

PRELIMINARY REPORT

FOX 1 - 32 CLAIM GROUP
GRANT No. YA86521 - YA86552
N.T.S. 105D/3
WHEATON RIVER AREA
YUKON TERRITORY

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01 May 85

SUMMARY

The Fox 1 - 32 claims are located in the Wheaton River area of the Yukon Territory, 38 airmiles south of Whitehorse.

The property comprises 32 claims located under the Yukon Quartz Mining Act (Grant No. YA86521 - YA86552) on Partridge Creek, east of Mt. Anderson. The government maintained Wheaton River Road passes along the northern boundary of the claim group.

The property is underlain by Cretaceous biotite-hornblende quartz diorite of the Coast Plutonic Complex locally intruded by trachytic and rhyolitic dikes of probable Eocene age. A known auriferous fracture system extends west from the property towards the Mt. Skukum gold deposit of Erickson Gold Mines Ltd. and includes a number of significant Au-Ag-Sb prospects. This fracture system is most likely the expression of a ring fracture instigated by cauldron collapse south and west of Bennett Lake.

There are at present no known mineral occurrences on the Fox claim group. The proximity of known gold mineralization and development infrastructure combine with the geologically favorable environment of the property to make this an attractive exploration target. Rogers Exploration Services Ltd. would be prepared to author a geological report complete with recommendations for a suitable program of exploration and development acceptable to the Superintendent of Brokers and to carry out such a program of exploration on the Fox claim group in the 1985 field season.

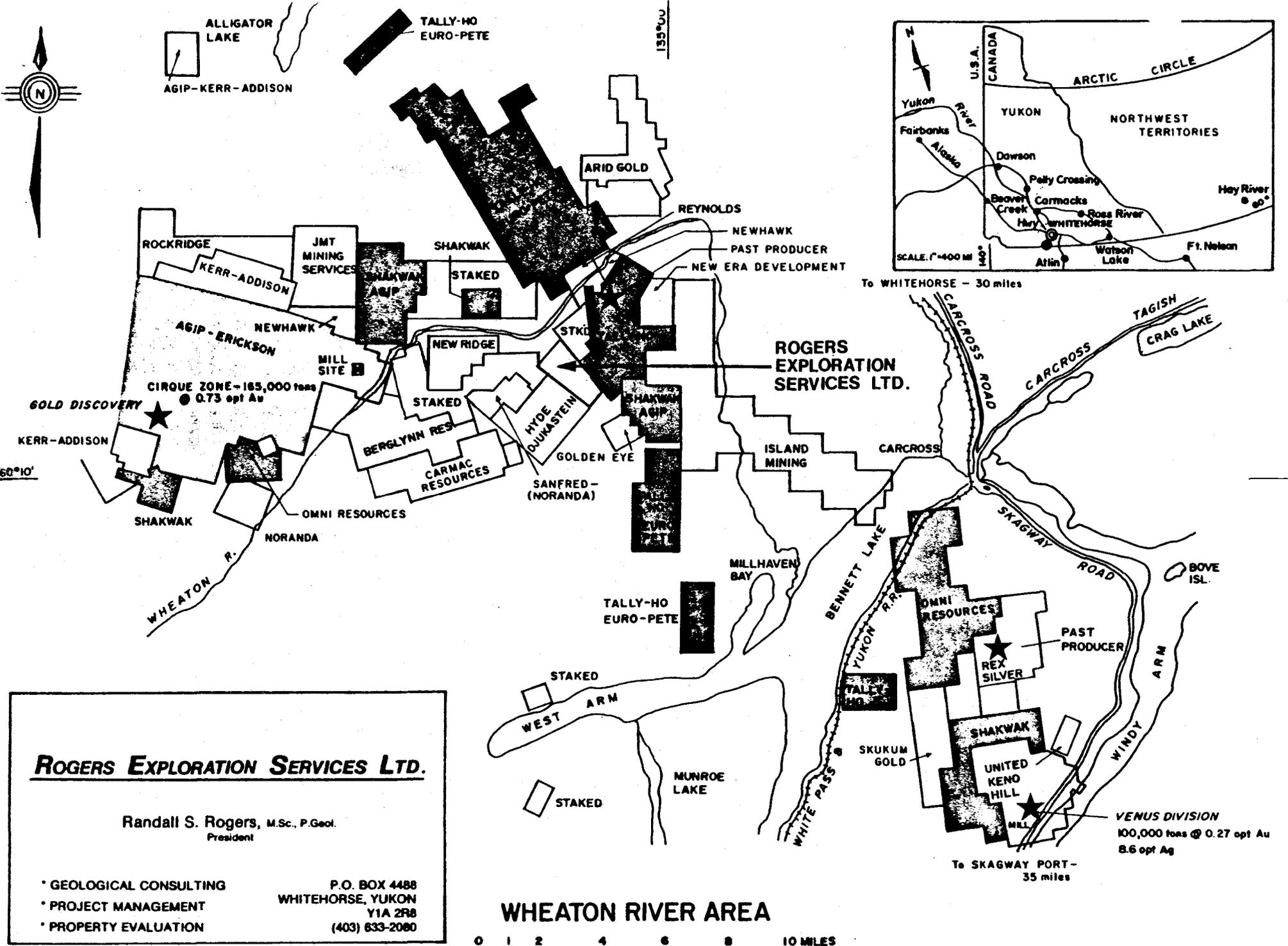
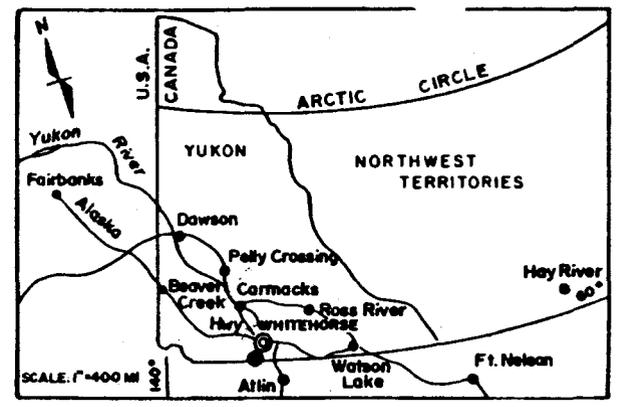
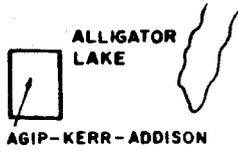
PROPERTY

Location and Access.

The Fox 1 - 32 claims are located south of the Wheaton River on the eastern flank of Mt. Anderson at 60° 14' N latitude by 135° 07' W longitude in Whitehorse Mining District of the Yukon Territory on N.T.S. mapsheet 105D/3. The property is situated 38 airmiles due south of Whitehorse and is accessible from the government maintained Wheaton River Road which passes on the northern boundary of the property. A seasonal gravel road departs the Wheaton River Road in the extreme northwestern corner of the Fox claim group, and extends along the west bank of Partridge creek to the area south of Mt. Anderson. Helicopter charter, supplies and accomodation are available at Whitehorse.

The general location of the property is seen in Figure 1. Figure 2 depicts the topographical setting of the claim group.

The proximity of development infrastructure may substantially augment the significance of exploration work conducted on the Fox property.



ROGERS EXPLORATION SERVICES LTD.

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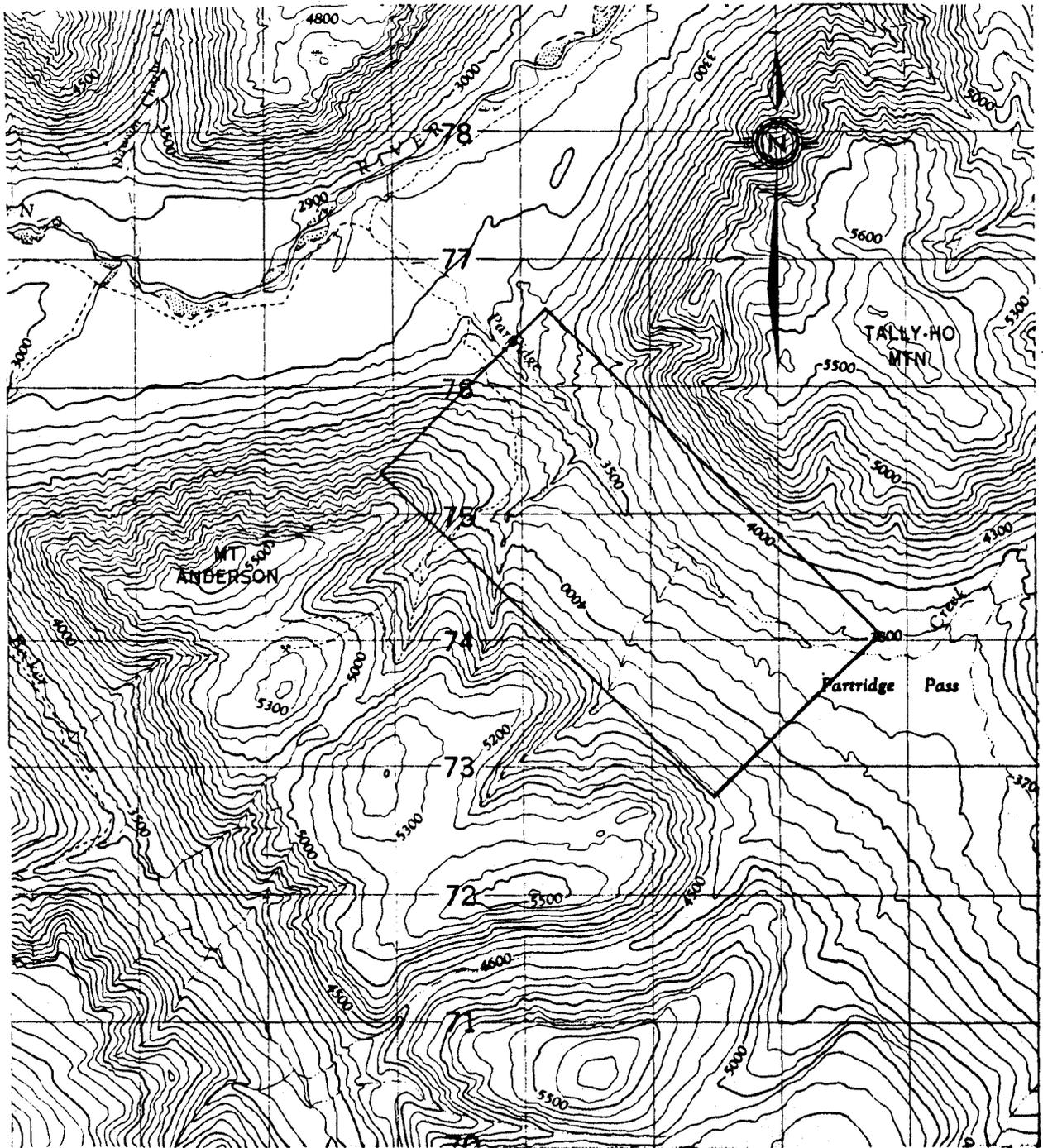


FIGURE 2. The boundary of the Fox 1 - 32 claim group is depicted at a scale of 1:50,000. The Wheaton River Road passes north of the claim group, and the tote trail to Mt. Anderson cuts across the northwestern portion of the property.

Claims

The property comprises 32 contiguous claims located under the Yukon Quartz Mining Act (Figure 3), held in Grant No. YA86521 - YA86552 by Randall S. Rogers of Whitehorse, Yukon Territory. Current assessment credits expire on the 9th of April, 1986.

A survey should be conducted in the course of further exploration on the property to locate actual boundary of the claim group and to identify any internal fractions that may exist.

Physiography and Climate

The property lies wholly within the Boundary Ranges of the Coast Mountains as described by Bostock, 1948; a region characterised by extensive, steep walled mountains dissected by polygonal valleys with short, steep streams feeding main valley drainages. In the Wheaton River area, at the northern edge of the Boundary Ranges, relief is tempered by a gradual change into the surrounding Teslin Plateau. Upland areas above major drainage channels display a rounded and smoothed plateau surface devoid of all but alpine vegetation.

The property incorporates the northern drainage of Partridge Creek immediately south of the Wheaton River, and includes portions of the ridges of Mt. Anderson and Tally Ho Mountain.

The climate of the Wheaton River valley is fairly typical of southern Yukon with short, hot summers with temperatures up to 35 degrees Celsius and winters with severe temperatures down to minus 45 degrees Celsius and substantial snowfall. As a general rule, the exploration season for surface work extends from mid-April to late October.

Abundant timber and water for development purposes exist on the Fox group of claims.

HISTORY

The first prospectors into the Wheaton River District were stampedeers enroute to the Klondike from the headwaters of Lake Bennett. The main line of travel was located only ten miles east of the present property. In 1903, the White Pass and Yukon Route railroad was completed, and it is likely that prospectors, hunters and trappers strayed to the west of the rail line in to the Wheaton River valley. The earliest recorded claims in the district were registered by Frank Corwin and Thomas Rickman who located a number of gold showings on Carbon, Chieftan and Idaho Hills in 1893. Corwin and Rickman returned with their gold samples to Juneau, but both died somewhat precipitously without revealing the exact location of their discoveries. A minor stampede to the Wheaton River area ensued, but it wasn't until 1898 than any of their showings were discovered. In that year, W.F. Schnabel and partners discovered auriferous quartz veins on Idaho Hill and Gold Hill.

The Mount Anderson area was staked in 1906 as the Rip and Wolf claims by W. McCrew and associates. Two short adits were driven in 1909 on the Whirlwind Vein and by 1915 the lower adit was in 322 feet and the upper adit was in 350 feet. A 35 foot crosscut and 75 feet of drifting were completed on a separate vein, and other exploratory adits driven. Ore was being stockpiled in 1912 and a small mill erected, but production records are not available for that period. In 1926, E. Butterfield trenched the Flora and Mountain Sheep claims, and H. Beatty added the Gold Coin group in 1934. Johnny Johns and partners staked the Mountain Sheep claims in 1944, and the RHSM claims were located by T.C. Richards et al in 1947. A test shipment was dispatched to the smelter at Trail, B.C. by this group in 1947, and a series of bulldozer trenches were excavated. Johnny Johns restaked the Mountain Sheep claims in 1951, and a variety of locators added to and modified the original Mount Anderson - Partridge Creek claims to 1967. W. Hyde staked the HL claims in 1967 and optioned the property briefly to Adanac Mines Ltd. in June of 1968. D. Waugh restaked this ground as the Au claims and Rush claims in 1974 and 1975. D. Bernier located the Blue Sky group in 1977, and Bill Kuhn added the Tam claims in 1978. Wally Hyde tied on the Tycon claims in 1981 and 1983 to the south of Mt. Anderson.

The 1984 season saw a marked increase in activity in the area as Erickson Gold Mines Ltd. conducted a pre-production program at the nearby Mt. Skukum gold property. Major ground acquisitions or locations were made by Noranda Exploration Co. Ltd., Canadian Nickel Co. Ltd., Shakwak Exploration Company Limited, Tally Ho Explorations Ltd. and Berglynn Resources Inc. R. Rogers staked the Fox group of claims in 1985 to protect the eastern flank of Mt. Anderson.

REGIONAL GEOLOGY

The regional geology of the Wheaton River area is described by Wheeler, (1961). Chert, limestone and melanocratic volcanic rocks of the Pennsylvanian and Permian Taku Group lie in fault contact with Mesozoic strata. The Upper Triassic Lewes River Group consists of melanocratic volcanic and marine sedimentary rocks and is overlain disconformably by the Jurassic marine and locally coarse grained sedimentary strata of the Laberge Group.

A granitic plutonic complex of Cretaceous age underlies much of the Wheaton River area and locally intrudes the Paleozoic and Mesozoic rocks. The intrusive package is in turn intruded by sub-volcanics of the Tertiary Skukum Group including andesites, rhyolites and trachytes of probable Eocene age.

PROPERTY GEOLOGY

The property appears to be primarily underlain by Cretaceous biotite-hornblende quartz diorite of the Coast Plutonic Complex. Dike swarms of Eocene rhyolite occur in the extreme western edge of the claim group and may continue under the overburden cover well into the central portion of the property. These rhyolitic dikes are at present the most attractive exploration target on the property, as they are known to host significant gold values on the neighbouring Tycon and Tam claim groups.

RECOMENDATIONS

The recommendations presented herein are of a preliminary nature based on the geological provenance of the Fox claim group and the experience of the author in delineation work on adjacent claims in the Wheaton River district.

Aerial photography and LANDSAT imagery should be obtained for the area encompassing the Fox claim group. Recent developments on nearby properties suggests a close correlation between aerial and LANDSAT lineaments and ore bearing structures which probably reflect hydrothermal conduits.

The property should be mapped at an initial scale of 1:50,000 with particular emphasis placed on rhyolitic - dioritic contacts in the western portion of the claims. A property grid should be established with a main baseline bearing 090 degrees and crosslines at 100 meter intervals and stations at 50 meter intervals in the western portion of the group. A program of soil geochemical sampling with analyses for Cu, Pb, Zn, As, Ag, Sb, and Au with follow-up of anomalous values with Ba and Hg analyses should be initiated over the grid. VLF-EM surveys would be the most cost effective geophysical technique to delineate buried contacts at the initial stages of exploration.

A program of detailed geochemical sampling and bulldozer trenching may be indicated in the results of the preliminary stages of investigation. Assays for precious metals and base metals would be required from trenching and surface prospecting.

A program of diamond drilling may be indicated by the preceding exploration. The ease of access and abundant supply of water will greatly alleviate the total cost of diamond drilling on this property, and if warranted by prior surface work, the decision to proceed to the drilling stage could be made before the end of the 1985 field season.

The Fox group of claims is an attractive exploration target in an area that has elicited a significant amount of attention in recent months. The property is available for acquisition on reasonable terms and a complete program of exploration including technical reports acceptable to the Superintendent of Brokers for British Columbia may be provided by the vendor.

For further information, please contact Mr. Randall Rogers in Whitehorse, Yukon at (403) 633-2080.



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WHEATON RIVER GOLD-SILVER DISCOVERIES

HIGHLIGHTS

The Wheaton River (Mt. Skukum) district gold-silver discovery 30 miles southwest of Whitehorse suggests a major gold-silver camp is evolving. At this early stage current results indicate one of the richest, minable sources of hard rock gold in Canada at a still undetermined tonnage. Geologist Glen C. Macdonald has suggested the AGIP-Erickson strike is "one of the best since Hemlo". The area has been drawing considerable attention and national press (The Northern Miner, Financial Post). The district is currently seeing a surge in exploration and development. The activity has precipitated a real gold rush and it appears that a belt 35 miles long and up to 20 miles wide has all been staked. The AGIP-Erickson and United Keno Hill (Venus) projects represent two potential high grade mines at this early stage and both deposits are still open to extension.

Exploration last season by junior companies (Shakwak & Tally-Ho) led to additional discoveries with often spectacular assays. At \$300 U.S. for gold and \$6.50 for silver, the very high grade deposits have good development potential. Overviewed, this area is one of the most interesting, accessible, easily worked and untested gold-silver regions in Canada.

GEOLOGICAL MODEL

To relate to the origin of mineralization in the area, three periods of violent volcanic activity have to be visualized. In the first phase, a suitable host rock was placed (basement rocks), composed of interlayered andesites and basaltic andesites ranging up to 3,000 feet thick. Next, the ground was fractured through the collapse of the caldera and mineral solutions were then forced into these fractures, depositing the gold and silver.

EXPLORATION AREA

Gold and silver occur in a triangular-shaped 300-mile square area which hosts two 25-mile long belts of mineralization joined at one end. Elevations range to 8,000 feet above sea level, with main valley bottoms from 2,000 to 2,500 feet.

The Wheaton River is attractive to mining firms for its high grade potential and the fact there is extensive infrastructure there. It is close to needed services and qualified, experienced mining people in Whitehorse. The region is served by an all-weather road, a major highway and rail route to the coast. Consideration is being given by the Yukon government to installing a power line which would represent a major cost saving to operators in the area.

EXPLORATION - DEVELOPMENT

To date, the exploration emphasis has been towards gold and silver which are associated with the following minerals: galena, tetrahedrite, argentite, chalcopyrite and pyrite. These minerals are generally found in silicified zones or quartz-calcite veins. In the past prospectors looked for gold in veins with heavy sulphide content, usually indicated by rust-coloured mineralization in surface outcrop. They tended to ignore veins that looked like barren white rock — quite unexciting, without sulphides and visible gold. But modern day exploration techniques have unlocked the secret to the high grade gold-silver mineralization in the region. In the case of the AGIP discovery, gold is generally not visible but rather homogenous throughout the quartz-calcite veins.

The primary host rock for the gold-silver mineralization at Mt. Skukum, which not only includes the AGIP-Erickson holdings but Shakwak, Tally-Ho and United Keno Hill (Venus) properties as well, is an andesite flow unit intruded by tertiary rhyolite porphyry dyke swarms and stocks. Mineralization occurs consistently throughout these competent rock structures which appear amenable to underground development and extraction.

