

Summary

THE YELLOW JACKET PROPERTY Atlin, British Columbia

Deposit Type: Bonanza/Motherlode vein gold deposit
Placer Deposit
Location NTS Map Sheet 104N 12/E, Atlin Mining Division
Potential Open pit hard rock/placer operation

INTRODUCTION:

Kotcho Lake Logging Ltd is the beneficial owner (100%) mineral titles covering an area of 1500 hectares and 1 placer title covering an area of 388 hectares in the Pine Creek valley, in the Atlin mining division, British Columbia. The vendor, Lenard Diduck holds an addition 700 hectares of mineral claims in the same area. A reported 40,000 ounces of placer gold has been produced from the area in and around the Yellow Jacket property, along the Pine Creek.

The accumulation of this land position marks the first time that all of the rights to the productive and prospective area have been held as a wholly owned group. The property is in an advanced state of exploration due to an intensive period of activity carried out by Homestake Mineral Development Corp. between 1986 and 1988.

The properties described below are available for purchase or joint venture.

PROPERTY HISTORY

The potential for lode gold on the Yellow Jacket property was first discovered by placer miners in 1899. A small shaft was sunk on the zone and later extended to a depth of 30 metres. Reports from this work described visible gold within an alteration zone. While the potential of this region has been well known since then, litigation, fractionated land positions with conflicting placer and mineral titles have limited systematic exploration until the Homestake's effort in the late 1980's.

The most significant aspects on the property history are listed

1899	Bedrock zone discovered, 14 metre shaft sunk
1902	35 metre trench completed on the zone. "low values in free gold" reported
1903	Shaft extended to a final depth of 30 metres. "high values reported"
1983	Canova optioned the property from local title holders,
1984	Geophysics and 5 diamond drill holes
1985	10 reverse circulation holes
1986	Homestake Option; airborne and ground geophysics, 14 drill holes metallurgical testwork
1987	15 drill holes
1988	23 drill holes detailed geophysics

Homestake spent a total of \$1.38 million exploring the Yellow Jacket vein system.

GEOLOGICAL SETTING

The Yellow Jacket Zone lies on a contact between serpentized ultramafic rocks and volcanic rocks to the south. Homestake's drilling programs suggests that these ultramafic bodies have been emplaced as sheets within the Cache Creek Group along northeast trending thrust faults

STRUCTURAL CONTROL

The structural geology of the Yellow Jacket property is complex. Three different faulting or fracturing systems have been noted but are poorly understood. Chronologically, these systems are as follows.

- Shallow, north-westerly dipping series of thrust faults and fractures dipping 10° to 30° to the northwest.
- A sub-vertical system of faults running down the Pine Creek Valley at approximately 070° strike.
- A series of post mineralization cross faults trending 110° and dipping 50° to the southwest.

MINERALIZATION:

Homestake investigated the bedrock potential of the Yellow Jacket property through diamond drilling. This work established three zones of potential economic gold mineralization related to two different fracturing events; The Thrust Zone, The Main Zone and The West Zone.

The Main Zone:

- A system quartz veins and stringers zones with widths up to 2 metres hosts erratic gold grades with a number of high-grade intersections.
- 110 metres in strike, 40 metres wide 50 metres thick representing a volume of 620,000 tonnes ($\delta = 2.8 \text{ g/cc}$)
- The zone is fault terminated to the east.

The Thrust Zone:

- A system of quartz veins and alteration envelopes along the thrust fault contact often in excess of 10 metres in width.
- Mineralization along the thrust zone is generally consistent with gold grades averaging 1.0 grams Au /tonne.
- Based on a 10 metre average width, a review of Homestake's exploration suggests a volume of 630,000 tonnes of mineralized material is present. Assuming an average grade of 1.0 gAu/t this is equivalent to 20,000 ounces. The zone remains open to depth.

The West Zone:

- A mineralized zone defined by anomalous gold values, 290 meters in strike 40 metres wide and 50 metres thick representing a volume of 1.62 million tonnes, gently dipping/plunging to the west.
- The zone is poorly defined due to a lack of drill density.
- Appears to be related hydrothermal activity along the Pine Creek Fault.

Mineralization is typically described as quartz veins and veinlets within alteration envelopes. Gold within these veins is associated with sulphide minerals ranging in content from 3% to 30% in the thrust zone. These sulphides are predominately pyrite with chalcopyrite as an accessory sulphide minerals.

No mineral inventory of the Placer claims exists, however, approximately 150,000 tonnes of tailings grading 1.5 grams gold per tonne is available for processing (Lenard Diduck; personnel communication) in addition to an undetermined amount of insitu placer mineralization.

THE EXPLORATION OPPORTUNITY

The Yellow Jacket property has demonstrated the potential to host a mineable gold deposit. The combination of potential placer and open-pit hardrock reserves in addition to exploration potential indicates that the property warrants additional work. Exploration and definition scale work should address the following issues:

- Additional exploration along the footwall (south) of the thrust zone for new zones of vein mineralization.
- Additional drilling to investigate the fault offset extensions of the existing zones.
- Additional definition drilling of the West Zone.
- A program of rotary drilling to define the extent and grade of placer gold deposits on the property.
- A resource calculation for both the placer and hard rock zones.
- A scoping study to establish criteria for open pit mining of the "Thrust Zone".