2009 Report on Trenching and Prospecting Activities - Highet Creek Project, Yukon

Submitted to:

Yukon Mining Incentives Program
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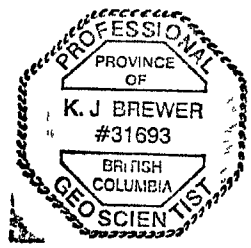


December 1, 2009

Introduction

This report is a brief summary of the 2009 trenching and prospecting completed on the Upper Highet Creek Property, Yukon under the auspices of a target evaluation grant of the Yukon Mining Incentives Program (YMIP # 09-002).

The author was engaged by Mr. Frank Erl to complete analysis of panned samples for gold content collected during the trenching and prospecting program during the 2009 field season. Mr. Erl is the President of Erl Enterprises Ltd. he author has not visited the property and was not present during the sampling effort. Therefore, the results are presented on the basis of conversations with Yukon EMR Placer Geologist Mr. William Lebarge and the proponent, Mr. Frank Erl.

In addition, the geology has been summarized from the original proposal for this project which is thought to have been compiled by Mr. Greg Dawson, a geologist located in Vancouver, British Columbia.

Project Location and Access

Highet Creek is located in the Mayo Mining District on NTS Mapsheet 115P16 centered at latitude 63 degrees 46' and longitude 136 degrees 14' west. The project area is located approximately 25 km northwest of mayo in central Yukon, to the south of the Tombstone and Wernecke ranges. Access to the property is via an all weather road along the Silver Trail from mayo and then via Minto Lake and Highet Creek roads.

Property Owner and Placer Claims

Mr. Frank Erl has a 100% ownership of the Highet Creek Property through the following Yukon Placer claims registered and in good standing with the Mayo Mining District Mining Recorder:

Grant No.	Claim Name	Claim No.	Claim Owner	Record Date	ıiry Date	Status
P16008	Frank Fr		Frank Erl 100%	04/07/1988	01/11/2011	Active
P 6612	SUSAN		Frank Erl - 100%	28/08/1992	01/11/2011	Active
P 6736	Tina		Frank Erl - 100%	04/10/1993	01/11/2011	Active
3682	A/D	3	Frank Erl - 100%	24/07/1962	01/11/2011	Active
3740	Erl	1	Frank Erl - 100%	03/09/1964	01/11/2011	Active
3972	A/D	1	Frank Erl - 100%	27/06/1960	01/11/2011	Active
3973	A/D	2	Frank Erl - 100%	27/09/1960	01/11/2011	Active
P 2099	Erl	4	Frank Erl - 100%	02/09/1976	01/11/2011	Active
P 2100	Erl	5	Frank Erl - 100%		01/11/2011	Active
P 2101	Erl	6	Frank Erl - 100%		01/11/2011	Active
P 2102	Erl	7	Frank Erl - 100%		01/11/2011	Active
P 2103	Erl	8	Frank Erl - 100%		01/11/2011	Active
P 2104	Erl	9	Frank Erl - 100%		01/11/2011	Active
P 2105	Erl	10	Frank Erl - 100%		01/11/2011	Active

Physiography

The area was subjected to Pleistocene glaciation with the exception of ridges and hill tops. Hillsides are covered with talus and scree. Valleys are generally floored with glacial debris and glacio-fluvial outwash. Patches of permafrost can be found throughout the property, especially on north-facing slopes. Rock outcrops are rare, and largely restricted to ridges, cliffs and creek bottoms. Soils consist of talus fines and glacio-fluvial deposits.

Geology of the Highet Creek Area

Highly deformed sedimentary sequences with prominent intrusive dykes and stocks of the mid-Cretaceous Mayo suite underlie the Highet Creek area. Metasedimentary strata are part of the Neoproterozoic to early Cambrian Hyland group and comprise of strongly foliated muscovite-chlorite phyllites, quartzites and psammites, with minor carbonate, calc-phyllite and graphitic argillites, which were deformed to lower greenschist facies during the late Jurassic and early Cretaceous (Mair et al., 2006). Prominent intrusive rocks exist on the property. These intrusives are assigned to the Tombstone Plutonic Suite (TPS) are primarily medium- to coarse-grained hornblende and biotite bearing granodiorite include the Scheelite Dome, Morrison Creek and Minto Lake stocks. These stocks are enveloped by thermal metamorphic aureoles that are characterized by the development of andalusite, biotite, recrystallised quartz and pyrrhotite. In addition, narrow lamprophyre dykes ubiquitously occupy fracture and fault zones and are typically calcareous and contain fine grained biotite and minor pyrrhotite. Fine grained phanitic rhyodacite, trachyte and quartz monzonite dykes are thought to be related to the TPS intrusions and also occur throughout the property area.

Mineralization in the Highet Creek Area

Lode gold mineralization in the Highet Creek area occurs as concordant or discordant veins and skarns, predominantly within the hornfels surrounding intrusive units. Concordant mineralization occurs either as arsenopyrite, marcasite, pyrrhotite and pyrite replacements of limy horizons within the metasedimentary package or within and adjacent to structurally controlled undeformed quartz-arsenopyrite-pyrite tension veins parallel to the regional foliation. Discordant mineralization comprises the bulk of the gold mineralization to date, and consists of structurally controlled quartz-sulfide veinlets that crosscut both the metasediments of the Scheelite Dome stock, and occur within and external to the contact metamorphic aureole surrounding this intrusion. Tungsten-rich skarns occur on both the northern and southern sides of the Scheelite Dome stock whereas gold-rich skarns are more extensively developed on the southern side.

While the local geology may be important in terms of a source for the placer gold, no direct relationship has yet been established between the bedrock geology and the location of mineable deposits of placer gold.

Target Evaluation Proposal

The target evaluation proposal filed with YMIP noted the purpose of the project was twofold:

1. to evaluate the placer gold potential of the unexplored portions of Upper Highet Creek
2. To evaluate the potential of recently discovered placer sapphires in the upper reaches of Highet Creek.

Sample Sites

In total there were six samples sites selected from prospecting efforts conducted by Mr. Frank Erl with the assistance of William Lebarge for trenching and sampling for placer gold potential. The site locations were denoted by William Lebarge from his field notes as follows:

Sample Site No.	Location	Latitude	Longitude
1	Upper Highet Ck	63 45' 49.2"	136 13' 44.6"
2	mouth of Harvey Gulch	63 45' 49.8"	136 13' 41.6"
3	left limit bench	63 45' 47.9"	136 13' 121"
4	NA	63 45' 55.3"	136 12' 54.2"
5	right limit bench	63 46' 1.7"	136 12' 13.7"
6	upstream of sample #5	63 46' 0.7"	136 12' 15.3"

Further descriptions of the sample sites also provided by William Lebarge are as follows:

Sample site 1: Ground noted to be partially worked by previous placer operations

Sample site 2: no further description

Sample site 3: bedrock was noted to be dipping toward the left limit and that there was "better gold deeper" and possibly this area was a "higher channel"

Sample site 4: the existence of possible veins in this area

Sample site 5: Historic production noted in this area

Sample site 6: a bedrock contact was noted (no mention of the units in contact with each other) and the "gold goes up to 8' into decomposed bedrock

Sample Procedure

Extensive trenching was conducted in the field (see photos of trenches in Appendix 1). The trenching was completed by Mr. Erl using a D8-H Caterpillar tractor, and other equipment supporting the project included a generator, a 4*4 pickup truck, and an ATV.

Trenching was completed over the period June 14 – 28 and July 16 -27. A log of activities has already been filed with the YMIP office by Mr. Erl.

In each trenched area prospective material was panned down from an original volume of 18 litres of material collected in a 20 litre bucket. This prospective material was contained in plastic sample bags with labels of the trench locations denoted both on the sample bag and on a tag included in the bag.

The author was provided with the sample bags for further analysis. After discussions with Mr. Mike Burke, Mr. William Lebarge, and independent consultant Mr. Randy Clarkson of New Era Engineering Services in Whitehorse, it was unanimously felt that the best testing method to determine placer gold potential from the samples would be to further pan the samples down and estimate gold potential based on the volume of gold identified from the completely panned sample. Mr. Randy Clarkson assisted the author to pan down the samples.

Gold collected from the samples was then contained in a vial, dried, and then weighed using a highly accurate weighing machine owned by the Yukon Geological Survey and used by William Lebarge for weighing placer gold samples.

Sample Results

Sample #	Gold Weight (mg)	Gold troy ounces/cubic yard
1	12.4	0.0169
2	204.5	0.2750
3	127.1	0.1736
4	trace	
5	29.6	0.0404
6	21.4	0.0292

Interpretation of Results

Based on the sample results, sample areas 2 and 3 deserve further evaluation for their placer gold potential. There was no indicated potential of sapphires indicated in any field notes or during conversations with persons involved in the sampling process. The author therefore notes that no conclusions can be made on the overall sapphire potential of the Highet Creek area as a result of this current target evaluation. More work may be required to fully determine the sapphire potential although it is suggested that the merit of any further work be discussed with Mr. William Lebarge prior to proceeding.

Recommendations

It is recommended that:

- Further prospecting and sample analysis be taken of areas around samples 2 and 3 to fully evaluate the placer gold potential of this area.
- The potential for sapphires is not evident from field notes and may need to be further evaluated.
- Future sampling efforts should include better descriptions of the area to better understand the potential economics of the sampling effort. This should include details on:
    - Volume and nature of overburden in sample area
    - Access issues (if any)
    - Environmental issues (if evident)
    - Better documentation with a photograph log
    - Larger number of representative samples taken from trench area over a measured width in order to be able to better calculate the economic potential of a specific pay zone(s)
- Sampling efforts should be supervised by a professional geoscientist for quality control and assurance purposes and to ensure better consistency in sampling techniques. This would include:
    - Measurements on volume of material initially collected
    - Details on initial prospecting efforts and rationale for location of proposed trenches
    - Detailed descriptions of trenched areas with log profiles of the sedimentology, nature of any contacts, etc,.
- Any future programs should also include a more detailed daily log of activities. They should include:
    - A daily list of all equipment used
    - Operator(s)
    - Description of mobilization and demobilization efforts
    - Details on prospecting and sampling efforts

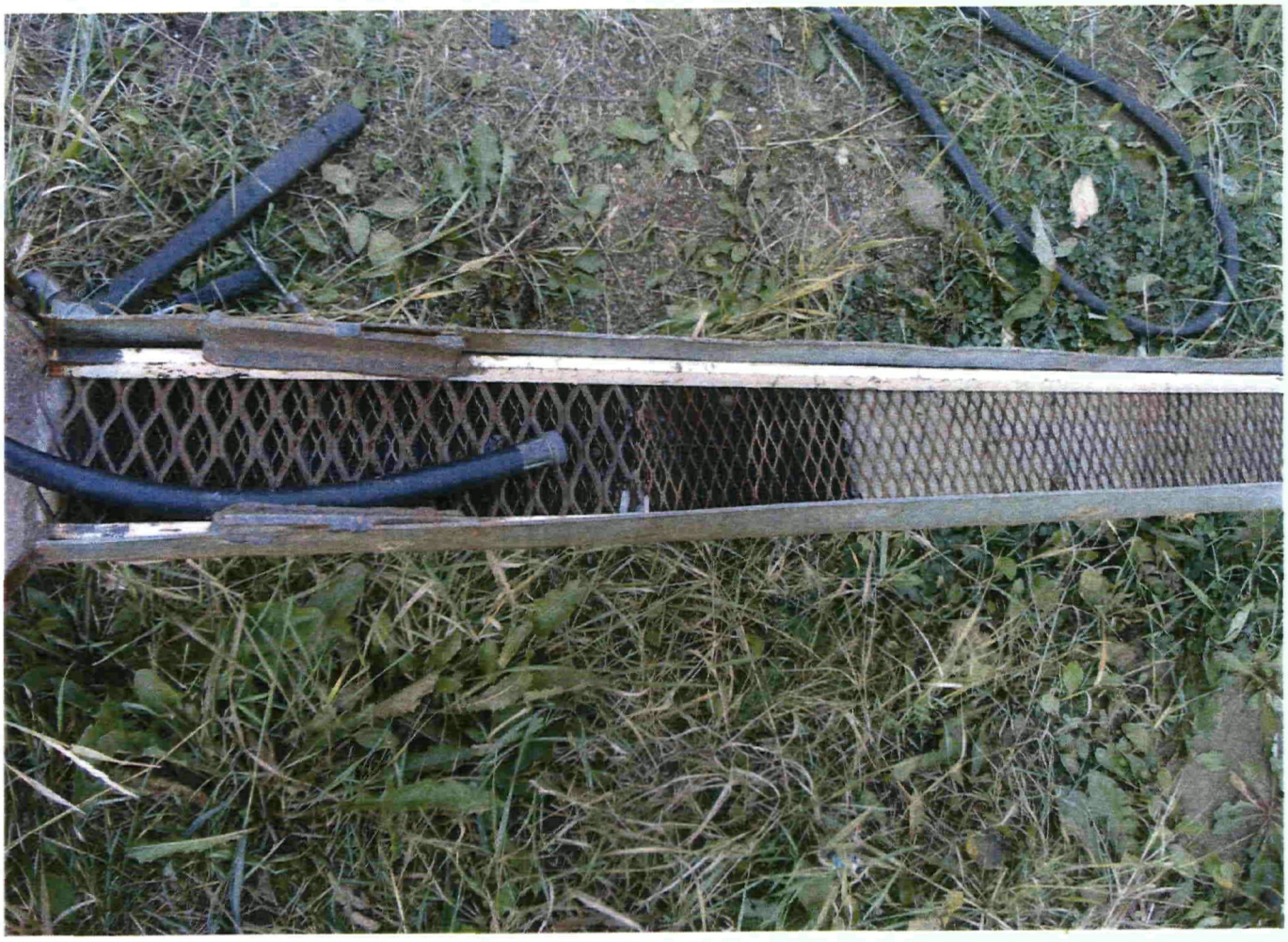
All of these details will help to better define the economic potential of the Highet Creek area, especially the potential for placer gold.

Conclusion

This project was successful in determining two areas of relatively high grade placer gold potential in the Upper Highet Creek area.

Appendix 1

Site Photographs

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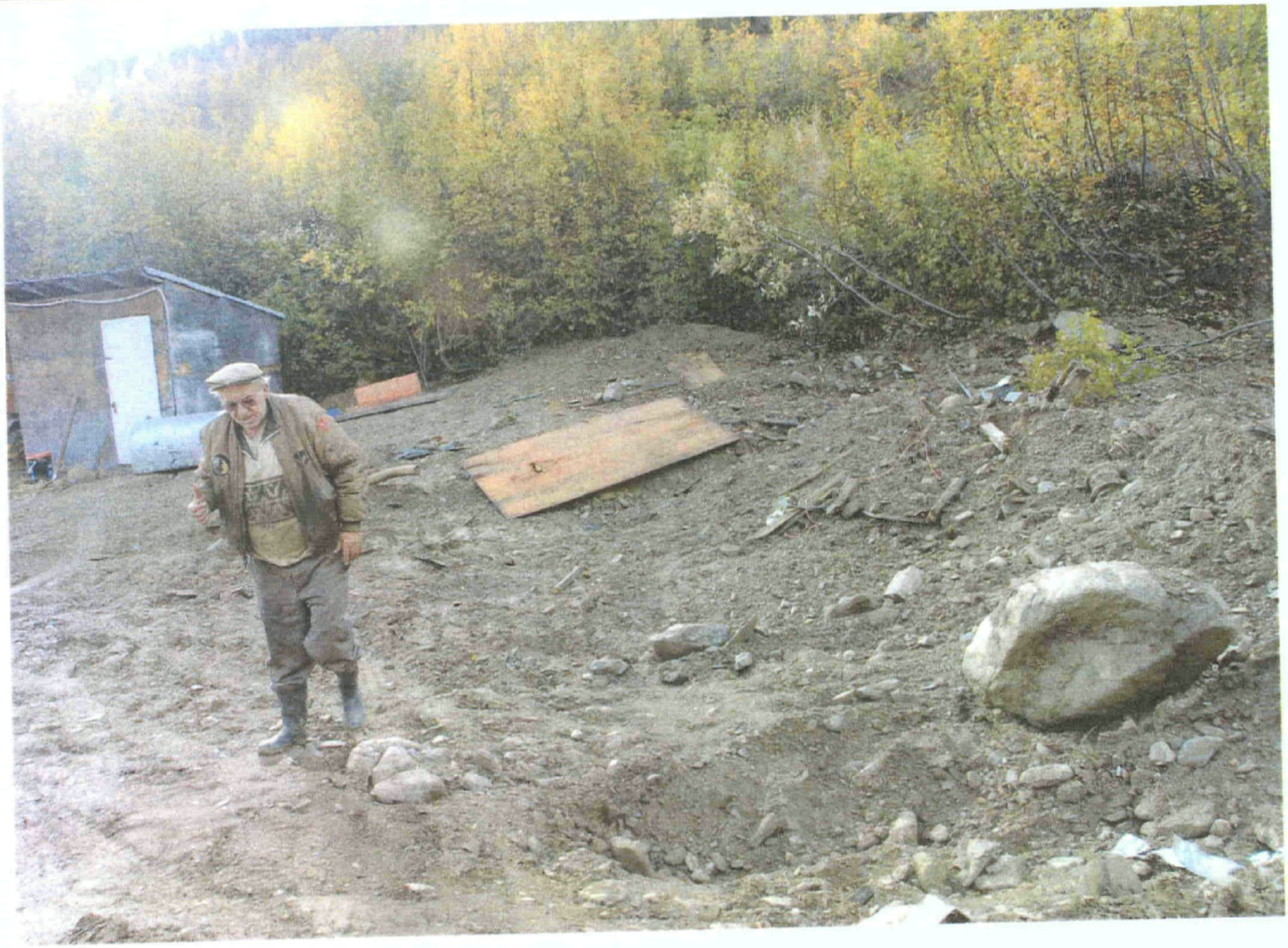


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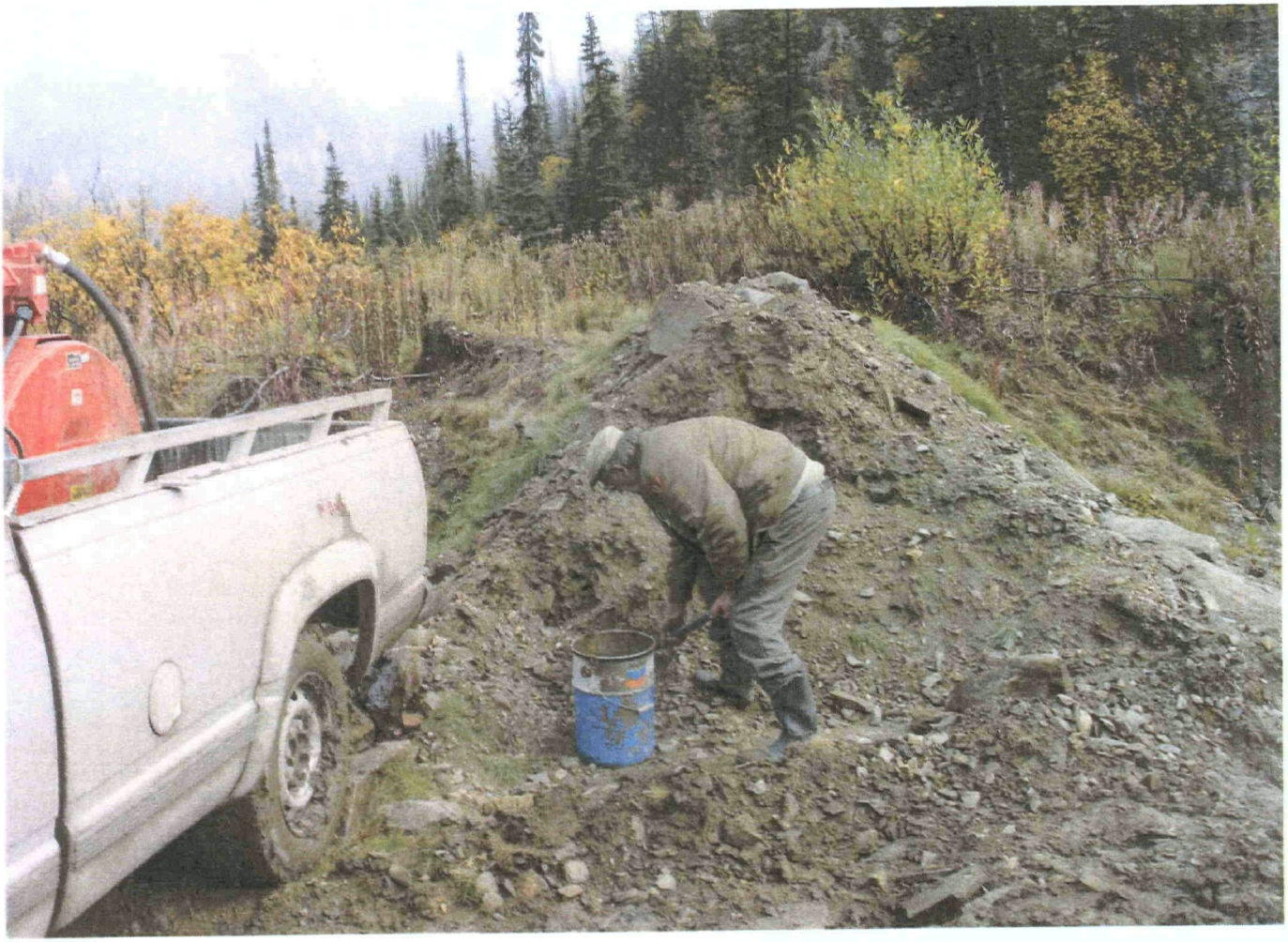


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Appendix 2

Expense Amendments

Amendments to Erl Enterprises Expense Filing

DEC - 2 2009

Project #: YMIP – 09-002

Additional Expenses (not previously filed)

Wages/Subcontract	
Mobilization 2 days @$300	$600
Demobilization 2 days @$300	$600
Geologist – Final report preparation and sample analysis 3 days @$450	$1350
Travel	
Mileage (mob/demob) – Yukon only* BC Border to Property (return) 1770 km @$0.59/km	$1044.30
Total Amendments Requested to Previous Claim	**$3594.30**

Notes:

* the Proponent travelled from Vancouver, British Columbia to conduct this project but as per YMIP guidelines travel and mobilization/demobilization charges have only been applied for the Yukon travel portion only.