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2006 YMIP

Upper Scroggie Creek Target Evaluation Project

By

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Technical Report and Conclusions

Location and Access

Scroggie Creek is tributary of Stuart River and is located approx 125 kms south of Dawson City in the Yukon. It is on NTS map sheet 115J/15P in the Dawson Mining District. For Claim map see Figure #1. The claims worked on in this project are Tuit 19 – 23, purchased in 2001 by the applicant. These claims have the earliest expiry on Decemeber 31 2007.

The claims can be best reached by a fixed wing aircraft to an airstrip on Scroggie creek, about 8 km downstream from the project area. Alternatively the claims can be reached by helicopter from Dawson City, approx. 125 km. An ATV trail is also available from Pelly Farm but due to recent forest fire along 45 kms of the road, it's use proved to be too difficult at this time. Bear Creek Mining (BCM) camp is 10 km from the project area with road access allowing the applicant to use an ATV as a transportation method for this project. Applicant paid room and board at BCM camp for the duration of this project.

General Geology

Most of Scroggie Creek gold production has come from creeks flowing across a wide contact zone of a granite batholith, as mapped by H.S.Bostock, 1942 (GSC Map 711A Ogilvie). The claims tested in this project lie within a granitic intrusive body, which is separate from the batholith. The exposed bedrock in the current swath is an un-oxidized blocky granite and gneiss. Gneiss being highly decomposed at least 6' with very large ridges of granite boulders 2 – 8' in diameter that become more solid further below the bedrock surface. The alluvial profile is simple, consisting of a thin organic layer

overlaying coarsely bedded gravel measuring 2 – 6 feet thick on an uncolating bedrock surface. Organic material consists of black muck of various thickness (2 to 6 feet) with occasional silt layers above and within the gravels. Two to six feet of gravels consist of uneven layers of sand and rounded rock with rock size increasing significantly in the last two feet above bedrock to a maximum two feet diameter bolder size. The granitic ridges protrude into the gravel 1 – 2 feet above the bedrock surface.

Work Done:

Work on the project proceded as scheduled in the application. Claims had an access road constructed some time ago and only a few fallen trees had to be cleared. Crossings over Carter creek and an unnamed tributary to Scroggie had to be rebuild, but only about an 1h was needed to make the crossings passable by a bulldozer and an ATV. D9 owned by the applicant was used to do all the dozer work and the dozer was operated by the Michal Bidrman. Diesel for the dozer and the gas for the ATV and pump was purchased from BCM, which is flown in by fixed wing aircraft to storage facility at the airstrip.

A trench running along the valley floor was constructed on claims Tuit 19 – 23. The trench is approximately 1800' long. Because bedrock surface was uneven, 35 samples were collected from basal 2' section of gravel along the trench at 50' intervals. 70 tests at 25' along the trench were collected from the first 2' of bedrock plus 1' basal gravel directly above the bedrock. Some areas the gravels did not melt all the way to the bedrock before freeze up but enough of the bedrock was exposed to allow for consistent testing to take place. All work was done under BCM Water license #PM04360 effective April 16 2005. This license contains land use operations permit #AP04360. All refuse from the project was returned to BCM camp for proper disposal at their garbage site.

Spring 2006

June 6 – 10

All work was done by Michal Bidrman

The project started by clearing an existing access road of fallen trees and reconstructing the crossing of Carter Creek and unnamed tributary to provide an access for the ATV. The access road was cut along the northern limit of Scroggie Creek valley into a south-facing slope. The road needed no repair and only 2h were spent clearing fallen trees and repairing the crossings. On Tuit 19 – 23 all the overburden and muck was stripped off in the trench areas. The organic layer varied from 2 – 6' averaging 3'. When gravel layer was reached the trench was left to thaw till August. The trench was stripped close to the creek bed where large portions of the organic layer were dry and/or melted, reducing the need for ripping. The trench was connected to the creek as needed to allow for proper drainages.

Summer 2006

August 20 – 25

All work was done by Michal Bidrman

The gravel layers were removed at 1' intervals and panning was used to determine first occurrence of significant gold in the gravels. There were no significant amounts of gold or black sand showing until bottom two feet above bedrock. The gravels were tested at 50' intervals along the trench (see map #3) first by panning and when significant gold was found by running ½ yd^3 tests through a longtom sluicebox. The results of these tests are plotted on Gravel Test Data Sheet. Some parts of the trench were still frozen two feet above bedrock so further testing had to be postponed until fall.

Fall 2006

November 1 – 19

All work was done by Michal Bidrman and the applicant.

A 2" pump was used to help draining portions of the trench. Than the remaining gravel was removed to expose bedrock. Some sections along the trench did not melt throughout probably due to the higher elevation of the project and due to thicker layers of gravel than expected. At this point sampling started at 25' intervals along the bottom of the trench. One to two yard samples were collected for each test. The bedrock with 1' basal gravel were hauled to a testing site where the samples were first screened to <1" and then

processed through a mechanical jig owned by the applicant. This method was preferable to longtom setup as was done for basal gravels only (see above), since it is faster and less likely to have any significant loses. Majority of the samples were sand and rounded rock with rock size increasing significantly in the gravel layer directly above the bedrock. Bedrock portion of the samples consisted of highly decomposed gneiss of coarse sand consistency. Whenever the granite ridges occurred, only decomposed bedrock along the edges and in the cracks could be tested since the ridges show very little signs of decomposition.

After jigging the samples were than panned to remove remaining impurities. Each panned concentrate had the gold fines removed by mercury amalgamation placed in a ceramic crucible and evaporated to dryness. Hg was removed by burning with nitric acid leaving a pure raw gold sample that was weighed on an electric scale. Weights of gold were combined with sample sizes to complete average grade measured as ounces raw gold/yd^3 and recorded on Sample Data Sheet. Fineness of gold was not assayed by a lab but presumed to be 900 fine, which is a well-established fines for all of Scroggie creek tributaries.

Conclusions:

There were two objectives in this project. #1 objective was to locate the contact between the muscovite schist which is the placer gold bearing bedrock predominant in the Scroggie Creek area and the granitic intrusion exposed on Tuit 3 – 7 downstream of the project area. In coordination with Mr. Richards who is presently exploring the area for hard rock, applicant was expecting to find a contact in close proximity of Tuit 20. After exposing the bedrock from Tuit 19 to Tuit 23 there was no evidence found of a contact between metamorphic and intrusive bodies and along all these claims the grantitic intrusion is still covering the valley floor. The #2 objective was to test the exposed gravels and bedrock to determine the economic viability of this area. For this, two types of samples were measured for gold grades. First lower gravel tests some which, but not all, started at bedrock yielded lower grades compare to decomposed bedrock samples. The lower gravels tested between 0.000 to 0.006 raw oz Au/yd^3, averaging 0.004 raw oz

Au/yd^3 and although uneconomic would probably be sluiced in a mining operation and contribute to a gold production.

Second, bedrock-gravel samples yielded significantly higher average grades. The results vary from 0.001 and 0.084 oz Au/yd^3. The average is 0.029 raw oz Au/yd^3. Gold was deposited predominantly within the first foot of bedrock. There is a noticeable trend of increasing grade from Tuit 19 to Tuit 23. Gold grains size was very consistent with gold found on mined claims downstream of the project and can be classified as coarse with few "nuggets" of up to 2.1 grams. In conclusion, the main objective of exposing the contact between the muscovite schist and the granite intrusion was not accomplished, but unexpectingly high test results of the decomposed gneiss bedrock show high economic potential for these claims. From this years test results it can be deduced that there are at least 4' of pay gravels and decomposed bedrock even within this, historically poorly paying, granitic intrusion. The tests also show noticeable increase in grade as testing progressed upstream. This may either be due to shifting pay layer from north to south valley limits and/or close proximity of a contact zone between the two rock bodies. The test results warrant further exploration upstream on Scroggie Creek, to find the contact between the two bodies and to further prove the economic potential of Upper Scroggie Creek. There was no reclemation done of the work done in 2006 since the results warrant further testing and mining. As the trench is downstream of an area proposed for next year's exploration it will be used as a drainage channel for the future work upstream.

Figure #1 MAP 1 Upper Scraggie Location

NTS 115 J/15 P

Trench

Map #2 Upper Scroggie Creek
NTS Map Sheet Location

Figure #2

Not To Scale

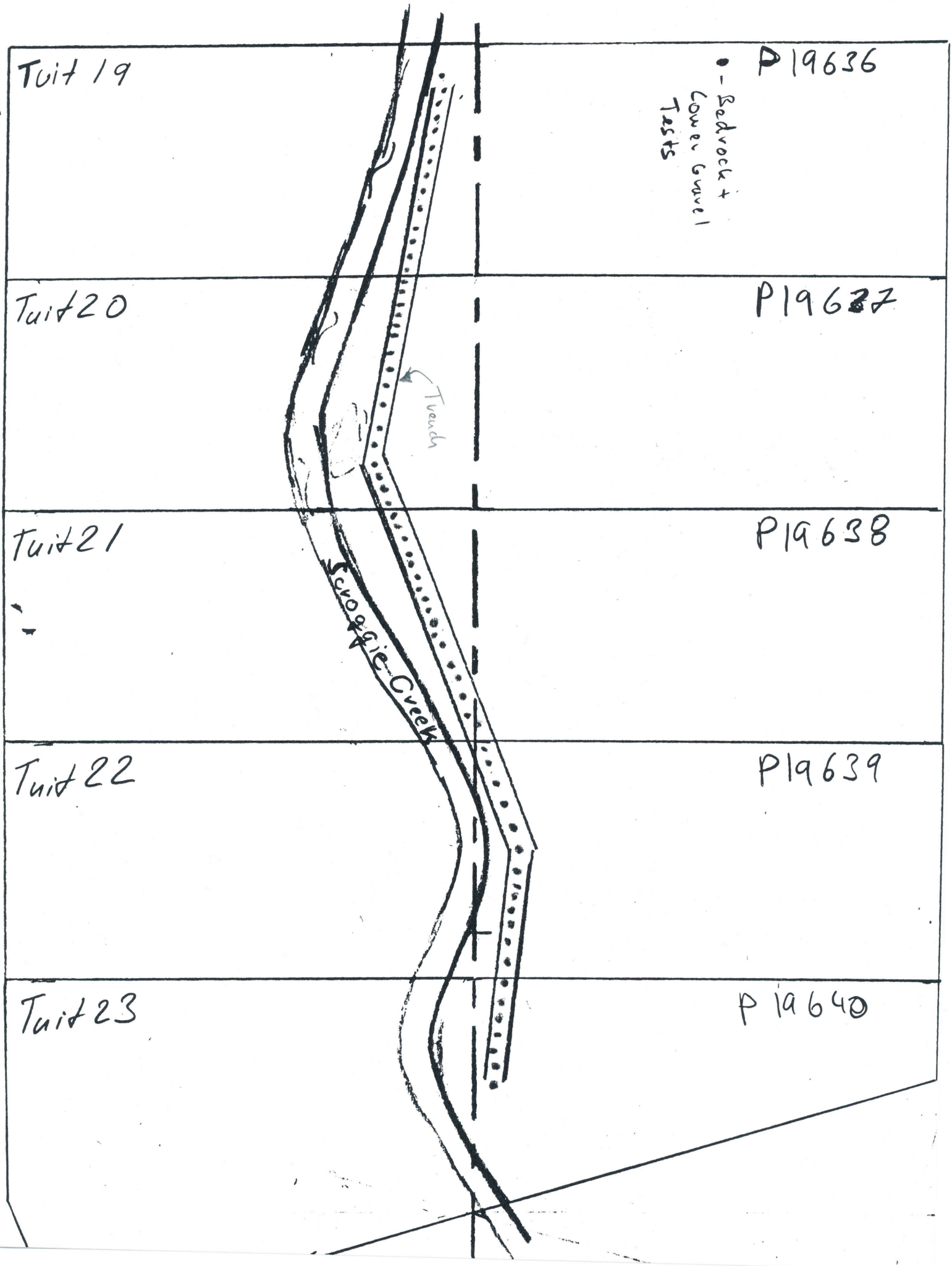

Figure #3 - Location of Bedrock and Lower Gravel Tests

Scale 1cm = 100'

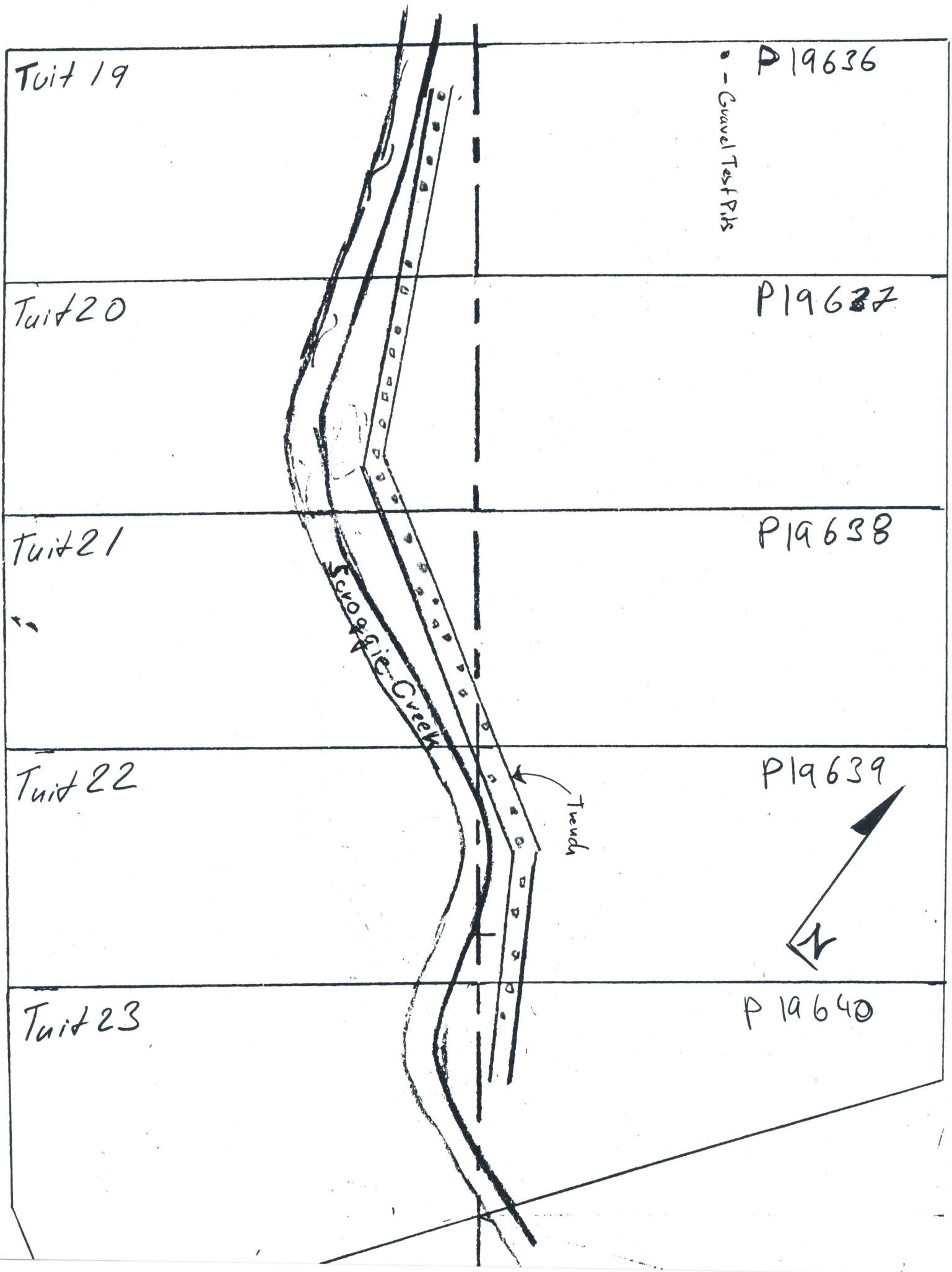

Figure #4 - Location of Gravel Tests

Scale 1cm = 100'

Scroggie Creek
2006
Gravel Test Data Sheet

Test #	Sample size in yd^3	Resluts in raw oz/yd^3
1	0.5	0.004
2	0.5	0.006
3	0.5	0.003
4	0.5	0.002
5	0.5	**0.008**
6	0.5	0.002
7	0.5	0.001
8	0.5	0.002
9	0.5	0.005
10	0.5	0.002
11	0.5	0.005
12	0.5	0.001
13	0.5	0.006
14	0.5	0.004
15	0.5	0.003
16	0.5	0.006
17	0.5	0.005
18	0.5	0.001
19	0.5	0.004
20	0.5	0.005
21	0.5	0.004
22	0.5	0.001
23	0.5	0.002
24	0.5	0.001
25	0.5	0.003
26	0.5	0.004
27	0.5	0.001
28	0.5	0.002
29	0.5	0.005
30	0.5	0.003
31	0.5	0.005
32	0.5	0.006
33	0.5	0.007
34	0.5	0.003
35	0.5	0.004
Average in raw oz/yd3		**0.004**

Upper Scroggie Creek
2006
Test Data Sheet

Test #	Sample size in yd^3	Resluts in raw oz/yd^3
1	1	0.047
2	1	0.033
3	1	0.028
4	2	0.064
5	2	0.046
6	1	0.084
7	1	0.071
8	1	0.051
9	1	0.051
10	1	0.028
11	2	0.071
12	1	0.041
13	1	0.073
14	2	0.036
15	2	0.044
16	2	0.027
17	1	0.039
18	1	0.019
19	1	0.045
20	1	0.059
21	1	0.048
22	1	0.032
23	1	0.019
24	1	0.025
25	2	0.033
26	2	0.044
27	2	0.056
28	2	0.049
29	1	0.053
30	2	0.028
31	2	0.039
32	2	0.04
33	1	0.062
34	1	0.053
35	1	0.023
36	1	0.032
37	1	0.036
38	1	0.027

Upper Scroggie Creek
2006
Test Data Sheet

Test #	Sample size in yd^3	Resluts in raw oz/yd^3
39	2	0.023
40	1	0.01
42	1	0.009
43	1	0.012
44	1	0.013
45	1	0.021
46	1	0.006
47	1	0.003
48	1	0.008
49	1	0.000
50	1	0.003
51	2	0.009
52	2	0.011
53	2	0.007
54	2	0.026
55	2	0.004
56	2	0.005
57	2	0.001
58	2	0.009
59	2	0.007
60	2	0.014
61	2	0.019
62	2	0.001
63	2	0.003
64	2	0.007
65	2	0.015
66	2	0.022
67	2	0.027
68	2	0.021
69	2	0.019
70	2	0.016
Average in raw oz/yd3		**0.029**