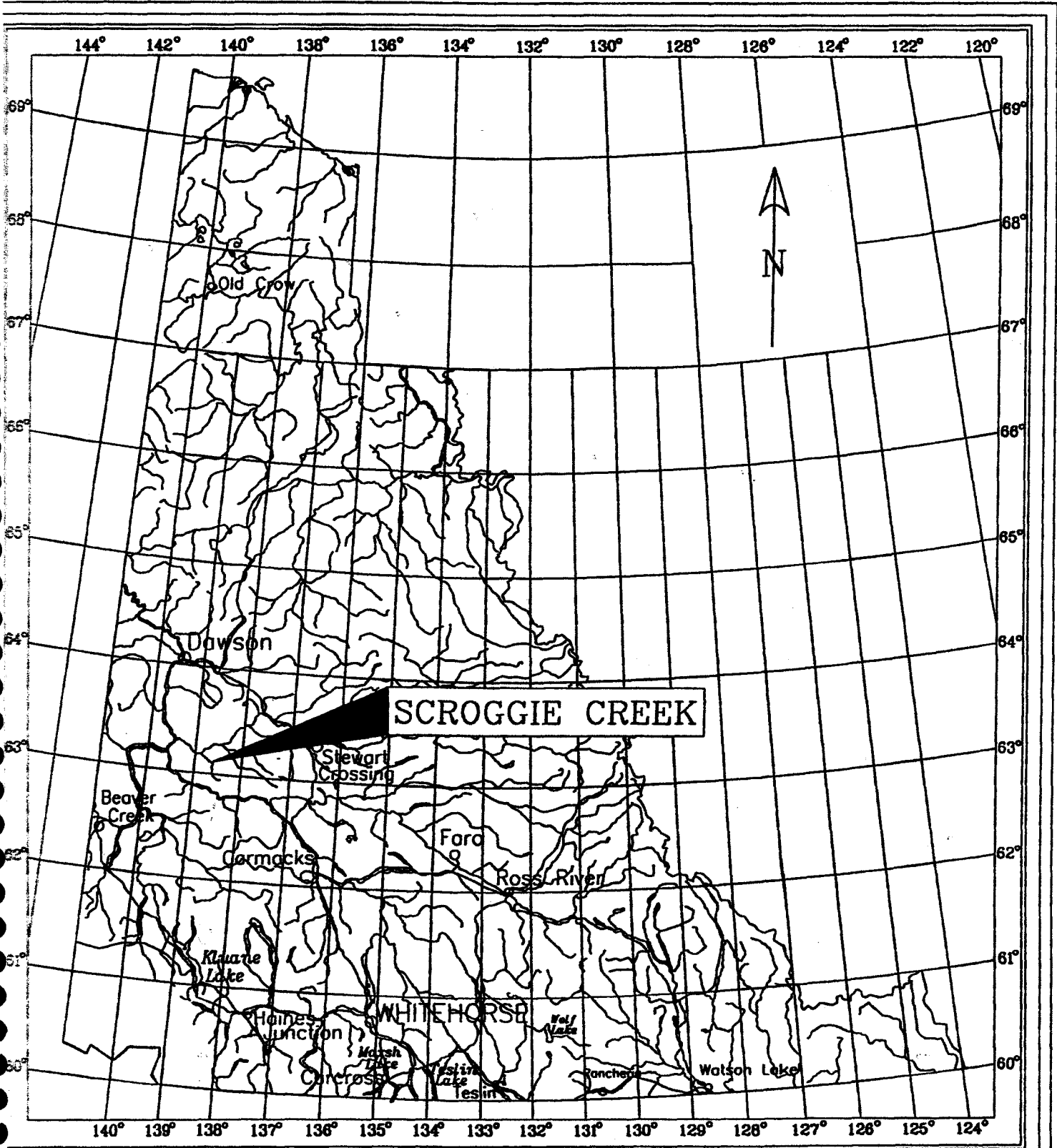
Longitude: 138 degrees, 47 minutes, 00 seconds

Placer Lease: ID 00588

Latitude: 63 degrees, 09 minutes, 30 seconds

Longitude: 103 degrees, 09 minutes, 00 seconds

Dawson Mining District



<b>KIM FERGUSON</b>  <b>PROPERTY LOCATION</b>	<b>DAWSON MINING DISTRICT</b> <b>SCROGGIE CREEK PLACER LEASES</b> ID 00589 + ID 00588
	NTS: 115-0-02
	SCALE 1: 6 000 000
	DATE: 26 SEPT 2006

## **SUMMARY**

A drill program was undertaken on Placer Lease ID 00589 to identify an economic placer deposit. A two man crew mobilized a Bombarder mounted auger drill to the lease. Drilling was carried out on the upstream portion of the 1st teir left limit bench just below the confluence of Scroggie and Walhalla Creeks. The drilling recovered no values of economic significance.

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## **1.0 INTRODUCTION:**

10796 Yukon Ltd was contracted to conduct a drilling program on Kirsty Ferguson's 3 mile lease ID 00589 and Kim Ferguson's 5 mile lease ID 00588 located on Scroggie Creek. Work was carried out from September 26, 2006 to October 2, 2006. The original program was planned for up to 1500 ft of drilling over 14 days. Due to staff limitations and the unavailability of a reliable LGP bulldozer, the program was restricted to 7 days. Major washouts on the Scroggie ck. road and the bench access road prevented mobilization of the drill to the 5 mile creek lease ID 00588. Only one line of 17 holes was drilled. This report describes the drilling performed on the Scroggie ck. 3 mile lease with data and results.

## **2.0 LOCATION AND ACCESS:**

Scroggie Creek is approximately 40 miles (64 km) in length joining the Stewart river 25 miles (40 km) above its mouth.

The property is located 120 km SSE of Dawson City, Yukon it is accessible by helicopter from Dawson Alternative access is 90 km by off road vehicle via the winter road from Pelly Farm

Claim map sheet: 115O02 P  
N.T.S.: 115-0-02

- 5 mile - Latitude: 63 degrees, 09 minutes, 30 seconds
- Longitude: 103 degrees, 47 minutes. 00 seconds
- 3 mile - Latitude: 63 degrees, 09 minutes, 30 seconds
- Longitude: 138 degrees, 47 minutes. 00 seconds

### 3.0 PROPERTY:

The property consists of one three mile bench lease and one five mile creek lease staked under the Yukon Placer Mining Act in the Dawson Mining District.

Lease Information as follows:

Lease No - ID 00589  
Owner - Kirsty Ferguson (100%)  
Expiry date - 11 October 2007

Lease No - ID 00588  
Owner - Kim Ferguson (100%)  
Expiry date - 11 October 2006

### 4.0 GEOLOGY

(summarized from Temelman-Kluit, 1974)

Placer gold deposits are for the most part confined to creek bottoms and benches. These deposits are invariably underlain by the Pelly Gneiss and Schist Gneiss of the Yukon Group assemblage. Much of the gold actually lies in cracks and broken rock or the gneisses at the gravel/bedrock interface.

The source of the placer gold in the area is not conclusively known, but possible sources are: the Nasina gneisses and schists which underlie much of the drainage basin of Scroggie and Walhalla Creeks, or quartz veins associated with Cretaceous granitic intrusions.

Gold has been recovered both from gravels in the valley bottom and from gravels on the bench. In both instances the gravels are comprised primarily of flat to tabular schistose to gneissoid pebbles with lesser well-rounded granitic, pegmatitic or greenstone pebbles and boulders. Gravels in the valley are overlain by 6-9 feet of black muck.

## 5.0 PERSONAL AND EQUIPMENT

Kim Ferguson and Donjek Upton spent 7 days mobilizing equipment to and drilling on the Scroggie ck. placer lease ID 00589

- Drilling - 6 inch auger drill mounted on a bombardier muskeg all terrain vehicle
- Sampling - 1.5 inch honda pump, long tom
- Transport - 4 wd pickup to Pelly Farm road end. Honda 4 wd ATV and Honda three wheel ATV transport from Pelly Farm to Scroggie ck and on site transport
- Other - Camping equipment and chain saws

## 6.0 DRILLING PROGRAM

The primary target area was to be on the bench lease in the area mined by Herman Axel in 1981 - 1982.

Once the drill was on site it was realized that we couldn't access this area. It was then decided to concentrate the drilling on the upstream end of the bench lease ID 00589. One line of 17 holes at approximately 20 m spacing was drilled to cross section the lease. (Appendix A)

Holes 1 to 12 were on a lower level bench at approximately 490 m elevation. Hole 13 was attempted on the side hill transition between the lower and upper bench. Holes 14 - 17 were drilled on the upper bench at approximately 500 m elevation. The depth of holes 14 - 17, was limited by the number of drill flights available. (We had previously bent two drill flights.)

The entire gravel interval from each hole was collected in 20 litre pails and processed through a long tom on site. After processing each sample the concentrate was cleaned from the long tom and retained for further off site processing.

## 7.0 RESULTS

The table below lists results from the drill program. The results show no values of economic interest. On the lower bench area 10 of the 12 samples contained all of the gravel, the bedrock/gravel contact and the bedrock drilled. The other two holes were probably close to the bedrock. Of the 12 holes 10 had traces of very fine visible gold. The 2 holes without visible gold did intersect the bedrock/gravel contact. Of note is the lack of visible gold in all 4 holes on the upper bench. All 4 holes failed to reach bedrock and overall depth to bedrock in this area of the upper bench is still unknown.

**Drill Summary - Placer Lease ID 00589**

Drill hole	Overburden	Gravel	Bedrock	Total depth	Weight	Remarks
BL106 - 1	-	5ft	5ft	10ft	Trace	
BL106 - 2	-	6ft	4ft	10ft	Trace	
BL106 - 3	.5ft	7.5ft	4ft	11ft	Trace	
BL106 - 4	-	11.5ft	2ft	13.5ft	Trace	
BL106 - 5	2ft	3ft	5ft	10ft	2mg	
BL106 - 6	-	4ft	-	4ft	Trace	* 1
BL106 - 7	-	9ft	4ft	13ft	Trace	
BL106 - 8	-	10ft	3ft	13ft	Trace	
BL106 - 9	-	10ft	4ft	14ft	Nil	
BL106 - 10	-	8ft	-	8ft	Trace	*2
BL106 - 11	3ft	9ft	3ft	15ft	Nil	
BL106 - 12	4ft	11ft	3ft	18ft	Trace	
BL106 - 13	3ft	1ft	-	4ft	Nil	*3
BL106 - 14	3ft	15ft	-	18ft	Nil	*4
BL106 - 15	1ft	18ft	-	19ft	Nil	*4
BL106 - 16	1ft	17ft	-	18ft	Nil	*4
BL106 - 17	2ft	16ft	-	18ft	Nil	*4

\*1 - Large rock in hole caused excessive deflection in drill flight. Hole abandoned.

\*2 - Stopped on rock. Stepped out 1m to hole BL106 - 11.

\*3 - Hole abandoned. Unable to level drill on side-hill.

\*4 - Maximum depth with available drill flights. Two flights bent on previous hole .



## 7.0 CONCLUSION:

From the limited drilling (12 holes) on the lower bench, there were no samples indicating an economic placer deposit. From the 4 holes on the upper bench there were no significant results in the gravel horizon drilled.

## 8.0 RECOMMENDATIONS:

It is questionable if a 6" auger drilling at a "normal" spacing gains a representative sample in an area known for coarse gold. ( see below )

*(ref: Peter N. Rotheisler, Lionel e. Jackson, Jr., and Stephen R. Hicock)*

*Attempts to obtain gold samples by panning in the Scroggie Creek basin were unsuccessful. After processing approximately 200 pans from the throughout the basin, not one visible particle of gold was recovered. This was not anticipated. Recovery of fine-grained gold by panning is uncommon in the Scroggie Creek basin.*

Further drilling is required to complete holes to bedrock on the upper bench area. If large average piece size of gold is a limiting factor on the effectiveness of 6" auger drilling, a higher frequency of holes per given area would increase the probability of gaining a meaningful sample.

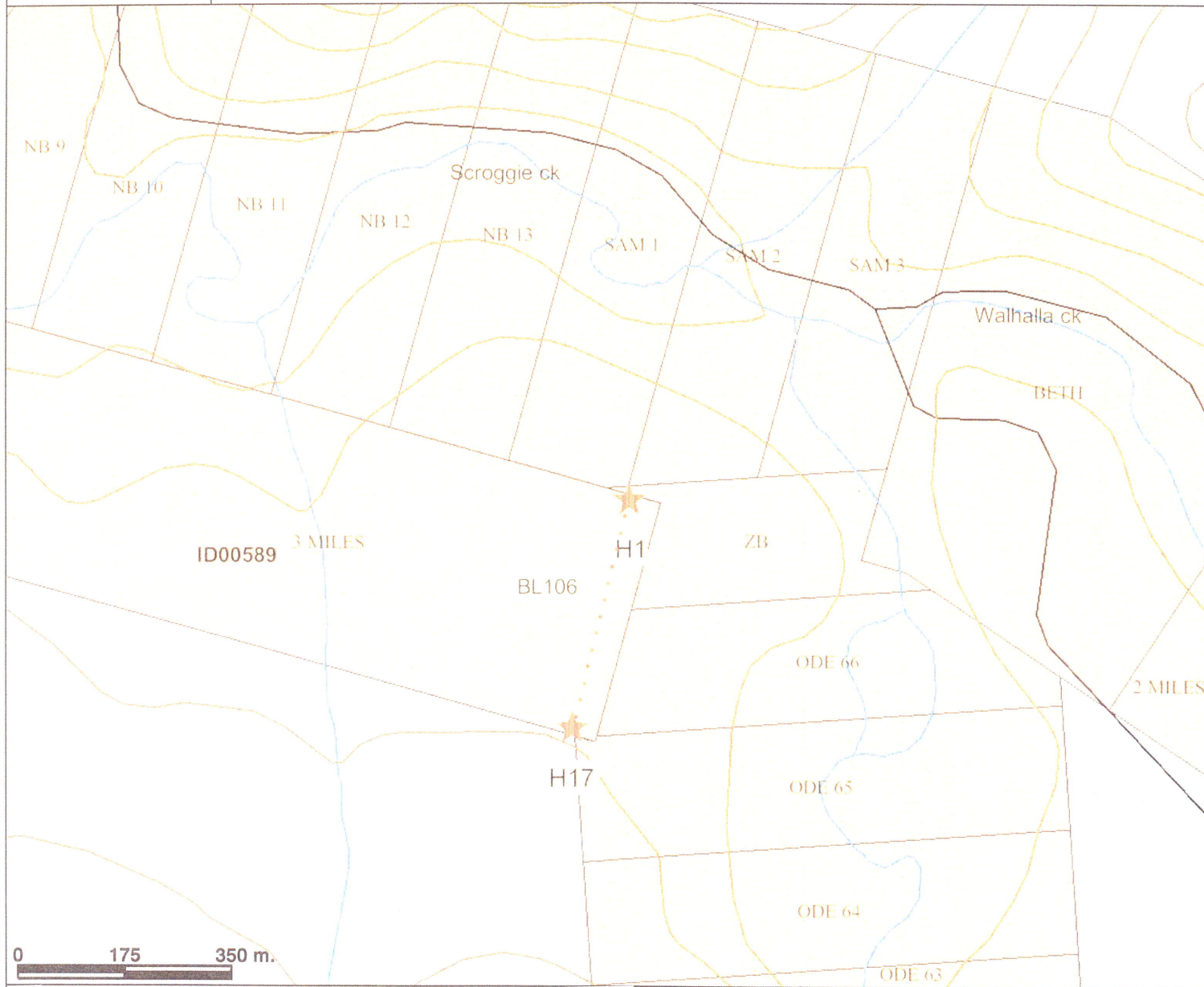
I would recommend two "fences" of intensive drilling, cross sectioning the benches. Ideally one "fence" would focus on the locality of BL106, and another on the area of known gold production mined by Herman Axle.

*It has been implied that Herman Axel recovered 1000 - 1500 oz of gold in 1981. Mining Recorder figures show a recorded figure of 1591 oz in 1981. Delta smelting records show Territorial Gold recording 1344.39 oz recovered from their mining operation on Scroggie Ck in 1981. This leaves a balance of 246 oz, probably recorded by H. Axel. not 1000 - 1500 oz of gold as stated in other reports.*

If drilling "fences" fails to return any significant results; Bulk sampling would be a more effective evaluation method.

I would recommend any future program to include an LGP bulldozer with a sled or trailer. The program would then not be constrained by access, available drilling time would not be consumed line cutting and essential equipment (drill flights) would not be left behind.

# SCROGGIE CK - Drill hole location



## Legend

- Trail
  - City Road Labels
  - Placer Claims
    - Active
    - Expired
  - Placer Claims2
    - Active
    - Expired
- Scale: 1:10,000

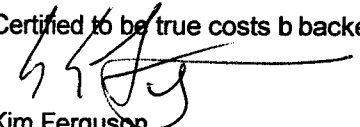
Notes: Line BL106 - 17 drill holes H1 to H17 inclusive

APPENDIX B

Statement of Expenses

<b>Daily living Allowance</b> 7 days@ $\$35$ per/dayx2		\$ 490.00
<b>Transportation</b> Personal and Supplies		
Ford Truck	Wh/Dawson rtn 2x536km = 1072km x.55km	589.60
Ford Truck	Indian River/ Pelly Farm rtn 496kmx2.48km	272.80
<b>Heavy Equipment costs</b> Machinery		
	Drill- Pelly Farm to Scroggie ck 24hrsx $\$85$ /hr	2,040.00
	Drill-Mobilize Indian River to Pelly Farm 496kmx $\$2.48$ km	1,230.08
	Trailer - $\$45$ per day @ 7 days	
<b>Emergency flight</b>		
Mayo to Scroggie rtn	Helicopter Cesna 185. 190m@ $\$4.25$ per/m	
<b>Hire rates</b>		
	Drill - 216.5ft @ $\$15.00$ per foot	3,247.50
	ATV Elger Red	636.00
	Sat Phone	206.70
	Trailer - $\$45$ per day @ 7 days	315.00
	Helicopter (transport fuel)	2,104.85
	Sluice Box	300.00
	Bulldozer - 2 weeks	
<b>Wages</b>		
7 days@300per day x1	Driller	2,100.00
7 days@250per dayx1	Drill Hand	1,750.00
<b>Report Preparation</b>	2 days @ $\$300$ per day	600.00
<b>Other</b>		
Process drill samples	6 hours @ $\$30$ hr	180.00
Fuel 3000lt		<u>1,570.92</u>
<b>TOTAL</b>		<u><b>\$ 17,633.45</b></u>

Certified to be true costs b backed up by receipts:

  
Kim Ferguson  
January 22nd 2007