

15-052



NORTHERN GEOLOGICAL & GEOPHYSICAL CONSULTANTS

YELLOWKNIFE - WHITEHORSE – JUNEAU

34A Laberge Rd. Whitehorse, YT, Y1A 5Y9 (p) 867.668.7672

MEMORANDUM

To: Mike Power
Panarc Resources Ltd.

Date: September 30, 2015

From: Shawn Scott and Charles
Turanich-Noyen
Aurora Geosciences Ltd.

Re: Haines Road Aerochem Project



This report describes an exploration program for gold, copper and silver in the Silver Creek - Klukshu River area of the southwest Yukon. The program was conducted over 5 days, from July 30th, 2015 to August 3rd 2015.

Crew and Equipment

The following personnel conducted the survey:

Shawn Scott	Crew Chief
Stuart Murray	Technician

The crew was equipped with the following instruments and equipment:

Aerochem:

- 1 – Robinson R44 helicopter and 150ft wired long line
- 1 – Hydraulic Steel Collection Bucket
- 1 – Spare Battery
- 1 – Custom-Wired Long Line
- 1 – Honda Water Pump and attachments
- 1 – High Pressure Hose Nozzles
- 1 – Metal washing stand
- 2 – 5-gallon white pails for collection
- 2 – *Contour* cameras
- Supplies - Large Hubco sediment bags, screen mesh, gas for pump, sample tag booklets, permanent felt markers, clear poly bags, rice bags

Other:

- 1 – Laptop computer with Geosoft Oasis Montaj & GPS Utility
- 1 – Honda 1KW generator
- 2 – Trucks, each with trailers
- 3 – Handheld non differential GPS
- 1 – InReach Satellite Texting Unit
- 3 – Handheld VHF radios
- 1 – Office supplies
- 3 – Bear spray and bear bangers
- 1 – Two-seater ATV
- 1 – ATV Tub Trailer
- 1 – Husqvarna 353 Chainsaws, Chainsaw PPE

Survey Location and Access

The project area is located in the Whitehorse Mining District on NTS 115 A 03 and is centred at approximately 388500E, 667400N (UTM Z8N). The project area is 77 km south of Haines Junction and 131 km SW of Whitehorse. By road, the property is 86 km south of Haines Junction on the Haines Road and 147 km from Whitehorse on the Alaska Highway and Haines Road.

The crew accommodations were SW of the project at a rental cabin located at 398570E, 6650150N (UTM Z8N). The rental cabin was entitled 'Stellar Hut'.

To minimize flight time and expenses, a new staging area was chosen each day. Their locations are listed below:

Date	Location	UTM East	UTM North
July 31	Staging Area 1	396750	6652297
Aug 1	Staging Area 2	392634	6665319
Aug 2	Staging Area 3	380646	6659793
Aug 3	Staging Area 4	382422	6660432

Type and Amounts of Samples Collected

In total, 43 stream sediment samples were collected

Sample	UTM East	UTM North
1173501	392104	6655250
1173502	390940	6656665
1173503	390687	6656752
1173504	390624	6657189
1173505	389288	6658129
1173506	387832	6656169
1173507	388259	6658903
1173508	391553	6658732
1173509	389332	6658342
1173510	388826	6669472
1173511	387641	6664678
1173512	389457	6663696
1173513	383551	6663871
1173514	383604	6663878
1173515	386772	6660013
1173516	389408	6661119
1173517	392610	6665330
1173518	387772	6660323
1173519	387606	6659879
1173520	369865	6668131
1173521	371771	6667486
1173522	380646	6659793
1173523	386478	6660304
1173524	370638	6667088
1173525	373224	6664528
1173526	375734	6664620
1173527	373673	6664073
1173528	383506	6654471
1173529	384164	6654205
1173530	383556	6653556
1173531	382195	6657763
1173532	382422	6660432
1173533	378036	6658520
1173534	381709	6660448
1173535	384014	6658570
1173536	384755	6659952
1173537	384095	6660592
1173538	382298	6659344

1173539	381694	6659626
1173540	382552	6655030
1173541	380701	6656434
1173542	381758	6658640
1173543	383910	6654291

Methods and Equipment Used

Aurora Geosciences Ltd.'s Aerochem system was used for the collection of all samples. The use of this system allowed for a lower collection cost per sample in both very rugged areas as well as densely vegetated areas.

The Aerochem system, as deployed on this project, consisted of a two-man ground crew working in tandem with Capital Helicopter's Robinson R-44 helicopter. Each sample was collected by helicopter using a specially designed steel bucket operated by the pilot from a custom-wired long line. All sample locations were recorded with an on-board GPS receiver. After visiting each site, the helicopter returned to the base station and docked the bucket into a mobile stand. While the helicopter maintained a hover above the stand, the ground crew unloaded the sample and thoroughly washed all parts of the bucket to prevent cross-contamination. Once the helicopter had left to retrieve the next sample, the ground crew sieved, washed and bagged the current sample, while recording sample ID number, station number and other observations in a field notebook.

Method of analyzing samples

Samples were sent to Bureau Veritas in Whitehorse, observing a chain of custody sufficient to meet regulatory reporting requirements (NI 43-101). All samples were analysed after a modified Aqua Regia digestion of a 0.5g of -80 mesh material split by ICP-MS using the ultra-trace detection limits. Pulps are to be returned from the lab and packaged for long term storage and retained by Aurora Geosciences. Samples were sent to Bureau Veritas in Whitehorse, observing a chain of custody sufficient to meet regulatory reporting requirements (NI 43-101). No submitted samples were rejected.



Summary of Expenditures

ITEM	days / units	cost per diem/unit	SUB-TOTAL
Aurora Geosciences (Subcontractor)			
Job Prep			
Technicians	5	\$350.00	\$1,750.00
Senior Geologist	1	\$500.00	\$500.00
Survey:			
Survey Personnel: Technicians (x2)	10	\$350.00	\$3,500.00
Aerochem Bucket	5	\$400.00	\$2,000.00
ATV	5	\$40.00	\$200.00
ATV tub tailer	5	\$10.00	\$50.00
Pump 2"	5	\$10.00	\$50.00
Generator	10	\$10.00	\$100.00
Trailer (x2)	10	\$16.00	\$160.00
Truck (x2)	2040	\$0.625	\$1,275.00
Daily field allowance (3 ppl incl. pilot)	15	\$100.00	\$1,500.00
Report:			
<i>Report - technical time</i>	7	\$350.00	\$2,450.00
<i>Report - professional time</i>	1	\$500.00	\$500.00
Bureau Veritas:			
Sample Analysis	1	\$1,050.92	\$1,050.92
Aviation Fuel			
100LL Fuel	1	\$2,351.00	\$2,351.00
Capital Helicopters:			
R44 Helicopter	1	\$18,002.70	\$18,002.70
Total Program Expenditures			\$35,439.62

Conclusions and Recommendations

The program did encounter a few setbacks which unfortunately impacted production of the survey. Although the crew experienced minor equipment breakdowns on the first day with the Aerochem bucket, the most significant factor was weather. Blowing winds, a low cloud ceiling and reduced visibility unfortunately forced the pilot to weave through valleys to reach the sample stations as well as return to the wash station. As such, the crew were only able to complete 1/3 or ½ of the intended sample stations within the budget.

In addition, the assay results did not present any significant anomalous values in gold, silver, copper or other pathfinder elements. As such, Aurora Geosciences and Capital Helicopters did not form a joint venture and stake any quartz mineral claims in the area. Mike did present the program and findings at the Yukon Geoscience Forum and has been featuring the project at other tradeshow as well as to any potential interested investors. However, given the small scope of the program and resulting mineral assays, the allure or appeal of the property remains low to non-existent, especially given the current market conditions.

In conclusion, more regional stream sediment sampling should be completed in the Silver Creek - Klukshu River area of the southwest Yukon. Our recommendation would be a combination of conventional hand sampling as well as Aerochem, particularly in very rugged areas or those with dense vegetation, making hand sampling difficult or altogether impossible.

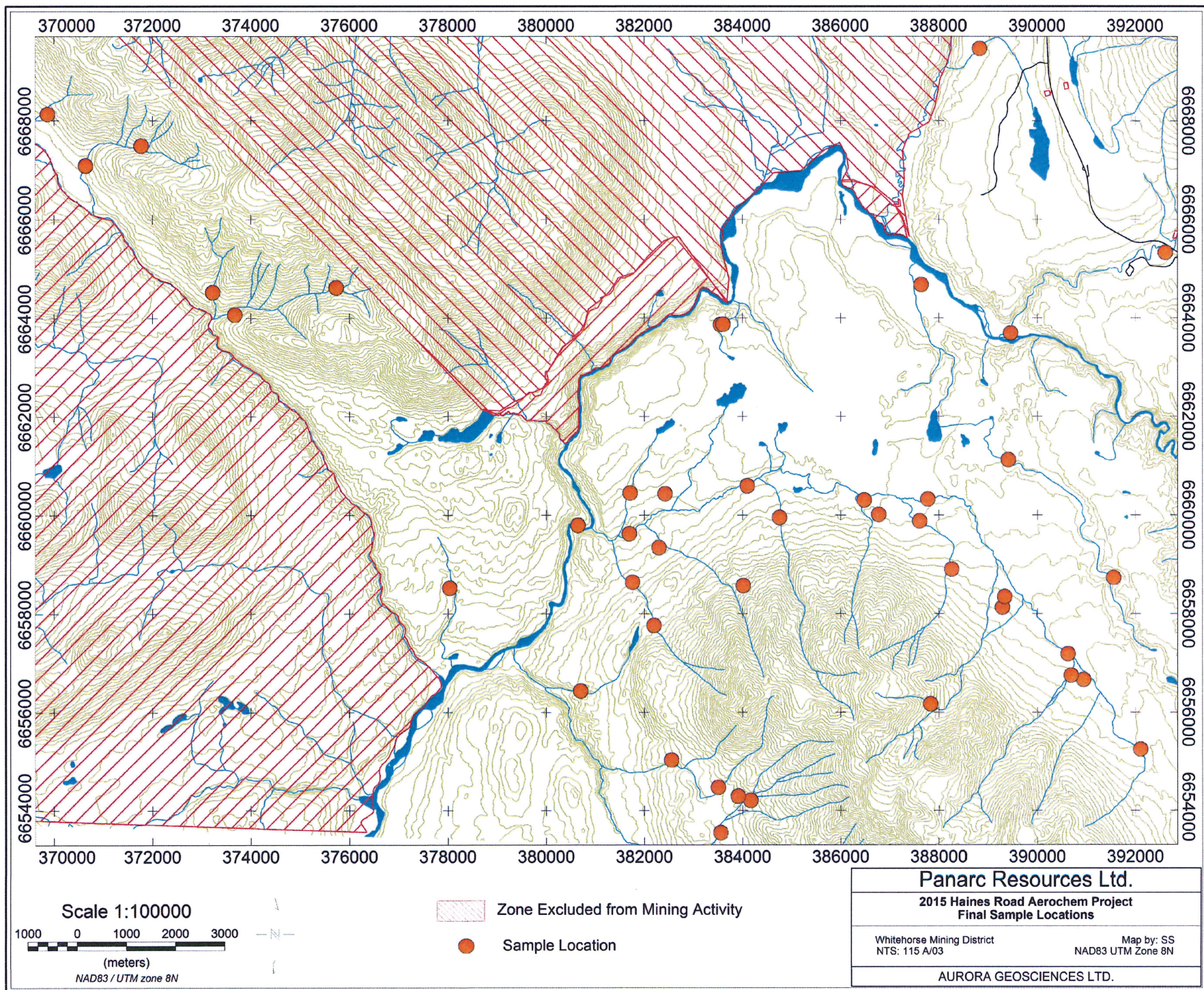
Appended with this document include the following:

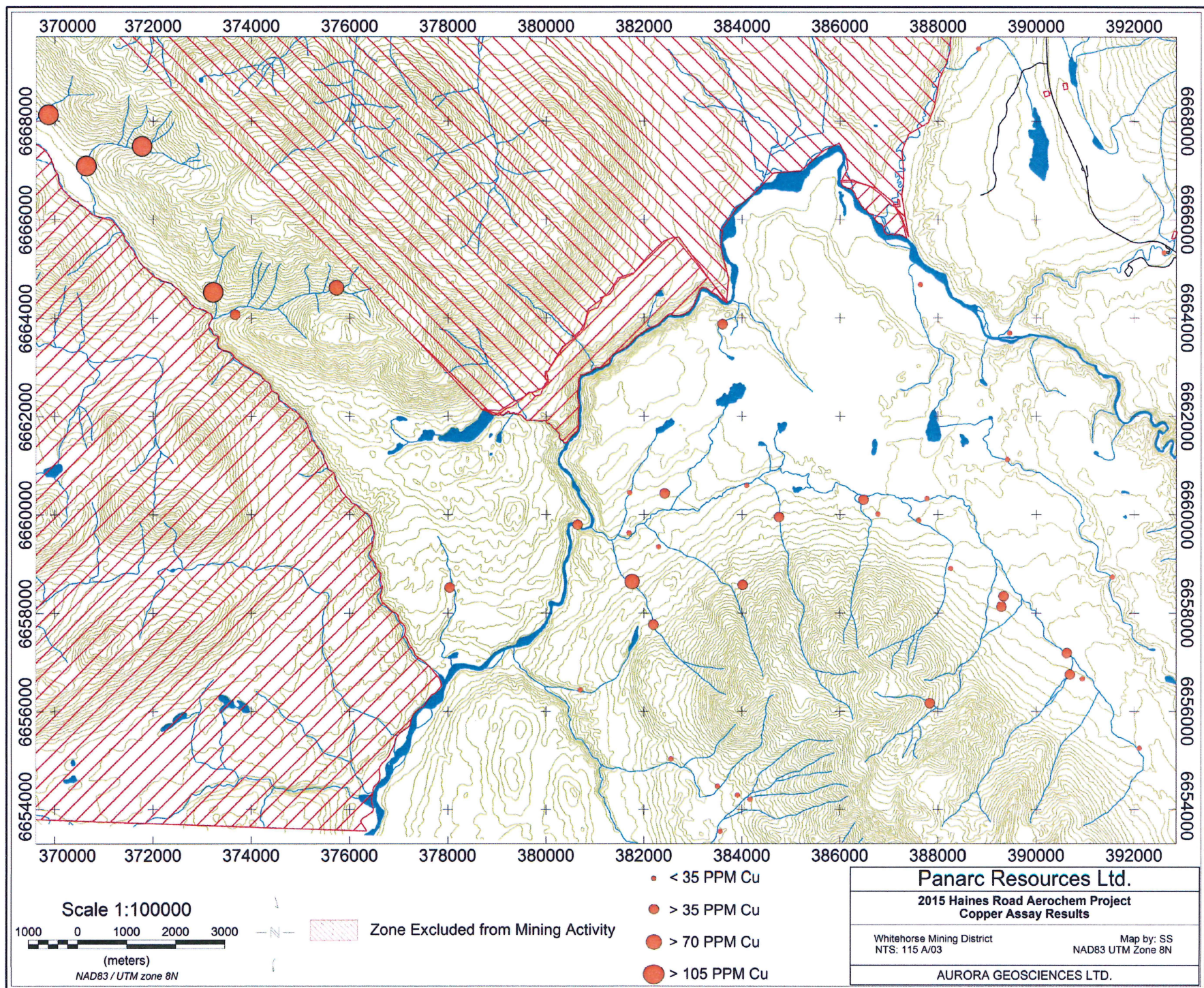
- **Maps of gold and pathfinder element concentrations**
- **Results for all samples and elements analyzed**
- **YMEP Submission Form – Haines Rd Aerochem**
- **Project log**
- **Project photos**

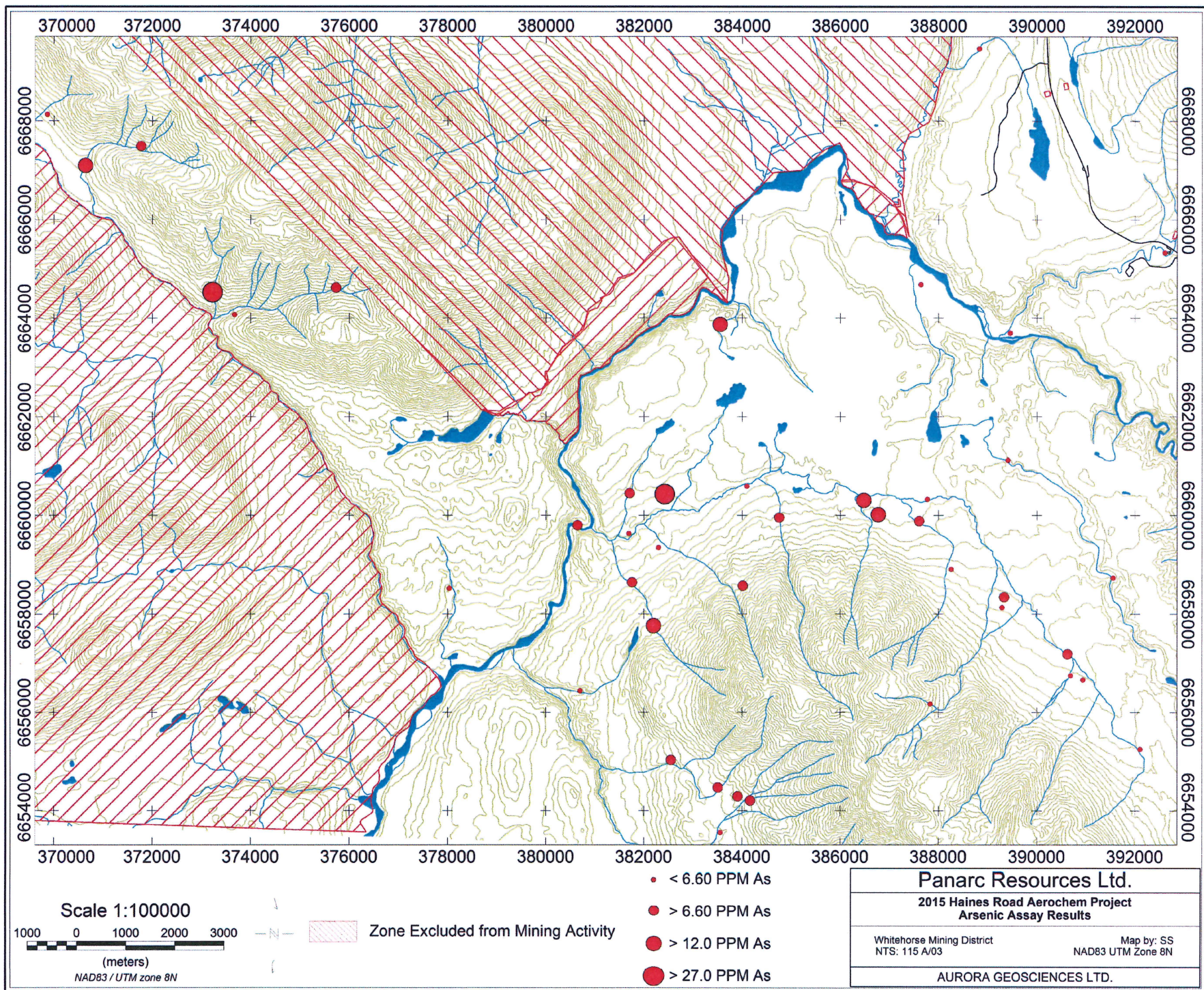
Respectfully submitted,

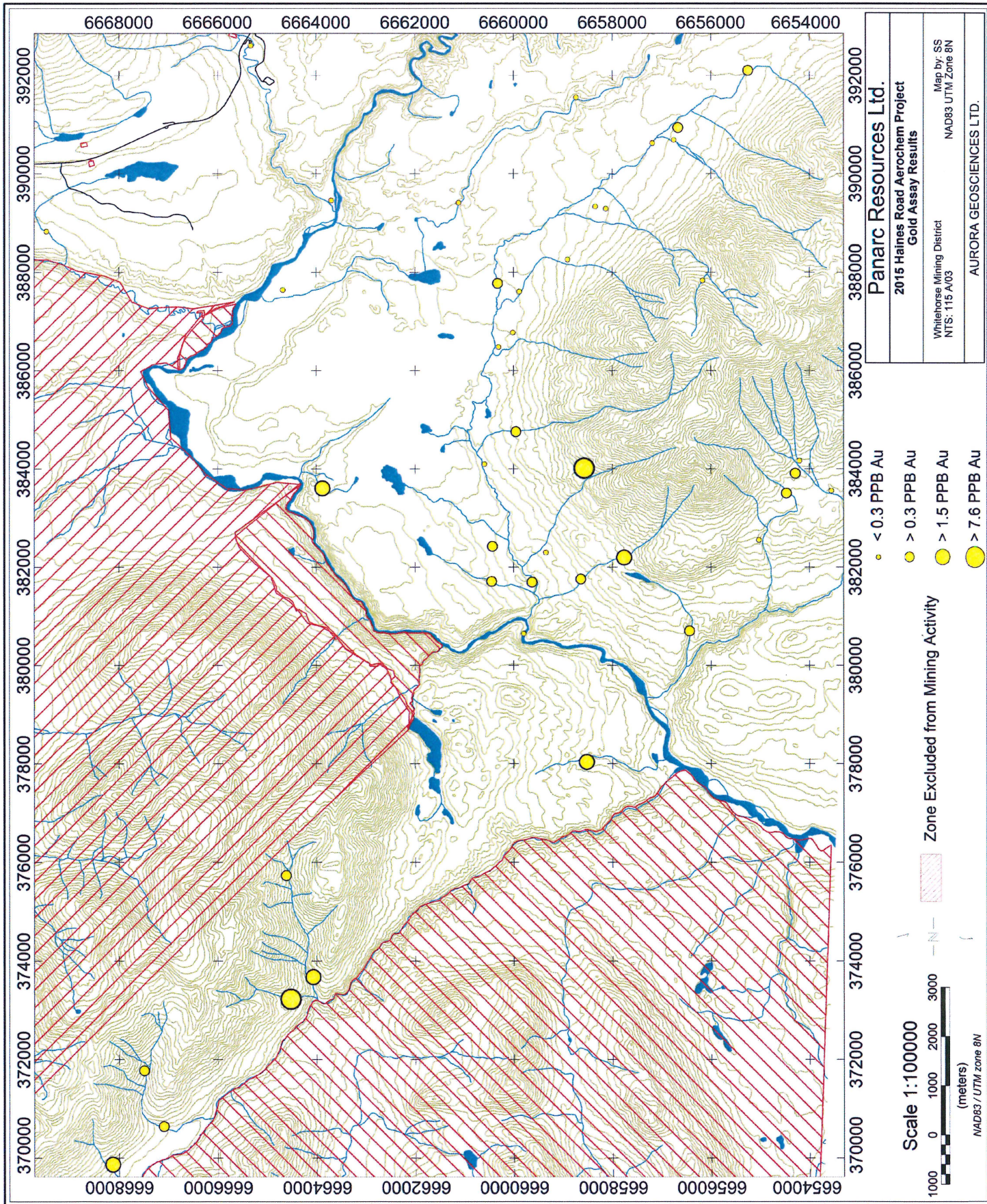
Shawn Scott,
Geophysical Technician
Aurora Geosciences Ltd.

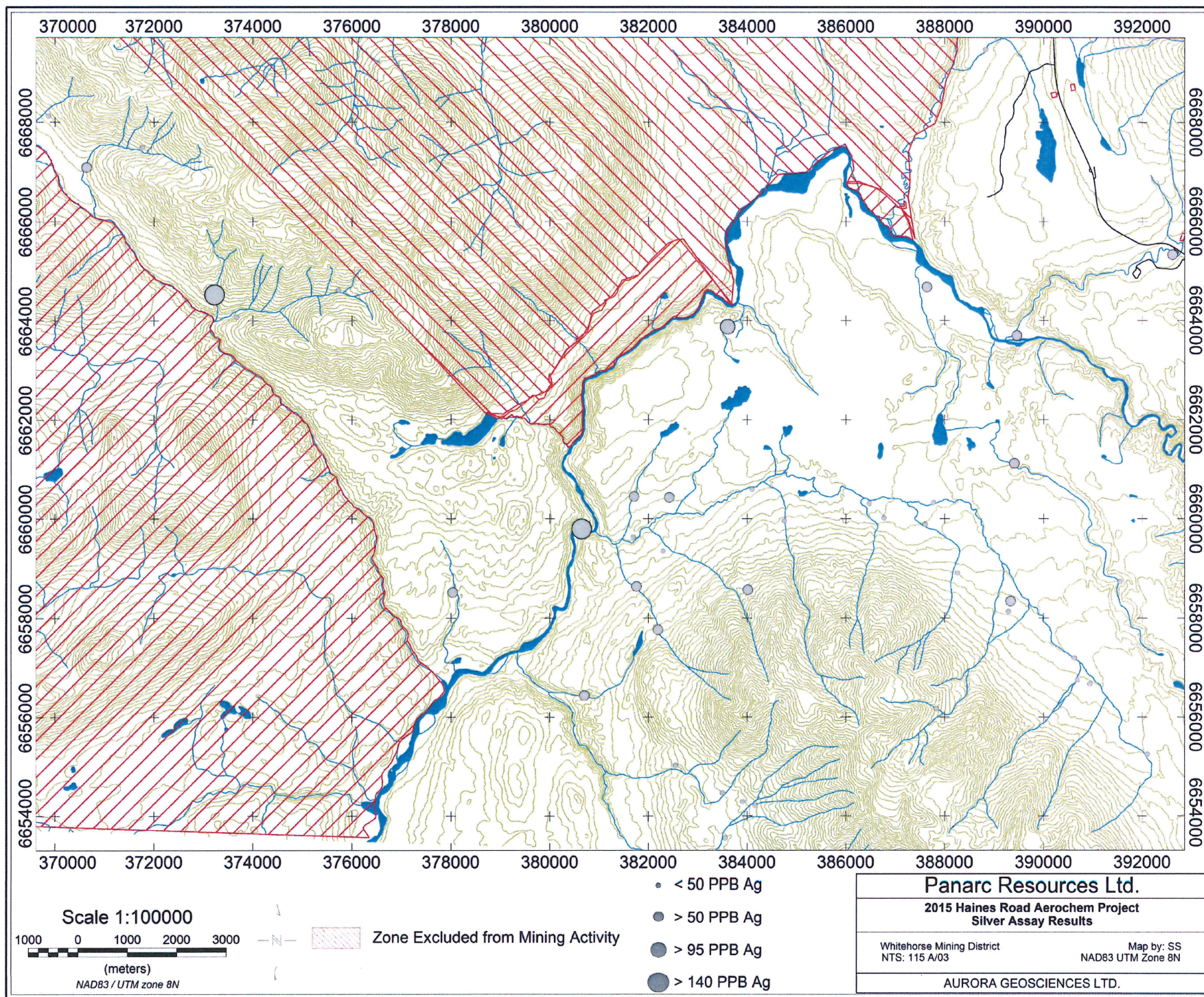
Charles Turanich-Noyen,
Operations Manager and Technician
Aurora Geosciences Ltd.

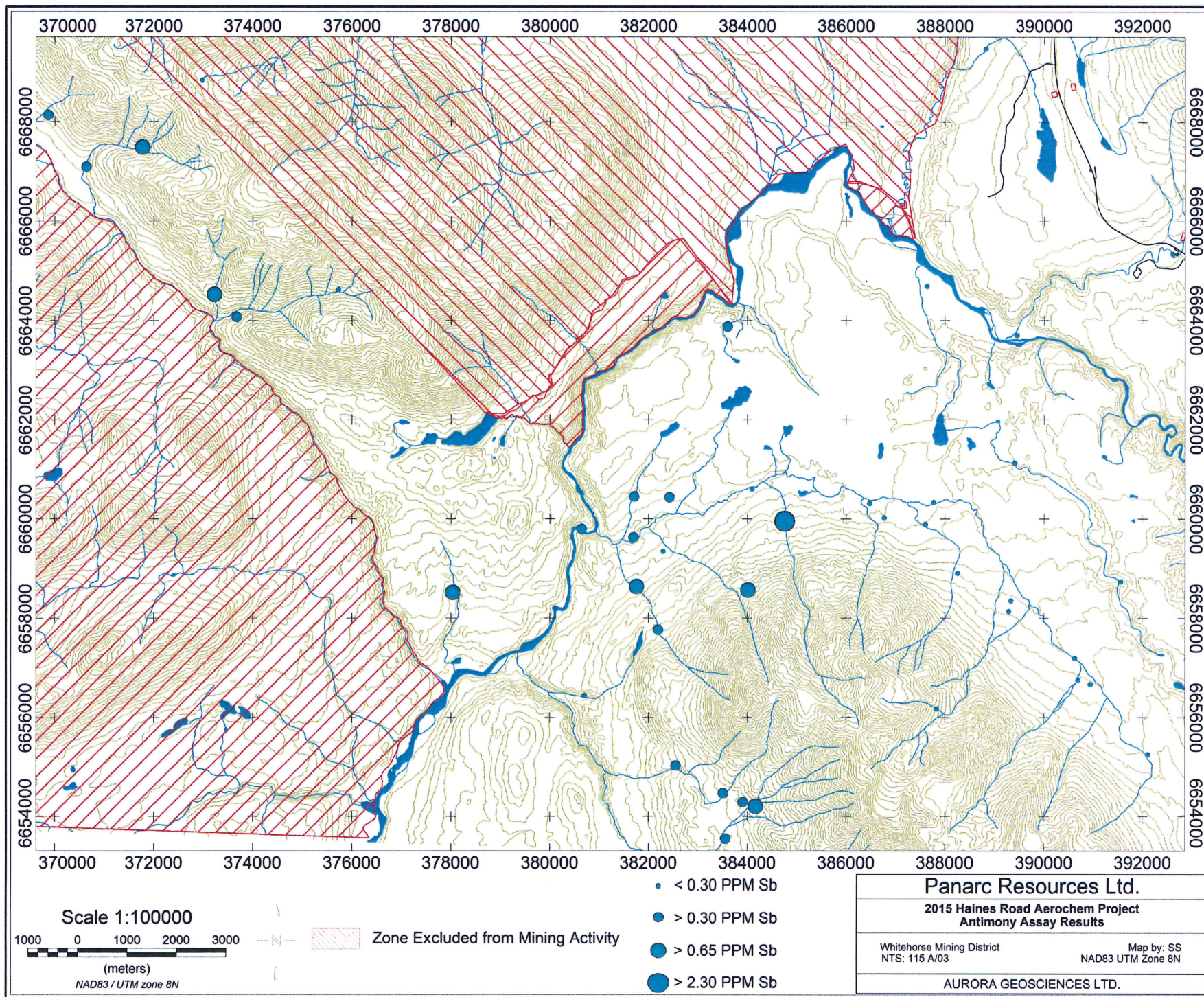


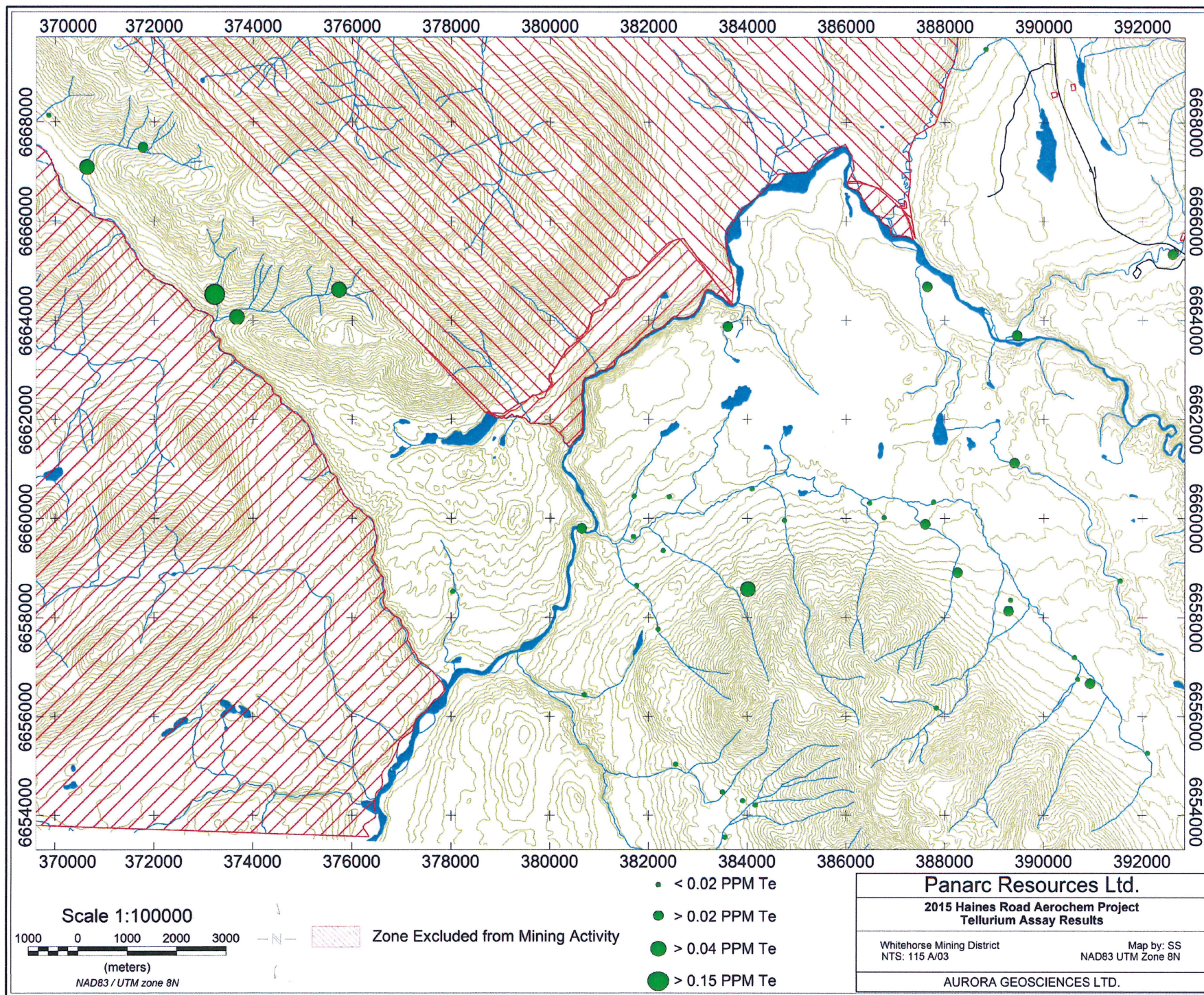














PRL-15517-YT

DATE:

July-30-15

PREPARED BY:

Shawn Scott

LOGISTICS

Type	Contractor	Hrs or units
R44 Helicopter	Capitol	0
Truck	AGL	2
Flatbed Trailer	AGL	1
ATV	AGL	1
ATV tub trailer	AGL	1

Comments

Weather

Mixed sun and cloud, scattered showers

Notes (production comments, incidents, other)

SS and SM prepared for the job all day in Whitehorse, packing gear, purchasing food, delivering fuel and checking trucks. Due to the amount of prep work done, the crew was unable to depart until 7pm. Trouble with the black truck overheating slowed arrival. Crew had to repeatedly stop and top up coolant and allow truck to cool. Arrival at Stellar cabin at 1:30am.



PRL-15517-YT

DATE:

July-31-15

PREPARED BY:

Shawn Scott

Comments

Weather

Mixed sun and cloud, scattered showers

LOGISTICS

Type	Contractor	Hrs or units
R44 Helicopter	Capitol	2.6
Truck	AGL	2
Flatbed Trailer	AGL	1
ATV	AGL	1
ATV tub trailer	AGL	1

Notes (production comments, incidents, other)

Capitol Helicopters pilot (DW) arrives from Whitehorse a little after 9am. Together SS, SM & DW spend the morning planning potential staging areas, mounting cameras on equipment and preparing for sampling. After scouting potential staging areas, the crew sets up at Base Station 1 (UTM Zn 08V 396925, 6652321)



PRL-15517-YT

DATE:

August-01-15

PREPARED BY:

Shawn Scott

LOGISTICS

Type	Contractor	Hrs or units
R44 Helicopter	Capitol	7.9
Truck	AGL	2
Flatbed Trailer	AGL	1
ATV	AGL	1
ATV tub trailer	AGL	1

Comments

Weather

Rain all morning, sun in the afternoon. Fog limits movement of helicopter, forcing longer routes to some sample locations.

Notes (production comments, incidents, other)

Crew starts day by re-mounting cameras, trying to improve on the day before. Takeoff at 920am. Operating at Base Station 1 until midday. Crew moves to new staging area (UTM Z08V 392610, 6665330) at 120pm.



PRL-15517-YT

DATE:

August-02-15

PREPARED BY:

Shawn Scott

LOGISTICS

Type	Contractor	Hrs or units
R44 Helicopter	Capitol	4.9
Truck	AGL	2
Flatbed Trailer	AGL	1
ATV	AGL	1
ATV tub trailer	AGL	1

Comments

Weather

Rain and fog all morning.

Notes (production comments, incidents, other)

Sampling delayed until afternoon due to low ceiling and fog. At 11am crew drives to BS02 to prepare slings and wait out the weather conditions. Helicopter is loaded at 12pm. 2 internal loads and one sling load used to set up crew at new staging area (UTM Z08V 380646, 6659793). Some time lost recovering helicopter basket from river after it is swept away in the rotor wash. In the evening, SS returns to Whitehorse in the black truck so it can be switched for one that can haul a trailer without overheating.



PRL-15517-YT

DATE:

August-03-15

PREPARED BY:

Shawn Scott

Comments

Weather

Sunny and hot.

LOGISTICS

Type	Contractor	Hrs or units
R44 Helicopter	Capitol	7.5
Truck	AGL	2
Flatbed Trailer	AGL	1
ATV	AGL	1
ATV tub trailer	AGL	1

Notes (production comments, incidents, other)

SS leaves Whitehorse early and meets SM and DW at BS02 at 9am. A new more central staging area is chosen at BS04 (UTM Z08V 382422, 6660432).

Sampling runs smoothly until end of day.

DW returns helicopter to Whitehorse at 4pm.

Lots of time spent processing samples, dumping GPSs and loading trucks before demobilizing to Whitehorse at 7pm. SS & SM arrive at 1130pm.