

YUKON MINING INCENTIVES PROGRAM

CONTRIBUTION AGREEMENT # 07-007

THE PEANUT EXPLORATION PROJECT

VICTORIA CREEK - 2007 FINAL REPORT
NTS 115-I-3 DAVID (BUD) DAVIS

Placer Grouping Certificate # GW00982

Placer Claims:	Peanut 1 - 10	P47458 - P47467
	Peanut 11 - 12	P50152 - P50153
	Lexie	P47468
	Lexie 2	P50151
	Liberty 1 - 2	P47578 - P47579
	Liberty 3 - 4	P50115 - P50116
	Vic 1	P50064

Peanut 1 - Post # 1 (location)

North Latitude 62 06.205'
West Longitude 137 09.033'

Field Work: April 29 - September 15, 2007

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PEANUT EXPLORATION PROJECT (2007) - TECHNICAL REPORT

3.1 SUMMARY AND RECOMMENDATIONS

The 2007 Peanut Project exploration field season began on April 29 and finished on September 15. A bulk sampling/test hole program was undertaken with the alluvial gravels being processed through a gravity (shaker plate) washplant.

This bulk sampling program returned positive economic results from holes # 2, 3, 4 and 9 which are located on the right limit of Lexie Creek on the west side of Peanut 1 claim.

The results from bulk test holes # 1 (right limit) and # 5, 6, 7, and 8 that were processed on the left limit of Victoria Creek all returned values that are sub-economic at this time.

On September 2, 2007, after reviewing all the data from the 9 bulk test samples that were processed, a positive mining decision was made to commence mining on the right limit of Lexie Creek.

We wish to thank the Yukon Government and its staff at the Yukon Mining Incentives Program offices for their financial support during the 2006 and 2007 exploration seasons. Your support has helped in the discovery of another economically viable Yukon placer gold deposit.

PEANUT EXPLORATION PROJECT (2007) - TECHNICAL REPORT

3.2 PROPERTY, LOCATION AND ACCESS

Placer Grouping Certificate # GW00982, contains 19 claims located on upper Victoria Creek in the Mount Nansen area. Placer map NTS 115-I-3

Registered claim owner: David (Bud) Davis

<u>CLAIM NAME</u>	<u>PLACER GRANT NUMBER</u>
Peanut 1 - 10	P47458 - P47467
Peanut 11 - 12	P50152 - P50153
Liberty 1 - 2	P47578 - P47579
Liberty 3 - 4	P50115 - P50116
Lexie	P47468
Lexie 2	P50151
Vic 1	P50064

Post # 1 for Peanut 1 claim is located at;

62° 06.205' North Latitude
137° 09.033' West Longitude

Access to the Peanut claim group is via Carmacks, then west on the Mount Nansen road some 70 kilometres. The claims are on upper Victoria Creek and there is a two (2) kilometre access road that turns (east) off the Mount Nansen road about 7 kilometres west of the dormant BYG mine site.

(maps following page...)



**GROUPING CERTIFICATE
Form 7, Section 52
PLACER MINING ACT**

Whitehorse Mining District

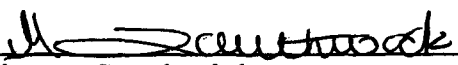
In accordance with the provisions of Section 52 of the Placer Mining Act the owner(s) of the following claims are permitted to group those claims together for the performance of work:

Grant Number(s)	Claim Name(s)
P 47468	LEXIE
P 50151	LEXIE 2
P 47578 - P 47579	LIBERTY 1 - 2
P 50115 - P 50116	LIBERTY 3 - 4
P 47458 - P 47467	PEANUT 1 - 10
P 50152 - P 50153	PEANUT 11 - 12
P 50064	VIC 1

Owner(s): David (Bud) Davis.

Location area(s): Lexie Creek, Liberty Creek, Unnamed Trib. Victoria Creek, Upper Victoria Creek, Victoria Creek, Victoria Creek area.

Claim Sheet(s): 115103.

Number of Claims in Grouping: 19	Fees: \$14.00	
Receipt Number: MRWH229	Filing Date: 5 June 2007	Glenna Southwick Whitehorse Mining Recorder

Claim Name and Nbr.	Grant No.	Expiry Date	Registered Owner	% Owned	Excess NTS #'s	
R LEXIE	P 47468	2009/10/14	David (Bud) Davis	100.00	5 115I03	D
R LEXIE 2	P 50151	2009/12/04	David (Bud) Davis	100.00	3 115I03	
R LIBERTY 1 - 2	P 47578 - P 47579	2008/12/12	David (Bud) Davis	100.00	2 115I03	C
R LIBERTY 3 - 4	P 50115 - P 50116	2009/12/26	David (Bud) Davis	100.00	3 115I03	
R PEANUT 1 - 8	P 47458 - P 47465	2009/10/14	David (Bud) Davis	100.00	5 115I03	
R PEANUT 9 - 10	P 47466 - P 47467	2009/10/14	David (Bud) Davis	100.00	4 115I03	
R PEANUT 11 - 12	P 50152 - P 50153	2009/12/04	David (Bud) Davis	100.00	3 115I03	
R VIC 1	P 50064	2008/10/18	David (Bud) Davis	100.00	4 115I03	

Criteria(s) used for search:

CLAIM STATUS: ACTIVE & PENDING OWNER(S): DAVIS DAVID (BUD) REGULATION TYPE: PLACER

Total claims selected : 19

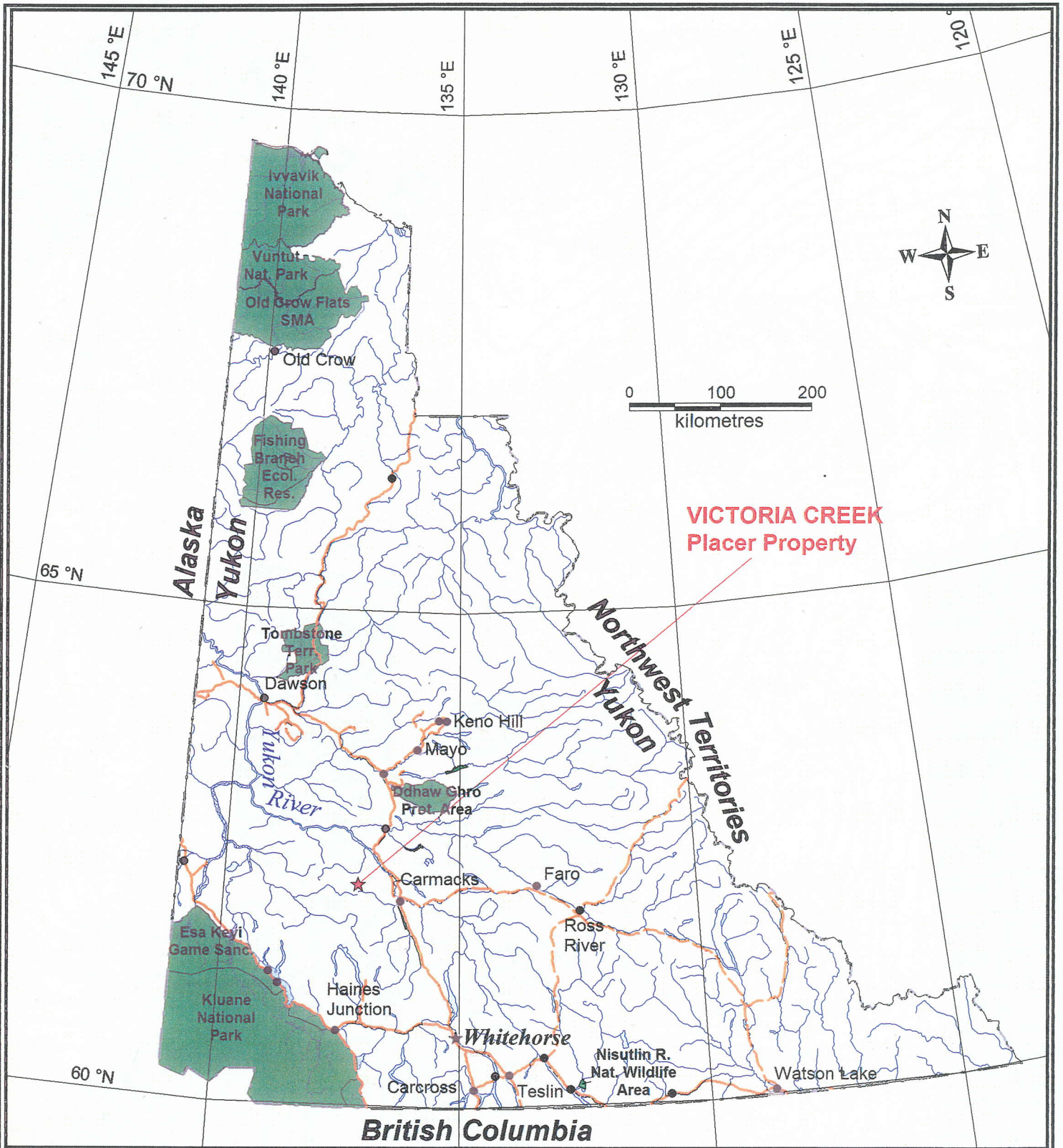
Left column indicator legend:

- R - Indicates the claim is on one or more pending renewal(s).
- P - Indicates the claim is pending.

Right column indicator legend:

- L - Indicates the Quartz Lease.
- F - Indicates Full Quartz fraction (25+ acres)
- P - Indicates Partial Quartz fraction (<25 acres)

- D - Indicates Placer Discovery
- C - Indicates Placer Codiscovery
- B - Indicates Placer Fraction



**BUD DAVIS
VICTORIA CREEK
PLACER PROPERTY
LOCATION MAP**

Figure 1

January 13, 2006

VICTORIA MOUNTAIN

NORTH

PLAN
RS 11
RS 12
RS 13
RS 14
RS 15
RS 16
RS 17
RS 18
RS 19
RS 20
P 50172
P 50173
P 50174
P 50175
P 50176
P 50177
P 50178
P 50179
P 50180
P 50181
P 50182
P 50183
P 50184

VICTORIA CREEK

PEANUT 12 P 50153
PEANUT 11 P 50152
PEANUT 10 P 47467
PEANUT 9 P 47466
PEANUT 8 P 47466
PEANUT 7 P 47464
PEANUT 6 P 47463
PEANUT 5 P 47462
PEANUT 4 P 47461
PEANUT 3 P 47460
PEANUT 2 P 47459
PEANUT 1 P 47458
LIBERTY 4 P 50116
LIBERTY 3 P 50116
LIBERTY 2
LIBERTY 1 P 47579
LEXIE 2 P 50151
LEXIE
CO DISCOVERY
CO DISCOVERY

PETER 10 P 26257
PETER 9 P 26236
PETER 8 P 26235
PETER 7 P 26234
PETER 6 P 26233
PETER 5 P 26232
PETER 4 P 26230
PETER 3 P 26229
PETER 2 P 26228
PETER 1 P 26227
EVL 1 P 26226
EVL 2 P 26225
EVL 3 P 26224
EVL 4 P 26223
EVL 5 P 26222
EVL 6 P 26221

BOCK 22 P 27160
BOCK 21 P 26764
BOCK 20 P 26763
BOCK 19 P 26762
BOCK 18 P 26761
BOCK 17 P 26760
BOCK 16 P 26759
BOCK 15 P 26758
BOCK 14 P 26757
BOCK 13 P 26756
BOCK 12 P 26755
BOCK 11 P 26754
BOCK 10 P 26753
BOCK 9 P 26752
BOCK 8 P 26751
BOCK 7 P 26750
BOCK 6 P 26749
BOCK 5 P 26748
BOCK 4 P 26747
BOCK 3 P 26746
BOCK 2 P 26745
BOCK 1 P 26744

CLAIM GROUP
GW00982
19 Claims

PLACER MAP
NTS 115-I-3

CLAIM 1 P 23161
CLAIM 2 P 23162
CLAIM 3 P 23163
CLAIM 4 P 23164
CLAIM 5 P 23165
CLAIM 6 P 23166
P 41672
P 11508
P 03857
P 03858

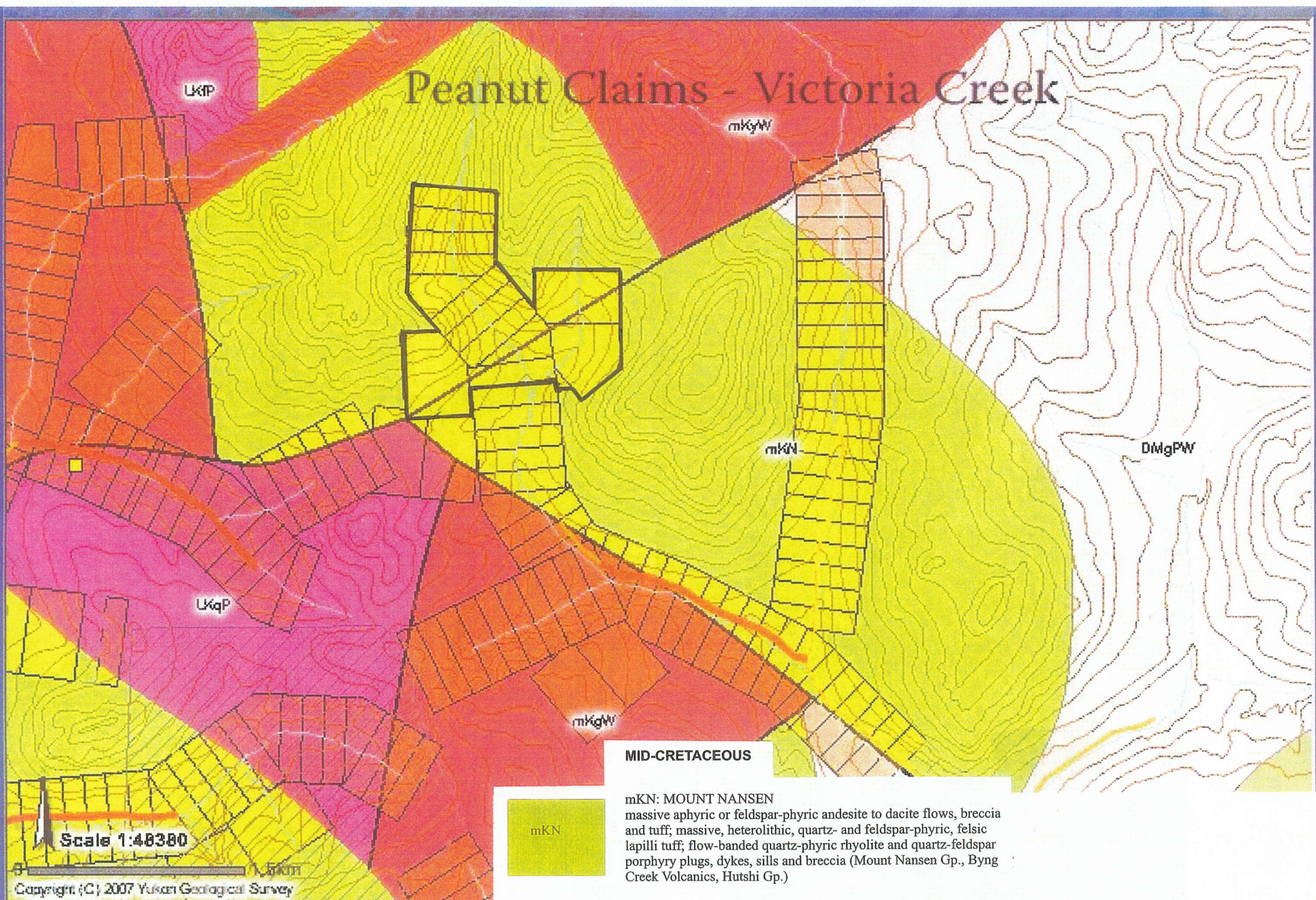
6136%%P

5325%%P

4700

5000

Peanut Claims - Victoria Creek



MID-CRETACEOUS



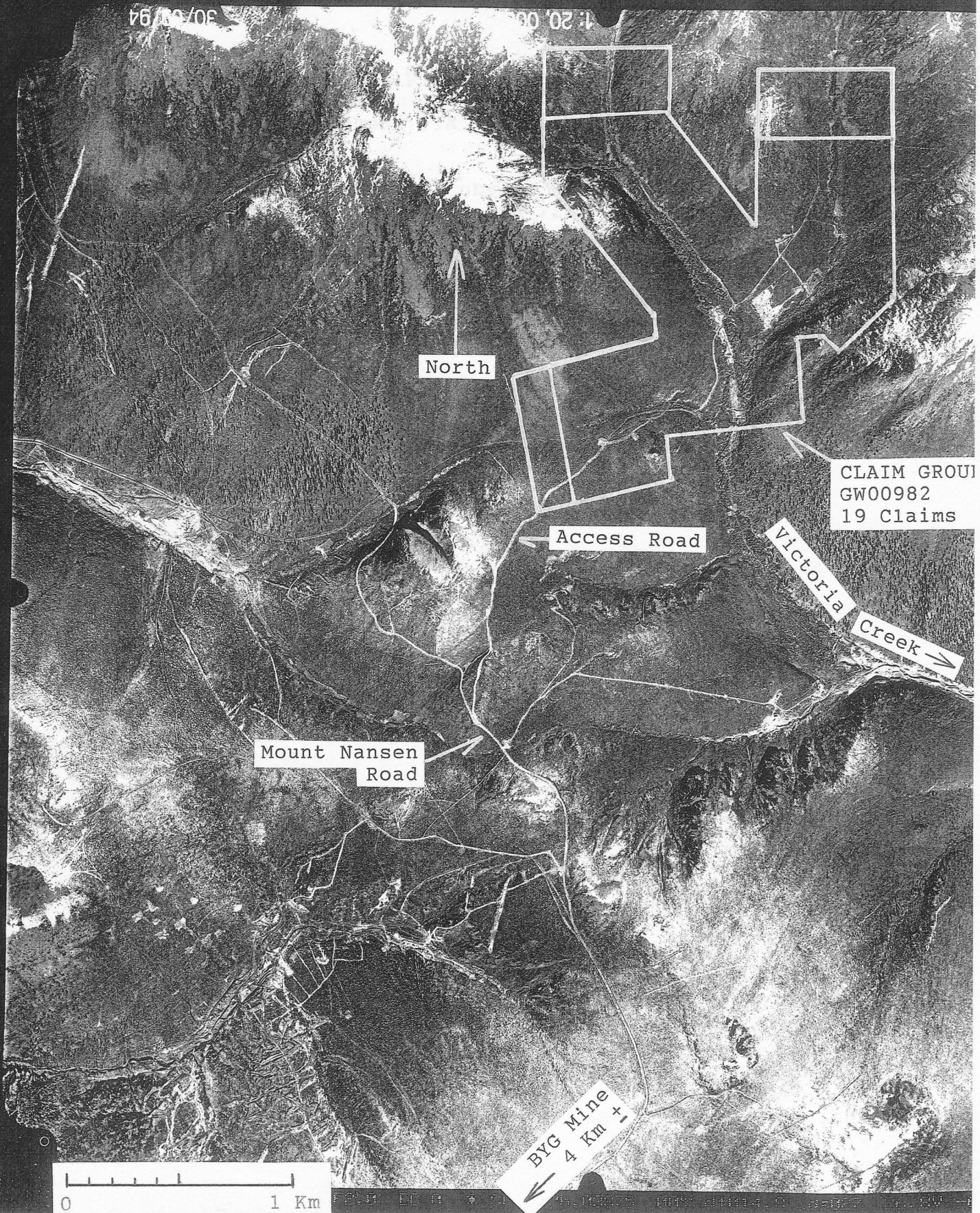
mKN: MOUNT NANSEN
massive aphyric or feldspar-phyric andesite to dacite flows, breccia and tuff; massive, heterolithic, quartz- and feldspar-phyric, felsic lapilli tuff; flow-banded quartz-phyric rhyolite and quartz-feldspar porphyry plugs, dykes, sills and breccia (Mount Nansen Gp., Byng Creek Volcanics, Hutshi Gp.)

Scale 1:48380
5 km
Copyright (C) 2007 Yukon Geological Survey

MAIN ACCESS TO PLACER CLAIM GROUP # GW00982

AIR PHOTO TAKEN ON SEPTEMBER 30, 1994
FLIGHT LINE #28155 PHOTO #47

17 AIRPORT ROAD, MUNICIPAL AIRPORT, EDMONTON, ALBERTA, T6G 0W8 (403) 491-1488
GEOGRAPHIC AIR SURVEY LTD.



PEANUT EXPLORATION PROJECT (2007) - TECHNICAL REPORT

3.3 RENTAL COMPANY

Versatile Rentals Plus
101 Copper Road
Whitehorse, Yukon Y1A 2Z7

Attention: Tracey Jacobs
Phone (867) 668-7215

Equipment: Hitachi ZX200 Excavator
4" Honda water pump and 200' of hoses

3.4 PERSONNEL

David (Bud) Davis
Whitehorse, Yukon

A. Kaegi
Whitehorse, Yukon

P. Daffe
Whitehorse, Yukon

J. Davis
Whitehorse, Yukon

PEANUT EXPLORATION PROJECT (2007) - TECHNICAL REPORT

3.5 PROPERTY SAMPLING PROGRAM

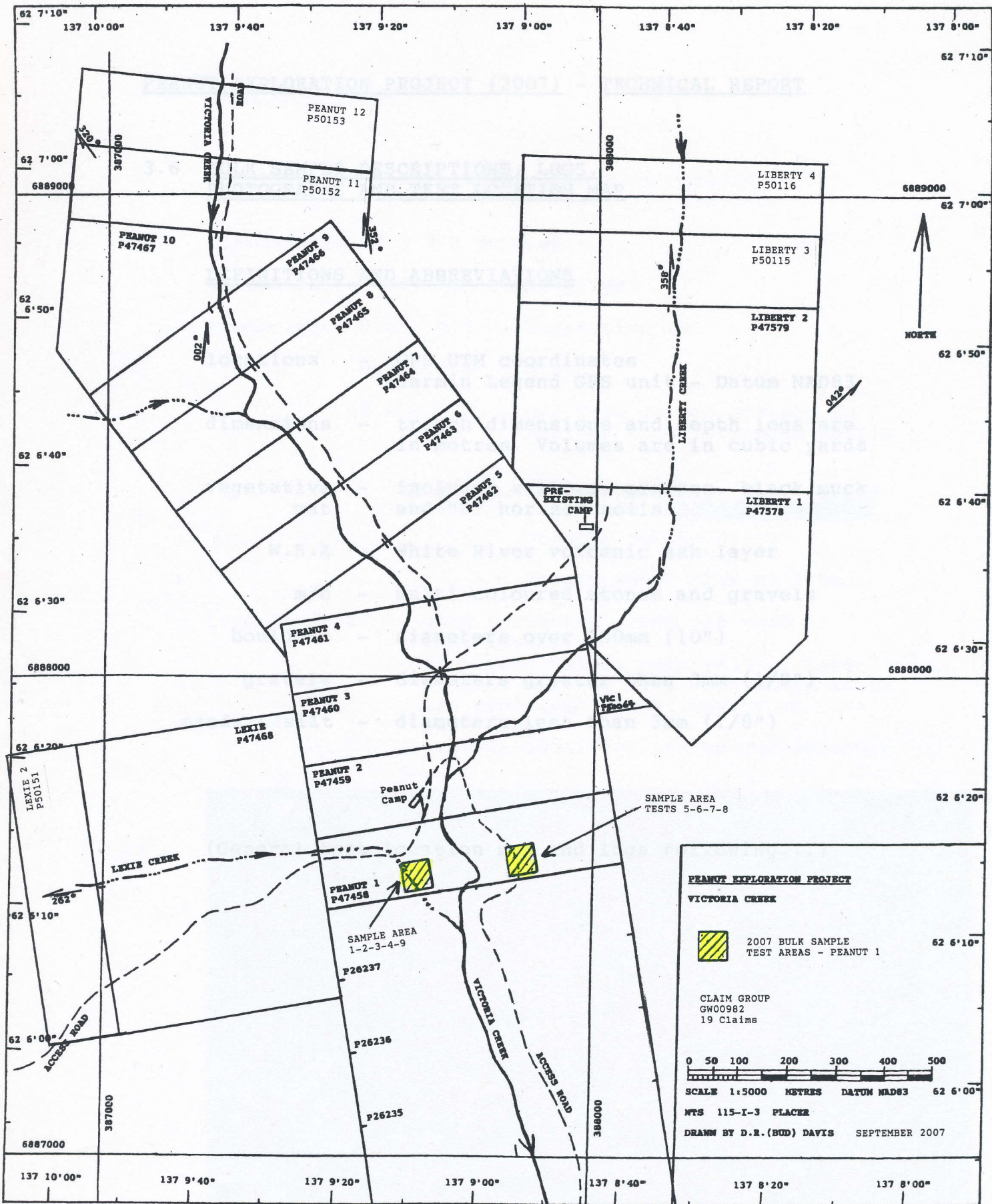
Between June 12 and June 22, two diversion channels were dug on the property to provide for area drainage away from the left limit of Victoria Creek. A pump pond, two small settling ponds and a drainage ditch were also excavated to facilitate the bulk sample test program.

Based on the initial tests and magnetometer survey results that were carried out during the 2006 exploration season, nine (9) bulk test site locations were selected on Peanut 1 claim.


Five (5) of the bulk sample sites were located on the right limit of Lexie Creek. The other four (4) bulk tests were excavated on the left limit of Victoria Creek on Peanut 1 claim.

A total of 694 cubic yards of alluvial gravels were excavated and 331 cubic yards were processed between July 8 and September 2 from these 9 test site locations. Washplant mechanical problems were again present this year requiring many man hours of modifications and repair time (non YMIP).

The concentrate from the gravity washplant was then processed through a pulsating jig. The recovered heavy mineral fraction from the jig was then cleaned up using both a gold wheel and standard panning procedures before weighing.



PEANUT EXPLORATION PROJECT
VICTORIA CREEK

 2007 BULK SAMPLE TEST AREAS - PEANUT 1

CLAIM GROUP
 GW00982
 19 Claims

0 50 100 200 300 400 500
 SCALE 1:5000 METRES DATUM MAD83

NTS 115-I-3 PLACER
 DRAWN BY D.R.(BUD) DAVIS SEPTEMBER 2007

PEANUT EXPLORATION PROJECT (2007) - TECHNICAL REPORT

3.6 BULK SAMPLE DESCRIPTIONS, LOGS,
PHOTOGRAPHS AND TEST LOCATION MAP

DEFINITIONS AND ABBREVIATIONS

- locations - GPS UTM coordinates
Garmin Legend GPS unit - Datum NAD83
- dimensions - trench dimensions and depth logs are
in metres. Volumes are in cubic yards
- vegetative mat - includes willows, grasses, black muck
and "B" horizon soils
- W.R.A - White River volcanic ash layer
- m/c - multi coloured stones and gravels
- boulders - diameters over 250mm (10")
- gravels - diameters greater than 3mm (1/8")
- sands & silt - diameters less than 3mm (1/8")

(General test location map and logs following...)

TEST HOLE 1 LOG

Location UTM coordinates: Northing 6887548
Easting 0387710

Dimensions: 3 x 3 x 3m deep

Volume processed: 65 cubic yards

Depth log: 0.0 - 0.4 - Vegetative mat

0.4 - 0.8 - W.R.A

0.8 - 3.0 - m/c well sorted gravels to
boulder size. Greenish matrix
(chloritic ?)

- 3.0 - blocky fractured bedrock not
excavated. Strike NNW/SSE, dip
steeply to the east.

Ground water flow at 2.5m

Test results: - gold particles 100% -18 mesh
- fine magnetite
- fine gold mainly very yellow, rare
lighter silvery gold with sharp edges
and dendritic forms, quartz on some
particles
- gravels considered to be sub-economic



TEST HOLE 2 LOG

Location UTM coordinates: Northing 6887552
Easting 0387662

Dimensions: 4 x 4 x 3m deep

Volume processed: 32.5 cubic yards

Depth log: 0.0 - 0.5 - vegetative mat

0.5 - 0.7 - W.R.A

0.7 - 1.7 - m/c fine gravels and sands
lens of silty sands

1.7 - 3.0 - blocky fractured bedrock
(andesite)

Test results: - gold particles 1% + 10 mesh
3% - 10 / + 18 mesh
96% - 18 mesh
- magnetite fine and coarse
- fine gold, some grains encrusted
with red coloured crystals.
- gravels and top metre of fractured
bedrock considered to be economic



TEST HOLE 3 LOG

Location UTM coordinates: Northing 6887561
Easting 0387672

Dimensions: 5 x 4 x 5.4m deep

Volumes processed: 9.5 cubic yards

Depth log: 0.0 - 0.3 - vegetative mat

0.3 - 0.4 - W.R.A

0.4 - 4.0 - well sorted m/c gravels and
sands with green & rusty matrix

4.0 - 5.4 - blocky fractured bedrock

Test results: - gold particles 2% - 10 / + 18 mesh
98% - 18 mesh

- magnetite fine and coarse (+2mm)
- mostly fine gold, some with quartz attached. A few quartz sands have red needle crystals attached
- gravels considered to be economic (minimal)



TEST HOLE 4 LOG

Location UTM coordinates: Northing 6887558
Easting 0387655

Dimensions: 4 x 3 x 4m deep

Volume processed: 48 cubic yards

Depth log: 0.0 - 0.3 - vegetative mat

0.3 - 0.5 - W.R.A

0.5 - 1.5 - m/c fine sandy gravels with
a green matrix. Minor silt
and clay

1.5 - 4.0 - blocky highly fractured bedrock
strike NNE/SSW, dip vertical

Test results: - gold particles 1% + 10 mesh
2% - 10 / + 18 mesh
97% - 18 mesh
- magnetite fine and coarse
- fine gold, some grains rounded
- gravels considered to be economic (minimal)

4 Test hole (foreground)
4 material stockpile (background)



TEST HOLE 5 LOG

Location UTM coordinates: Northing 6887612
Easting 0387812

Dimensions: 4 x 5 x 3m deep

Volume processed: 37 cubic yards

Depth log: 0.0 - 0.5 - vegetative mat

- No W.R.A

0.5 - 1.5 - poorly sorted m/c gravels
some boulders to 50cm

1.5 - 3.0 - fractured bedrock

Test results: - gold particles 1% - 10 / + 18 mesh
99% - 18 mesh
- magnetite fine and coarse (+2mm)
- plentiful quartz, both crystal and
conchoidal forms
- gold particles angular and rounded
coloured to coppery and silvery
- gravels considered to be sub-economic



TEST HOLE 6 LOG

Location UTM coordinates: Northing 6887616
Easting 0387803

Dimensions: 3 x 4 x 3.5m deep

Volume processed: 25 cubic yards

Depth log: 0.0 - 0.2 - vegetative mat
0.2 - 0.6 - black muck No W.R.A.
0.6 - 1.6 - m/c poorly sorted gravels
boulders to 1 metre
1.6 - 3.5 - clay mixed with m/c gravels
unsure of bedrock depth due
to heavy ground water flow

Test results: - gold particles 100% - 18 mesh
- magnetite fine and coarse (+2mm)
- plentiful quartz sands
- gold particles both rounded and angular
colour to coppery
- gravels considered to be sub-economic

No photograph of the open #6 test hole due to heavy ground water flow. However, we did have an observer to the excavating and material stockpiling for test hole # 6



TEST HOLE 7 LOG

Location UTM coordinates: Northing 6887621
Easting 0387785

Dimensions: 4 x 6 x 5.5m deep

Volume processed: 32.5 cubic yards

Depth log: 0.0 - 0.5 - vegetative mat
0.5 - 0.7 - W.R.A.
0.7 - 2.2 - m/c poorly sorted gravels
with boulders to 0.4 metres
2.2 - 4.7 - clay/silt mixed with rounded
and blocky gravels. heavy water
flow at 2.2 metres.
4.7 - 5.5 - fractured bedrock striking
NNE/SSW Dip steeply to east

Test results: - gold particles 1% - 10 / + 18 mesh
99% - 18 mesh
- magnetite fine and coarse (+2mm)
- gold particles rounded and angular
mostly coppery coloured grains
- gravels considered to be sub-economic



TEST HOLE 8 LOG

Location UTM coordinates: Northing 6887643
Easting 0387811

Dimensions: 3 x 3 x 2.5m deep

Volumes processed: 26 cubic yards

Depth log: 0.0 - 0.4 - vegetative mat
No W.R.A.

0.4 - 1.9 - blocky gravels with minor clay
bedrock at 1.9 metres

1.9 - 2.5 - into highly fractured bedrock

Test results: - gold particles 100% - 18 mesh
- magnetite fine and coarse (+2mm)
- frozen clay lenses which contain quartz,
magnetite and a few gold granules
- gravels considered to be sub-economic



TEST HOLE 9 LOG

Location UTM coordinates: Northing 6887579
Easting 0387659

Dimensions: 4 x 3 x 4.3m deep

Volume processed; 55 cubic yards

Depth log: 0.0 - 0.5 - vegetative mat
0.5 - 0.8 - W.R.A.
0.8 - 1.3 - mix of "B" horizon soils
and humus
1.3 - 2.8 - m/c rounded and blocky gravels
bedrock at 2.8 metres
2.8 - 4.3 - into highly fractured blocky
bedrock (andesite)

Test results: - gold particles 1% + 10 mesh
3% - 10 / + 18 mesh
96% - 18 mesh
- magnetite fine and coarse (+2mm)
- some fine gold grains encrusted with
red coloured crystal forms
- gravels and top metre of fractured
bedrock are considered to be economic



PERMITTING

1. A YESAB review of the Peanut Exploration Project was undertaken during November and December, 2006

A Decision Document was issued on January 26, 2007

YESAB File Number: 2006 - 0315

2. A Type B Water Use Licence for placer mining was issued on April 26, 2007 by the Yukon Water Board regarding the Peanut claim group.

Licence Number: PM 06-530

A Class 4 Placer Land Use Operating Permit was also issued on April 26, 2007

Approval Number: AP06530

(Document copies following...)

YUKON WATER BOARD

Pursuant to the *Waters Act* and *Waters Regulation*, the Yukon Water Board hereby grants a Type B water use licence for placer mining undertaking to:

David R. (Bud) Davis
Box 304 - 211 Elliott Street
Whitehorse, YT Y1A 2A1

LICENCE NUMBER: PM06-530
LICENCE TYPE: B **UNDERTAKING:** PLACER
WATER USE AREA: 02 **STREAM CLASSIFICATION:** IV
LOCATION: Latitude: 62° 6' N Longitude: 137° 9' W
WATER SOURCE: Victoria Creek, a tributary of the Nisling River
MAXIMUM QUANTITY: 2,045 cubic metres per day
EFFECTIVE DATE: The effective date of this licence shall be the date on which the signature of the Chairperson of the Yukon Water Board is affixed.
EXPIRY DATE: April 20, 2017

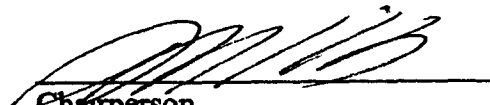
This licence shall be subject to the restrictions and conditions contained herein, and to the restrictions and conditions contained in the *Waters Act* and the *Waters Regulation* made thereunder.

Dated this 26 day of

April, 2007

Witness

Approved by:



Chairperson
YUKON WATER BOARD

PART A DEFINITIONS

"Act" means *Waters Act* and any amendments thereto.

"Application" means application for water use licence PM06-530 and placer mining land use approval AP06530 and any subsequent information presented to the Yukon Water Board up to the date of the Board's decision.

"Board" means the Yukon Water Board.

"Diversion" means any direct or indirect alteration of a portion, or all, of the water flowing in the route, bed, bank or boundaries of a river, stream, lake or watercourse.

"Inspector" means any person designated as an Inspector under the Act.

"Natural Boundary" means the visible high water mark of any lake, river, stream or other body of water where the presence and action of the water is so common and usual, and so long continued, as to mark upon the soil of the bed of the lake, stream or other body of water, a character distinct from that of the banks thereof, both in respect to vegetation and in respect to the nature of the soil itself. In addition, the best estimates of the edge of dormant or old side channels and marsh areas are considered to be natural boundaries.

"Regulation" means the *Waters Regulation*.

"Spring Freshet" means the sudden increase in flow carried by a stream as snowmelt occurs at higher elevations in the watershed.

"Watercourse" means any stream, lake, pond, river, creek, spring, ravine or swamp, whether ordinarily containing water or not.

"Work Areas" means any area disturbed and/or altered by mining activities, excluding any stable diversion channel.

PART B WATER USE AND WASTE DEPOSIT

1. The Licensee is hereby authorized:
 - a) to obtain water from Victoria Creek at a maximum quantity of 2,045 cubic metres per day; and
 - b) to use this water for a placer mining undertaking on the following grant numbers;

P47458	P47459	P47460	P47461	P47462
P47463	P47464	P47465	P47466	P47467
P47468	P50064	P47578	P47579	and
 - c) to return a flow of water to Victoria Creek, and to deposit waste into Liberty Creek, Lexie Creek and Victoria Creek; and
 - d) to construct stream channel Diversions on Victoria Creek;
2. All of the activities authorized in Part B (1) shall be as described in the Application and subject to the conditions of this licence. Where there is a discrepancy between the Application and the conditions of this licence, then the conditions of this licence shall prevail.
3. The Board has relied on the representations, warranties and undertakings provided by the Licensee in the material filed in the Application. Such representations, warranties and undertakings are considered by the Board to be a part of the licence, but shall be subject to, and may be modified by, the conditions of the licence.
4. All work authorized by this licence shall occur on property that the Licensee has the right to enter upon and use for that purpose.
5. Effluent Quality Standard:
 - a) Any grab sample at the point of discharge from the final settling facility shall not exceed settleable solids of 3.0 millilitres per litre above levels in the Watercourse immediately above the uppermost mine operation.
 - b) Any grab sample from the construction of the Diversion channels and the intake ditches at the point of discharge into the original channel shall not exceed settleable solids of 3.0 millilitres per litre above levels in the Watercourse immediately above the uppermost mine operation.

6. Except as otherwise provided in this licence, the Licensee shall not deposit, or permit the deposit of waste containing:
- a) anything toxic to fish;
 - b) floating solids;
 - c) visible oil or grease; or
 - d) a total concentration of mercury in excess of 0.005 milligrams per litre;

into a receiving Watercourse, or in any place, under conditions where such waste, or any other waste that results from the deposit of such waste, if resulting waste contains any of the items prohibited by this paragraph, may enter the receiving Watercourse.

7. If, subsequent to the issuing of this licence, the Licensee uses water and/or deposits waste in one or more ways not authorized in this licence, and the combined effect of those uses and/or deposits of wastes, as determined by an Inspector:
- a) has no potential for significant adverse environmental effects; and
 - b) does not interfere with existing rights of other water users or waste depositors; and
 - c) satisfies the criteria set out in column 2 of Schedule 6 of the Regulation;

no amendment to this licence will be required for that use of water and/or deposit of waste.

8. Fuels, lubricants, cleansers, solvents and similar chemicals or substances shall be used, transported, stored and disposed of in such a way that said substances are not deposited in, or allowed to be deposited in, waters.

PART C MINING ACTIVITIES

9. Stream channel Diversions may be constructed.
10. A plug shall be left in place when constructing the Diversions at the upstream end and the downstream end until the Diversions are completed.
11. After the Diversions have been completed, the Licensee shall first remove the plug at the downstream end of the Diversions and then gradually remove the plug at the upstream end of the Diversion.
12. Armoring shall be installed at both the upstream and downstream ends of the Diversions.
13. The Licensee may construct an intake ditch to an out-of-stream pump pond/reservoir.
14. Armoring shall be installed at the confluence of the intake ditch and the creek.

15. All instream earthworks, Diversions, ditches, spillways and any other water related structures built, or otherwise constructed, for the storage or conveyance of water shall be able to withstand seasonal floods.
16. All storage and settling facilities and associated spillways, drains and water supply ditches located outside the Watercourse channel shall be of adequate capacity and construction.
17. All works associated with the undertaking, including, but not limited to, all dams, weirs, spillways, stream crossings, ditches, gates, water intakes, culverts and settling facilities shall be maintained in good repair.
18. A protective berm shall be constructed and maintained along the Watercourse channel Diversions.
19. Settling facilities shall be provided for all mining wastewater.
20. Available overburden shall be stockpiled for use in future site restoration, and such stockpiles shall be located where they will not adversely affect water quality in any Watercourse.

PART D WATERCOURSE CROSSINGS

21. The Licensee may modify the bed or banks of streams to allow fording of the Watercourse. The number of fords shall be limited to those shown in the Application.
22. The Licensee shall adhere to the following conditions regarding fording of the creek channels:
 - a) all crossings shall be at a right angle to the Watercourse; and
 - b) removal of vegetation adjacent to the crossings shall be minimized; and
 - c) non-erodible materials shall be placed up the bank on both sides of the crossing to stabilize the banks; and
 - d) the Watercourse crossing approaches shall be low and stable enough to support the vehicles and equipment; and
 - e) the Watercourse shall be crossed on either a firm rock bottom or a coarse gravel bottom; and
 - f) equipment crossing the Watercourse shall be mechanically sound and free of leaks; and
 - g) the blade or bucket on equipment shall be left in a raised position when crossing the Watercourses.

PART E DIVERSION/CHANNEL CONSTRUCTION AND RESTORATION

23. The Licensee shall adhere to the following conditions regarding construction of all Diversions, redirection of the Watercourse into the original channel and restoration:
- a) The Diversion channel width shall be no less than 2.3 metres.
 - b) The Diversion channel depth shall be no less than 1.8 metres.
 - c) The Diversion channel grade shall be between 0.0% and 8.2%.
 - d) The bed and banks of the Diversion channel shall be left in a stable condition.
 - e) The bed and banks of any tributary (gulch or pup) of Victoria Creek shall be left in a stable condition.
 - f) Class I armouring shall be used, as directed in the attached Schedule I.

PART F SEASONAL CLOSURE

24. The Licensee shall comply with the following conditions pertaining to seasonal closure:
- a) The mine site shall be left in a stable condition at the end of each mining season.
 - b) An Inspector shall be contacted not less than 2 weeks prior to seasonal closure.
 - c) To prevent flood damage during freshet, the intake ditch to the water reservoir shall be blocked and the Diversion ditches shall be constructed and maintained to withstand and convey flood flows.
 - d) Spring Freshet shall not be routed through Work Areas. Where Diversion channels around working areas are built or excavated, they shall be open in preparation for Spring Freshet.
 - e) All mined or otherwise disturbed ground surfaces, including cut banks, fill slopes and tailings piles shall be stabilized annually to prevent erosion and surface runoff from carrying sediment into adjacent Watercourses.

PART G DECOMMISSIONING

25. Prior to final decommissioning and/or expiry of this licence, the Licensee shall:
- a) ensure that the final creek channel approximates its pre-licence condition in length, gradient and stability, except as may otherwise be required in this licence; and
 - b) ensure that all dams and dikes across stream channels are removed; and
 - c) contact an Inspector not less than 2 weeks prior to final decommissioning.

PART H REPORTS, SAMPLING AND ANALYSIS

26. Where there is a surface discharge from the settling facilities, the Licensee shall take weekly samples at a point upstream of the water supply intake and at the point of discharge from the final settling facility, and shall analyze these samples for settleable solids using the Imhoff cone 1 hour test.
27. Where no discharge from the settling facility to a Watercourse occurs, whether by surface discharge or seepage, no sampling is required.
28. On or before the anniversary of the date of issuance of this licence, and for each year during which this licence is in effect, the Licensee shall submit an annual report to the Board.
29. Annual reports during the year reported shall include the information required by this licence and by the Regulation including, but not necessarily limited to:
- a) the quantity of water used under this licence; and
 - b) the quantity, concentration and type of any waste deposited under this licence; and
 - c) all data collected which is required by this licence; and
 - d) a description of the reclamation that has taken place; and
 - e) a list of grant numbers of claims where any reclamation has taken place.

PART I GENERAL CONDITIONS

30. The expiry date of this licence shall be April 20, 2017.
31. Sewage, including all human excreta and wastewater associated with daily camp operations, shall be disposed of in accordance with the *Public Health and Safety Act* of the Yukon.

32. The location of subsurface grey water pits and/or pit privies shall be not less than 30 metres from the high water mark of any Watercourse, and at least 1.2 metres above bedrock or the water table.
33. If very permeable soils are encountered, the pit privy or grey water pit shall be lined with 0.6 metres of sand or silt.
34. All garbage and refuse shall be kept in a covered container until removed from the site or, where appropriate, incinerated and buried under not less than 1 metre of compacted soil in pits located not less than 30 metres from the Natural Boundary of any Watercourse.
35. The Licensee shall immediately contact the 24-hour Yukon Spill Report number (867) 667-7244, and implement the Spill Contingency Plan should a spill or unauthorized discharge occur. A detailed written report on any such event including, but not limited to, dates, quantities, parameters, causes and other relevant details and explanations shall be submitted to the Board no later than 10 days after its occurrence.
36. No condition of the water use licence limits the application of any federal, territorial, first nation or municipal legislation.
37. In the event that the Licensee fails to comply with any provision or condition of this licence, the Board may, subject to the Act, cancel the licence.
38. Where any direction, notice, order or report under this licence is required to be in writing, it shall be given:

- a) to the Licensee, if delivered or mailed by registered mail, to the following address:

David R. (Bud) Davis
Box 304 - 211 Elliott Street
Whitehorse, YT Y1A 2A1

and shall be deemed to have been given to the Licensee on the day it was delivered or 7 days after the day it was mailed, as the case may be; or

- b) to the Board, if delivered, faxed or mailed by registered mail, to the following address:

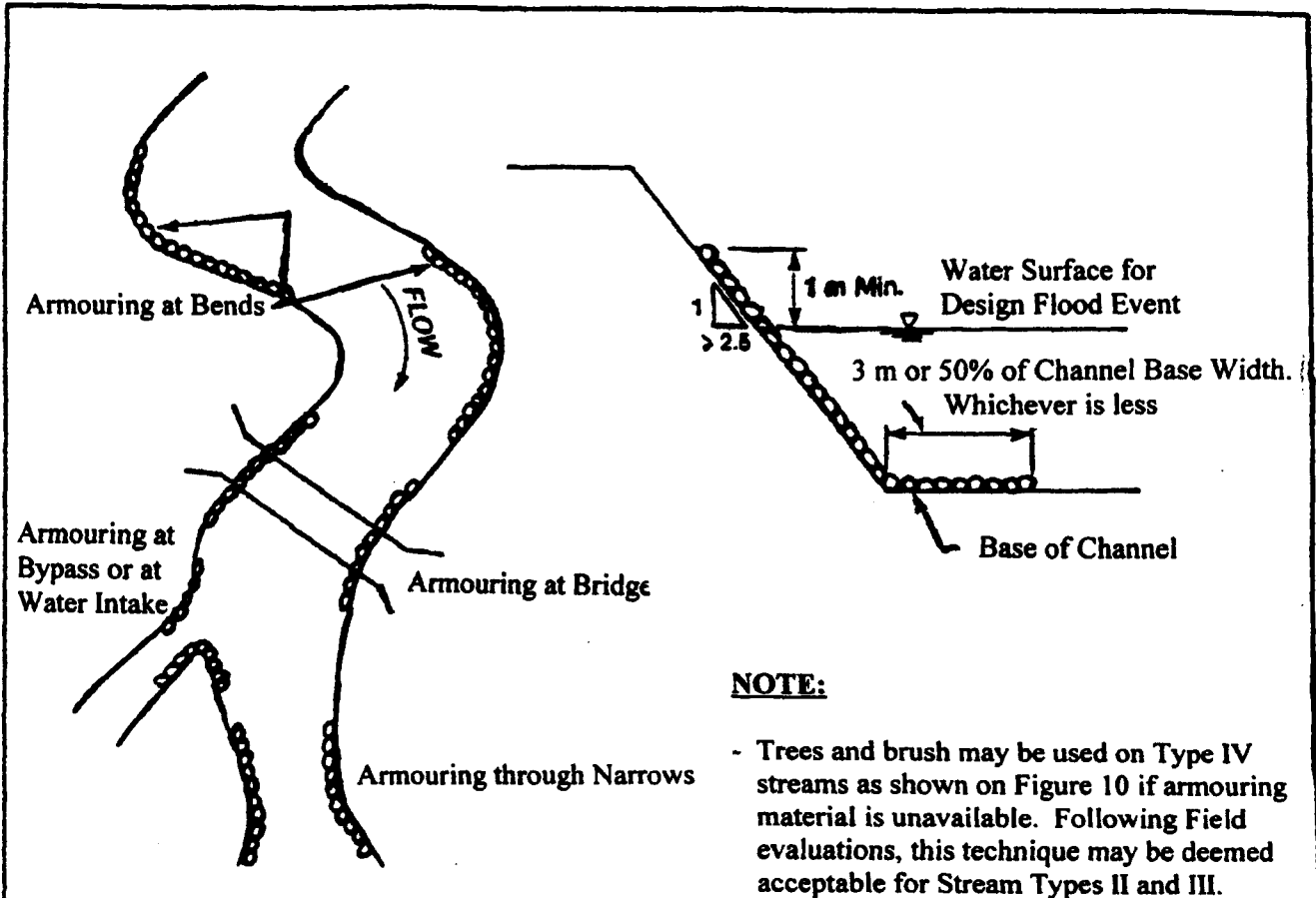
Yukon Water Board
Suite 106, 419 Range Road
Whitehorse, YT Y1A 3V1

Fax #: (867) 456-3890

and shall be deemed to have been given to the Board on the day it was delivered or faxed, or 7 days after the day it was mailed, as the case may be.

- c) The Board or the Licensee may, by notice in writing, change its address for delivery.
-

SCHEDULE 1



PURPOSE:

- To control bank erosion at bends or curves, at bridge approaches and through channel narrows.

DESIGN:

- Channel armouring should extend from the base of the channel to at least 1 m above the water surface (depth of flow) for the design flood event.
- Armouring should extend beyond the toe of the channel bank along the base of the channel 3 m or 50% the base width of the channel, whichever is less.
- The bank or channel side slopes should be no steeper than 2.5H:1V where the bank is to be armoured.
- Use the following table to determine what size of armouring material should be used.

SUGGESTED STONE SIZES FOR ARMOURING MATERIAL

	Riprap Class					
	1		2		3	
	mm	inches	mm	inches	mm	inches
Maximum Stone Size	450	18	800	32	1200	47
Average Stone Size	300	12	500	20	800	32
Velocity	< 3 m/s		3 to 4 m/s		4 to 4.7 m/s	

CONSTRUCTION:

- Place Material on bank using available equipment.
- Ensure that there is a fairly uniform mix of armour material sizes on bank.

ARMOURING TECHNIQUES

**PLACER LAND USE APPROVAL FOR A CLASS 4
OPERATING PLAN**

Pursuant to the *Placer Mining Act* and the *Placer Mining Land Use Regulation* made thereunder, the Yukon Water Board hereby approves the Class 4 Placer Land Use Operating Plan as submitted by:

David R. (Bud) Davis
Box 304-211 Elliott Street
Whitehorse, YT Y1A 2A1

APPROVAL NUMBER: AP06530 **WATER LICENCE:** PM06-530

WATER USE AREA: 02 **STREAM CLASSIFICATION:** IV

LOCATION: Latitude: 62° 7' N Longitude: 137° 10' W

EFFECTIVE DATE: The effective date of this approval shall be the date on which the signature of the Chairperson of the Yukon Water Board is affixed.

EXPIRY DATE: April 20, 2017

The operating plan shall be subject to the restrictions and conditions contained herein, and to the restrictions and conditions contained in the *Placer Mining Act* and the *Placer Mining Land Use Regulation* made thereunder.

Dated this 26 day of

April, 2007

Witness

Approved by:


Chairperson
YUKON WATER BOARD

PART A DEFINITIONS

"Act" means the *Placer Mining Act*.

"Application" means application for water use licence PM06-530 and placer land use approval AP06530, and any subsequent information presented to the Yukon Water Board up to the date of the Board's decision.

"Board" means the Yukon Water Board.

"Claims" means any parcel of land located or granted for placer mining; and "Mining Property" includes, besides claims, any ditches or water rights used for mining thereon, and all other things belonging thereto or used in the working thereof, for mining purposes.

"Inspector" means any person designated as an Inspector under the Act.

"Operation" means a placer land use operation.

"Operator" means a person who engages in a placer mining land use operation.

"Regulation" means *Placer Mining Land Use Regulation*.

"Road" means a pathway for vehicular traffic, the construction of which requires the movement of rock or earth.

"Special Waste Management Facility" means an operation which handles or disposes of special wastes generated by other persons or operations, and which is approved in accordance with the provisions of the *Special Waste Regulations* of the *Environment Act* of the Yukon Territory.

"Stripping" means excavation, undertaken as part of an operation, that is limited to the removal of trees, brush and vegetative mat.

"Trail" means an access to a site within a claim or lease that is constructed with little or no movement of rock or earth.

"Trenching" means excavation that extends below the vegetative mat, undertaken as part of an operation.

"Vegetative Mat" means the organic surface of soil characterized by the accumulation of organic matter, or partly decomposed organic matter, derived mainly from leaves, twigs and woody materials and includes the root mass of living vegetation.

PART B GENERAL CONDITIONS

1. This approval applies to those grant (claim) numbers that are included in water use licence PM06-530, including any amendments thereto.
2. The expiry date of this approval shall be April 20, 2017.
3. All operating activities must comply with the operating conditions contained in Schedule 1 of the *Placer Mining Land Use Regulation* and with the operating plan AP06530 submitted. Where there is a discrepancy between the operating plan submitted and this approval, the terms of this approval shall prevail.
4. The Operator must contact Department of Energy, Mines and Resources, Client Services and Inspections Branch at (867) 667-3209, every year before beginning operations and at least 2 weeks prior to leaving the site at the end of every season.
5. All risk of fire hazards must be avoided.
6. All solid waste, debris, equipment, fuel barrels and other waste on the Mining Property must be safely stored and disposed of in accordance with the *Solid Waste Regulation* when the Operation ceases.
7. Nothing in this approval limits the application of any federal, territorial, first nation or municipal legislation.

PART C WILDLIFE

8. All incidents with wildlife must be reported to the District Conservation Officer in Carmacks.
9. Brush removed during the Operation must not be piled so that it blocks movement of wildlife or people.
10. At seasonal closure, any materials that may result in injury to wildlife including, but not necessarily limited to, wire, steel, glass or plastic must be removed or safely stored.

PART D RESTORATION PRACTICES

11. If the Vegetative Mat is disturbed during the mining operation, it must be removed so as to protect the seed and root stock contained within the Vegetative Mat.
12. The seed and root stock must be stored separately from any overburden or bedrock removed for use in re-establishing the Vegetative Mat when the Operation ceases.

13. All areas disturbed during the mining operation including, but not limited to, fuel and waste storage areas, clearings, corridors, camps, supporting infrastructure, trenches and drill sites, must be left in a condition conducive to re-vegetation by native plant species or other species adaptable to the local environment.
14. Conditions conducive to re-vegetation include provisions of an adequate soil layer with moisture retaining ability, no soil contamination by hydrocarbons or other hazardous substances, provision of adequate seed or root stock and contoured or otherwise stable slopes.
15. If adequate seed stock or root stock is not naturally available, re-seeding or transplanting of vegetation is required. Only non-invasive species may be used for re-seeding or transplanting.
16. All areas disturbed during the mining operation must be re-sloped, contoured or otherwise stabilized to prevent long-term soil erosion, slumping and subsidence.
17. All mining operations must be carried out to avoid or minimize damage to, and loss of, permafrost.
18. Available overburden must be stockpiled for use in future site restoration, and such stockpiles must be located where they will not adversely affect the water quality in any watercourse.
19. Tailings and overburden, or other relocated materials, must be levelled and contoured into low relief piles. The slope of these low relief piles must be no steeper than 2 horizontal to 1 vertical. Any such slope over 15 metres in height must be benched.
20. The following conditions apply to Stripping:
 - a) trees and brush must be cleared first,
 - b) topsoil and organic material must be stockpiled separately,
 - c) overburden must be located no closer than 5 metres from any standing trees,
 - d) overburden may be stacked along the valley wall, but must be contoured to blend with the natural topography.
21. All Trenching carried out by hand or with hand-held tools must be methodical. The trenches must be stabilized and marked in such a way as to minimize risk to the public.

22. If mechanized equipment is used for Trenching, all material must be segregated into two piles:
- a) Vegetative Mat; and
 - b) overburden and bedrock;
- to be conserved and used for backfilling the trenches.
23. Backfilling of the trenches must be conducted by replacing overburden and bedrock first, then covering with the Vegetative Mat.

PART E ARCHAEOLOGICAL SITES AND PALAEOONTOLOGICAL SITES

24. All archaeological sites or palaeontological sites must be avoided.
25. If any archaeological objects or palaeontological objects are encountered, the Operator must:
- a) immediately mark and protect the area from further disturbance; and
 - b) contact the Chief of Placer Land Use at (867) 456-3822; and
 - c) in the case of archaeological sites, human remains, grave sites, burial sites and all other abandoned, man-made structures older than 50 years old, immediately contact Heritage Resources at (867) 667-3771 or (867) 667-5386; and
 - d) set aside and protect fossils that are unearthed, and at the end of each season the Operator shall contact Yukon Palaeontology at (867) 667-8089; and
 - e) immediately contact Yukon Palaeontology if any mummified fossil remains with intact flesh are discovered; and
 - f) prevent any further disturbances from being carried out within 30 metres of an archaeological or palaeontological site until the Chief of Placer Land Use indicates in writing that the activities may proceed.

PART F ACCESS ROADS AND/OR TRAILS

26. Off-Road and Trail routes must be reconnoitred and must be used in a way that minimizes ground disturbances, damage to permafrost and sensitive wildlife habitat. Trail routes must be flagged.
27. Vehicles must be operated in a manner which avoids rutting or gouging of a Road or Trail.

28. If rutting, gouging, ponding or permafrost degradation occurs off-Road or Trail, vehicle use must be suspended or relocated to ground that is capable of bearing the weight of the vehicle without causing such damage, and the former routes must be restored in compliance with Part D of this approval.
29. If there is no Road or Trail, the Operator must comply with the following conditions when mobilizing heavy equipment to a site:
 - a) Tracked vehicles with blades should be provided with mushroom pads to minimize terrain damage.
 - b) Dozers should travel with the blade raised, so as not to rip up the Vegetative Mat.
 - c) The route must avoid any identified critical wildlife habitat.
 - d) Vehicle travel should be temporarily suspended to avoid disturbance to wildlife during critical periods.
 - e) Vehicles may only be mobilized in ice-rich permafrost areas when the active layer is frozen, or when the surface is strong enough to support the vehicle without excessive permafrost degradation.
 - f) Use of skids on permafrost or wet ground is only allowed outside of winter, where it is not possible to use other means of equipment transportation.
30. At abandonment of a Road, compacted Road surfaces must be scarified to promote re-vegetation.

PART G CAMPS

31. All campsites must be kept clean and tidy.
32. All buildings and other facilities must be on well-drained soil.
33. Combustible and odorous kitchen waste must not be permitted to accumulate.
34. All wood debris, empty drums, junked equipment and metal waste must be kept in a secure area for final disposal.
35. Compacted soil must be loosened to allow for natural re-vegetation. Areas not likely to re-vegetate naturally must be spread with topsoil.

PART H FUEL HANDLING AND TRANSPORTATION

36. A spill contingency plan for petroleum products and other hazardous substances must be in place, and a copy posted in the camp and at all fuel handling locations.
37. All petroleum products, hazardous waste and chemicals must be transferred and handled in such a manner so as to prevent spillage.
38. All petroleum products, hazardous waste and chemicals must be stored in a secure manner no less than 30 metres from the ordinary high water mark of any water body.
39. All fuel tanks that exceed 4,000 litres must be registered according to the *Canadian Environmental Protection Act*.
40. When the fuel storage capacity exceeds 4,000 litres, secondary containment must be provided.
41. The secondary containment facility must be constructed of material impervious to petroleum products; and:
 - a) in the case of a single storage tank, be of sufficient size to accommodate at least 110% of the capacity of the storage tank; or
 - b) if there is more than one storage tank, be of sufficient size to accommodate 110% of the capacity of the largest tank or 10% of the total capacity of all the tanks, whichever size is greater.
42. All vehicles must be maintained and operated in a manner designed to prevent spills of fuel, lubricants, coolants or oil.
43. All waste petroleum products must be safely stored on site or be removed to a Special Waste Management Facility.
44. Sufficient spill clean-up equipment and materials must be in a state of readiness in order to clean-up all fuel spills.
45. If a spill or unauthorized discharge occurs, the Operator shall immediately implement the Spill Contingency Plan, and:
 - a) contain and clean up the spill, and
 - b) contact the 24-hour Yukon Spill Report number, (867) 667-7244, and
 - c) contact an Inspector.

46. A detailed written report on any spills or unauthorized discharges including, but not limited to, dates, quantities, parameters, causes and other relevant details and explanations shall be submitted to the Board, and a copy to the Chief of Placer Land Use, no later than 10 days after its occurrence.
47. All fuel drums must be stored in an upright position.
48. All fuel and chemical containers must be sealed when not in use.
49. All containers of petroleum products with a capacity of 200 litres or greater must be clearly marked with the Operator's name and the contents.

PART I SEASONAL CLOSURE

50. The mine site must be left in a stable condition at the end of each mining season.
51. All mined or otherwise disturbed ground surfaces, including cut banks, fill slopes and tailings piles, must be stabilized annually.

PART J DECOMMISSIONING

52. At final decommissioning of the site everything must be removed including but not necessarily limited to, all buildings, machinery, materials, fuel drums, used hydrocarbons, unburied solid waste and metal waste, including junked vehicles.
 53. The Operator must contact an Inspector not less than 2 weeks prior to final decommissioning.
 54. The Operator may apply for a certificate of completion at the termination of the Operation, when all reclamation has been achieved.
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RECLAMATION WORK AND PHOTOGRAPHS

Reclamation work was carried out at all test site locations on the Peanut claims. This reclamation work was done while the exploration bulk testing program progressed and some at the end of the field season.

The test holes were back-filled and the surface areas were re-contoured. The vegetative mat which includes willows, grasses, black muck, White River ash and "B" horizon soils were last spread where ever possible.

The volume of materials moved in this reclamation work totaled some 1,310 cubic metres or 1,713 cubic yards.

The UTM coordinates for the bulk test site locations are logged in the technical report section (3.6)

Photographs of the reclamation work carried out at the new 2007 test hole locations, follow this page...

VISITORS CAME BY FREQUENTLY



OVERBURDEN PILES RE-CONTOURED (RIGHT LIMIT)



HOLE # 1, LEXIE CREEK CHANNEL and PARTIAL SETTLING
POND RECLAMATION AREA



HOLES # 2, 3, 4 and 9 RECLAMATION AREA



HOLE # 7 RECLAMATION AREA



HOLES # 5, 6 and 8 RECLAMATION AREA

