

**INTERPRETATION OF 2012 AIRBORNE GEOPHYSICAL SURVEY REPORTS
EXPO & ELLEN CREEK BLOCKS**

NTS: 105G/01 Yukon, Canada

Prepared for:
18526 YUKON INC.

Prepared by: Phil Jackson, P.Geoph



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1. SUMMARY

The Expo and Ellen Creek Claim Blocks are located approximately 150 km southeast of Ross River, on mapsheet 105 G/01 in the Watson Lake Mining District, Yukon Territory. This report summarizes data processing and interpretation of airborne magnetic data collected on the Expo & Ellen Creek Claim Blocks surveyed by Precision GeoSurveys Inc. in August of 2012.

The Expo and Ellen Creek Blocks are underlain by a sequence of Late Proterozoic to Paleozoic felsic metavolcanics, carbonaceous phyllites and schists with interbanded mafic metavolcanics that also host the Wolverine and Kudz Ze Kayah deposits in the Finlayson Lake District. In general, target areas are found at the contact between the underlying volcanics and overlying sediments.

Several promising targets are identified in both the Expo and Ellen Creek areas, however they should only be considered as indirect indicators of potential nearby mineralization and any follow-up should focus on a broad area surrounding the anomalies, especially including regions stratigraphically above and below anomalies of interest.

2. INTRODUCTION

The Expo and Ellen Creek Claim Blocks are located approximately 150 km southeast of Ross River, on mapsheet 105 G/01 in the Watson Lake Mining District, Yukon Territory. This report summarizes data processing and interpretation of airborne magnetic data collected on the Expo & Ellen Creek Claim Blocks surveyed by Precision GeoSurveys Inc. in August of 2012. Flight lines were flown at 90°/270° with 100m line separation. Tie lines were flown perpendicular and spaced at 1000 m. Magnetic data as well as radiometric data was collected during the survey. All data was leveled by Precision GeoSurveys Inc. and all data interpreted herein was based on these final data sets.

3. DATA SETS

The following data sets were examined and interpreted:

Type	Date acquired	Remarks
Airborne magnetics	August 2012	Airborne Geophysical Survey Report - Expo Block & Ellen Creek Block by Precision GeoSurveys Inc. (2012)
Airborne radiometrics	August 2012	Airborne Geophysical Survey Report - Expo Block & Ellen Creek Block by Precision GeoSurveys Inc. (2012)

Geological Mapping & Soil Geochemistry	1999	Ellen Creek Block Geology - drawn from Property scale geological mapping & Soil Geochemistry - 1999 COMINCO LTD, May/99. Assessment Report #093972 by P. MacRobbie & D. Senft
Geological Mapping & Soil Geochemistry	2005	Expo Block Geology - drawn from Property scale geological mapping & Soil Geochemistry - 1997 COMINCO LTD, May/99. Assessment Report #093972 by P. MacRobbie & D. Senft

4. INTERPRETATION PROCEDURES

The data was interpreted using the procedures below:

1. All data was plotted in a digital map with each data set on a separate layer. Topographic data, regional & property scale bedrock geology were used as underlays.
2. The total magnetic field (TMF) was gridded using a minimum curvature algorithm with a 25m cell size. Preliminary targets were based on magnetic highs as well as linear magnetic features occurring across the blocks.
3. Previous geological work on the blocks was underlain on the TMF by matching stream locations as the data is not geo-referenced. Past geophysical data was also consulted in establishing priority targets.
4. Magnetic targets chosen were overlain on the airborne geophysical data and geology to establish outlines and characteristics of each anomaly.

All geographical locations in this report are expressed in UTM Zone 9N (metric) coordinates relative to the WGS84 datum.

5. PREVIOUS WORK

The Akhurst showing was initially staked by Cyprus Anvil Mining Corp in 1975. Cyprus Anvil conducted grid soil sampling and a magnetic field survey in that same year. The claims lapsed and were re-staked in 1988 by Archer Cathro and Welcome North, which conducted prospecting and minor soil geochemistry sampling. The area staked covered anomalous Zn and weakly anomalous Cu-Mo-Pb values in soils overlying quartzite, phyllite and minor limestone, thought to be of Permian age. (Tulk, 1997).

In 1992, Ron Berdahl followed up on government released RGS data which resulted in the discovery of banded Pb/Zn mineralization assaying 17% combined Pb/Zn as well as a 100 foot thick bed of massive barite. The property was optioned to Cominco who carried out multiple rounds of geological mapping, prospecting, geochemical and geophysical surveys in the area as well as drilling between 1994 and 1997. The holes provided encouraging results with intersections of VMS style mineralization however grades and intervals were deemed uneconomic.

Berdahl returned to the property for further prospecting and soil sampling in 2003 and 2005.

In 2012 airborne magnetic and radiometric surveys were flown over the Expo and Ellen creek blocks.

6. BEDROCK GEOLOGY:

Interpretation herein is based on property scale geology for the Expo and Ellen Creek blocks by Bannister (1997). The property is dominantly a large ridge with good outcrop exposure being found only at higher elevations on this ridge. This area is underlain by late Devonian to mid Mississippian felsic metavolcanics with interbanded mafic metavolcanics of the lower "middle unit" of Mortensen's layered metamorphic sequence. (Mortensen, 1985).

Expo Block: Mapping in the Akhurst Creek area in 1997 mapping identified altered felsic units and gossans northwest of the main Akhurst area. This area also showed barite replacement in veins and units that are strongly pyritic. The alteration found is dominantly chloritic with minor Fe-carbonate and sericitic altered areas also mapped. The identified alteration is similar to the alteration seen at Kudz Ze Kayah and supports the interpretation of the Akhurst area as a potential VHMS host. (Bannister, V. L., 1997).

Ellen Creek Block: This area is underlain by lower "middle unit" mixed metavolcanics and is intruded by late Devonian to Mississippian Simpson Range Intrusives. Part of this area is above tree line and provides good outcrop exposure on several cliffs and in creek beds. This area has been identified as being a sequence of felsic flows overlain by a blocky massive quartzite unit and a skarned mafic flow unit on the eastern side of the structure. In 1997 mapping moved south of the showing area and continued to map units of quartz feldspar porphyry containing minor dolomite and quartz veining. Mafic volcanic units with trace amounts of chalcopyrite and sphalerite mineralization were also located. (Bannister, V.L., 1997).

7. TARGETS:

The Expo and Ellen Creek Blocks are underlain by a sequence of Late Proterozoic to Paleozoic felsic metavolcanics, carbonaceous phyllites and schists with interbanded mafic metavolcanics that also host the Wolverine and Kudz Ze Kayah deposits in the Finlayson Lake District. In general, target areas are found at the contact between the underlying volcanics and overlying sediments. As such, only magnetically high domains and linear features will be targeted as potential targets. Higher priority targets tend to be magnetic highs with associated showings/mineralization or proximal to such features. Previous geophysical work, geochemical

results and drill hole data were also considered in prioritizing the geophysical targets. Summaries of the drillholes on the property are provided for reference in the following section.

7.1 DRILL HOLE SUMMARIES (Taken from Tulk, 1997 & Bannister, 1997)

All holes were vertical unless otherwise noted in the geophysical target descriptions.

PO96-01

The hole intersected a sequence containing intervals of massive, fine-grained siliceous felsic flows and tuffs interbedded with mixed siltstone, mudstone, felsic tuff and minor chert units in the upper half of the hole, and a more mafic dominant sequence of mafic sills/dykes and tuffs with lesser felsic tuff and chert in the bottom half of the hole.

PO96-02

The hole intersected a sequence of light yellowy green, aphanitic to granular siliceous felsic flows and tuffs/lapilli tuffs and very fine-grained, dark grey to black (chloritic?), siliceous felsic lapilli tuffs(?) with trace to 3% pyrite-pyrrhotite-sphalerite wisps and disseminations interbedded with minor siliceous and carbonaceous mudstone/argillite.

RU96-01

The hole intersected a sequence of fine-grained, cherty, variably pyritic felsic tuffs/lapilli tuffs and flows cut by several quartz porphyry dykes underlain predominantly by carbonaceous argillite and siltstone and lesser felsic tuff found in the lower third of the drill hole.

EX96-01

The hole intersected a mixed sequence of sericitic, aphanitic to granular textured, siliceous fine-grained felsic tuffs and lesser monolithic and heterolithic felsic lapilli tuffs interbedded with thin banded to laminated, medium to dark grey cherty exhalite and dark grey to black, siliceous mudstone/silty mudstone.

EX96-02

The hole intersected 2 felsic intervals separated by thin interbedded chloritic argillaceous siltstone, mudstone and lesser fine felsic tuff/tuffaceous exhalite. The upper felsics comprise very fine grained, siliceous, banded to ribboned, pyritic and locally baritic, cherty tuff/exhalite (banding often defined by sulphides) and minor more massive, aphanitic flow. Intervals of chlorite-Fe-carbonate alteration are associated with thin wispy disseminations of pyrite-sphalerite to bands of sulphide rock up to 30 cms thick comprising fine-grained to recrystallized/buckshot textured pyrite-sphalerite mineralization. This hole is significant in identifying a package of felsic rocks with good silica-chlorite-Fe-carbonate alteration and sulphide mineralization (although thin and low grade) of clearly a VHMS style, very reminiscent of some KZK sulphide textures.

EX97-3

This hole intersected a sequence of yellowy-green felsic flows, and tuffs with occurrences of pyrite-pyrrhotite-sphalerite in thin wispy bands and disseminations. Also intersected in this hole were units of cherty argillite containing pyrite-sphalerite veinlets along with Fe-carbonate and quartz.

EX97-4

This hole intersected several units of felsic crystal tuff that was quartz/silica-chlorite-epidote altered. Disseminated throughout these tuffaceous intervals, is fine-grained pyrite along with trace sphalerite and rare galena occurrences. As the hole deepened, the felsic units also contained minor pyrrhotite in quartz-chlorite veins.

FL96-01

This drill hole intersected a sequence of siliceous, variably pyritic and sericite-Fe-carbonate altered felsic tuff, flow and minor lapilli tuff intercalated with variably siliceous, black carbonaceous mudstone. Several Fe-carbonate/clay(?) altered felsic dykes and mafic dykes cut the package. No mineralization of interest was intersected. Sampling revealed elevated Cu-Zn-Ba values and high Ag and As values throughout.

8. GEOPHYSICAL TARGETS AND SUMMARIES

All geophysical targets in this report consist of anomalous total magnetic field signatures which are of interest because of their stratigraphic position, relationship to the local stratigraphy or association with known mineralization. The radiometric data cannot be reliably interpreted in the absence of more detailed mapping and, in this setting, is not an effective tool in locating volcanogenic massive sulphide (VMS) mineralization. In general magnetic anomalies of interest are total magnetic field highs which may indicate mafic volcanic units, or magnetite exhalite units if located within areas mapped as metasedimentary sequences. Some features are magnetic breaks displacing adjacent total field highs or lows; these are possible faults. It should be borne in mind that total magnetic field surveys can provide only an indirect indicator of mineralization in this setting in the absence of electromagnetic data. Anomalies of interest are marked in black in Figures 4 and 5.

Target Number	UTME_NAD83_Z9	UTMN_NAD83_Z9	Priority
A1	433004	6788635	1
A2	431989	6787128	2
A3	432206	6787923	2
A4	430803	6786907	2
A5	431357	6787284	2
A6	431666	6787530	2
A7	430950	6787812	3
A8	431629	6787130	1
A9	431873	6784732	2
A10	432903	6785040	3
A11	433413	6784666	2
A12	436253	6786129	1
A13	436484	6785837	2
A14	436143	6784844	2
A15	437951	6785092	2

Target Number	UTME_NAD83_Z9	UTMN_NAD83_Z9	Priority
A16	437171	6788688	3
A17	435748	6790678	3
A18	431346	6785683	1
A19	433353	6789700	3
A20	433717	6789800	3
A21	431488	6788200	3
A22	435480	6790094	2
A23	435153	6786232	2
A24	433636	6779413	1
A25	433021	6779048	2
A26	433172	6778903	2
A27	434025	6778780	1

A1- Located down slope from the White Creek showing. The target is a conformable subtle magnetic high in favorable stratigraphy with associated sulphides. Previous drill holes have tested the area however appear to be offset from the airborne response.

A2 - Long linear feature striking approximately 35 degrees and dipping approximately 30 degrees west. Moderate magnetic high associated with conformable exposed mafic tuff layer. No mapped associated sulphides.

A3 - The target is a subtle magnetic high and conformable within metasediments. Target is proximal to the White Creek showing.

A4 - Flat lying strong magnetic high conformable with topography and associated with exposed mafic tuff and minor disseminated sulphides. Possible stacked assemblage.

A5 & A6 - Extensions of A4 target. Sulphide bearing felsic tuff striking approximately 30 degrees. Possibly composed of multiple flat lying units

A7 - Moderate magnetic high in favorable unit. Felsic tuff but no associated sulphides.

A8 - Subtle magnetic low striking approximately 35 degrees and coincident with the Berdahl showing.

A9 - Shallow dipping conformable felsic tuff with associated strong magnetic high on eastern edge. Historic HLEM conductor and may be possible contact with underlying sulphide bearing metasediments. Proximal to DDH PO96-02 which returned trace disseminated sulphides and significant Ba within felsic tuffs.

A10 & A11 - Possible fault striking 25 degrees splits shallowly plunging folds. Moderate and strong magnetic highs. Felsic tuff mapped within anomaly A10 which overlies cherty magnetic skarn in A11 anomaly. Sulphides present in southern limit of A11.

A12 - Moderate magnetic high with associated mafic tuffs and metasediments to the north. Also proximal to Aghurst Zn-Ag showing and weakly mineralized baritic felsic tuff showings. Target coincident with previously surveyed HLEM conductor, EX96-01 DDH located on eastern edge of target returned sulphides and elevated Ag and Ba throughout the hole.

A13 - Small moderate magnetic high associated with sulphide bearing mafic volcanics. Conformable unit and possible extension of A14 anomaly.

A14 - Strong magnetic high extending approximately 800m in a NNE direction. Associated with mapped metasediments and mafic volcanics. Possible connection with Ty barite showing to the south of the anomaly.

A15 - Shallow dipping, long, conformable, moderate to strong magnetic high associated with HLEM conductor and sulphide bearing carbonaceous metasediments and mafic volcanics. Associated with the Ty Barite showing and previously drilled, as described in DDH FL96-01. No mineralization of interest was intersected.

A16 - Located approximately 300m SSW of drill hole RU96-01. Although DDH was to originally test a shallow dipping conductor and strong geochemical anomalies, target A16 is a small moderate mag high centered on a hilltop and associated with mapped mafic tuffs and proximal to metasedimentary units.

A17 - Located to the NE of a large mafic volcanic unit the target is a flat lying, moderate magnetic high eroded in a topographic low area, inferred to be a mafic tuff.

A18 - Moderate to strong magnetic high striking approximately 35 degrees and associated with multiple HLEM conductors and strong Zn-Cu-Pb-Ag soil geochemistry (Jackisch, 1994). Target previously drilled (PO96-01), however collar located at northern boundary of anomaly and collared at 160 degrees dipping -70, possibly missing the main zone of the anomaly. Drilled intersection of disseminated pyrrhotite and pyrite correlate with magnetic anomaly.

A19 & A20 - Moderate and subtle magnetic high, flat lying thinly bedded units in topographic low. Suggested metasediments and exhalite.

A21 - Subtle magnetic high in metasedimentary environment. Proximal to A7 and possible extension of sulphidic felsic tuff.

A22 - Large strong magnetic high. Proximal to the Hill showing. Likely mafic volcanic unit in topographic low shallowly under the hill to the south.

A23 - Strong magnetic high associated with Ankhurst-Barite showing. Mapped hydrothermally altered mafics intrusive with sulphides and barite.

A24 - Large, strong and conformable magnetic high. Anomaly dips shallow to the north. Associated with mapped meta intrusive porphyry and proximal to iron formation, EX97-04 drill hole and Ellen creek showing.

A25 & A26 - Likely a single anomaly which has been eroded by stream running NNE resulting in two subtle to moderate flat lying conformable magnetic highs in promising stratigraphic unit. Unit mapped as sequence of felsic flows overlain by blocky massive quartzite as well as skarned mafic flow with trace sulphides.

A27 - Strong magnetic high proximal to magnetite iron formation and containing mapped skarned massive pyrrhotite with trace chalcopyrite.

9. CONCLUSIONS AND RECOMMENDATIONS

The primary geophysical tools in VMS exploration are overlapping total magnetic field and electromagnetic field surveys; VMS mineralization cannot be reliably located without this data. The total magnetic field anomalies described herein are likely only indirect indicators of potential nearby mineralization and any follow-up should focus on a broad area surrounding the anomalies, especially including regions stratigraphically above and below anomalies of interest. Ground electromagnetic surveys such as VLF-EM might be useful in screening magnetic anomalies to determine which may be associated with sulphide mineralization.

10. PRODUCTS

The following are attached to this report:

Figure 1	Expo Block Base Maps featuring Total Magnetic Field with topographic underlay - as .pdf & packed (Geosoft) .map
Figure 2	Ellen Creek Block Base Maps featuring Total Magnetic Field with topographic underlay - as .pdf & packed (Geosoft) .map
Figure 3	Expo & Ellen Creek Property scale geology from Bannister (1997). Assessment Report #093816 - as .pdf
Figure 4	Expo Block Total Magnetic Field with topographic underlay and geophysical targets - as .pdf & packed(Geosoft) .map
Figure 5	Ellen Creek Block Total Magnetic Field with topographic underlay and geophysical targets - as .pdf & packed (Geosoft) .map
Report	Copy of this report as .pdf & .docx

Respectfully submitted,



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11. REFERENCES

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