

Report on the

HCF GOLD PROSPECT

Atlin Mining Division

104-N-11

for

YUKON REVENUE MINES LTD.

Whitehorse, Yukon

by

Albert F. Reeve, P. Eng.

May 15, 1983

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Introduction

This report describes a gold prospect near Atlin, B.C. owned by Yukon Revenue Mines Ltd. and has been prepared at the request of Mr. H. Fromme, a director of the company. It is based on a field inspection by the writer on July 18, 1981 and on a review of Exploration Records supplied by Yukon Revenue. Further exploration work at an estimated cost of \$250,000 is recommended.

Summary and Conclusions

The HCF Claims located 17 miles by road east of Atlin, B.C. cover a N.E. trending zone of argillic alteration that is more than 6000' long and up to 600' wide occurring in a vertical range of about 1000'. The alteration zone contains a system of narrow but persistent gold-bearing quartz veins. The owners, Yukon Revenue Mines Ltd., have prospected the south west part (about 2000') of the altered area by trenching and sampling.

Preliminary sampling of 2 veins has indicated potential for mineable shoots of high grade material as follows:

	<u>Width</u>	<u>oz/T Au</u>	<u>oz/T Ag</u>
Sample 5, east vein	12"	1.32	18.81
Sample 3, west vein	36"	.65	8.53
Sample 7, west vein	42"	.31	8.51

Further exploration work is required to complete prospecting of the area between the White Star and the Lakeview workings and to evaluate any high grade shoots by detailed surface sampling and diamond drilling.

Property

Yukon Revenue Mines Ltd. is the owner of the following mineral claims:

<u>Name</u>	<u>Record No.</u>	<u>No. of Units</u>	<u>Assessment Anniversary</u>
HCF 1	732	10	July 22, 1983
HCF 2	733	18	July 22, 1983
HCF 3	735	18	July 22, 1983
HCF 4	736	15	July 22, 1983

The records for these claims were examined by the writer at the mining recorder's office in Vancouver on May 13, 1983.

Geography

The HCF gold prospect is located at approximately 59 degrees 40' N latitude and 133 degrees 23' W longitude on a steep south facing slope overlooking the south west end of Surprise Lake. Elevations range from 3500' in the valley to 6500' above sea-level. Access is by way of a good gravel road 17 miles eastward from Atlin. The company has constructed a switch back road from the valley to the prospect workings at about 4000' Asl. Atlin is 113 highway miles south of Whitehorse, Y.T.

Exploration History

At the turn of the century approximately 270' of underground development was carried out on the White Star and Lakeview prospects which now lie on the HCF Claims. The veins in these workings are reported to have been 2 to 5' in width with average grades of about .4 oz/T Au. The HCF Claims were acquired by Yukon Revenue in 1979 and since that time the company has built an access road to the Lakeview area, and carried out a programme of trenching, geological mapping and sampling, mainly in the summer of 1981.

Geology and Mineralization

The White Star and Lakeview prospects are described in a report dated May 22, 1980, by W.T. Irvine, P.Eng., as follows:

"The veins occur in schistose rocks of the Mt. Stevens group. The old White Star showings consist of two separate veins about 400' apart. The upper one, in schistose amphibolite, is 4 to 5' in thickness, strikes 70 degrees W., and dips steeply to the south west. It outcrops 1650' above the level of Surprise Lake. The vein is mainly quartz, sparsely mineralized with galena, pyrite, and occasional particles of native gold. A tunnel 58' long has been driven on the vein. Hand samples from the tunnel, where the vein is 5' wide, ran from nil to about .4 oz Au/T. Another exposure of quartz, probably a second vein, outcrops 400' down slope from the upper vein, but it has been incompletely exposed by trenching so that its attitude and width are not known. This quartz contains sparse pyrite only.

The Lake View showings consist of two veins, also 400' apart, and from their strike it may well be that these represent the extension of the two veins of the White Star showings. The upper vein is from 3 to 4' in thickness and the lower one is 30" thick. The quartz in both veins is weakly mineralized with galena, pyrite and sparse native gold. The veins have been traced for a length of several hundred feet, and have been developed by a 150' tunnel, two shafts totalling 63' in depth and a number of trenches and open cuts. Large average samples from this development work ran .4 oz Au/ton, mainly free gold."

Since Mr. Irvine's initial report in 1980, considerable surface exploration work has been carried out by the company mainly in 1981. This consisted of road construction, trenching, sampling, surveying and geological mapping. In general, this has identified a system of gold bearing quartz veins within a north east trending zone of argillic alteration.

The Alteration Zone has a width of up to 600' and extends along strike for about 6000' from the Lakeview workings at 3700' elevation north-northeastward to the White Star Adit at 4650'.

The quartz veins have a general trend of N 65 degrees E and dip 70 degrees to 80 degrees northwestward. They range in thickness from 6" to 4' and carry variable amounts of pyrite, galena and free gold.

Trenching and sampling by the company in 1981 was concentrated immediately above the Lakeview Adit on two parallel veins about 425' apart.

A summary of the assay results shown on plans provided by the company is as follows:

EAST VEIN (lower)

<u>Ref. No</u>	<u>Location</u>	<u>Width</u>	<u>oz/T Au</u>	<u>oz/T Ag</u>
1	230' NE of Lakeview Adit	40"	Visible gold	
2	380' " " "	40"	.08	.40
3	540' " " "	16"	.012	
4	675' " " "	4"	.78	18.28
5	710' " " *	12"	1.32	18.81
6	825' " " "	36"	.06	
7	1100' " " "	grab	.23	4.10

WEST VEIN (upper)

1	760' N 15 W of Lakeview Adit	48"	.049	.29
2	280' NE of Sample 1	float	Visible gold	
3	360' " " " *	36"	.65	8.53
4	510' " " "	70"	.17	0.24
5	525' " " "	48"	.062	0.70
6	594' " " "	dump	.17	1.90
7	710' " " " *	42"	.31	8.51
8	1025' " " "	grab	.24	2.92
9	1140' " " "	"	.20	2.90
10	1165' " " "	24"	.06	0.94
11	1290' " " "	grab	.28	0.99

* Indicative of possible Highgrade shoots.

Where comparative assays from more than one lab were noted those from Technical Research Corporation are used in the above summary.

The sampling is very widely spaced at average intervals of more than 125' along the strike of the veins. Sample 5 from the east vein and samples 3 and 7 from the west vein are indicative, suggesting the possible presence of mineable shoots within an extensive system of gold bearing quartz veins. Considerable detailed sampling will be required to evaluate this possibility.

Recommendations

The following programme is recommended to further explore the HCF Claims.

PHASE I

Cut at least 6 long trenches across the projection of the alteration zone between the Lakeview Shaft and the White Star Adit and sample any exposed veins and adjacent wall rock. Where significant values are encountered in the cross trenches the veins should be stripped longitudinally and sampled at intervals of not less than 10'. The vertical continuity of the high grade sections of the vein would then be tested by a series of diamond holes. Three thousand feet of drilling is allocated to this work. The estimated cost of Phase I of the recommended programme is \$250,000.

PHASE II

Contingent upon the success of Phase I a second phase of exploration would consist of underground exploration and additional diamond drilling.



Respectfully Submitted,

[Handwritten Signature]
Albert F. Reeve, P. Eng.

May 18, 1983

Appendix A - References

Maps:

Yukon Revenue Mines Ltd.

Surface Plan	1:5000	scale	September	1980
Geological and Surface Plan	1:5000	scale	July	1981
No. 1 & No. 2 Vein Zones Assay Plan	1:1000	scale	November	1981
Claim Map 104-N-11W	1:50000	scale	May	1982
GSC, Geology Map 1082A	1:253440	scale		1959

Reports

- Annual Report Yukon Revenue			October 6,	1982
- W.T. Irvine, P.Eng.			June 22,	1981
- W.T. Irvine, P.Eng.			August 29,	1981
- W.T. Irvine, P.Eng.			May 22,	1980
- D.D. Cairnes, G.S.C.				1911
- B.C. Minister of Mines Report, p 676				1904

APPENDIX B

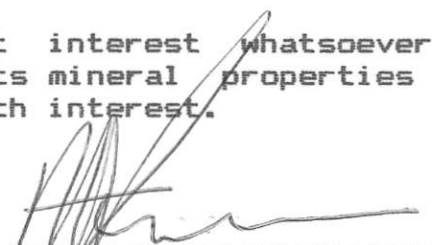
ALBERT F. REEVE LIMITED

CERTIFICATE

I, Albert F. Reeve of #4 Marine Crescent, R.R. #1, Gibsons, British Columbia do hereby certify that:

1. I am a geologist employed by Albert F. Reeve Limited of Vancouver, British Columbia and have practised as a mineral exploration geologist for the past 20 years.
2. I graduated from Michigan Technological University, Houghton, Michigan in 1961, with a Bachelor of Science Degree in Geological Engineering.
3. I am a member in good standing of the Association of Professional Engineers of British Columbia.
4. I have no direct or indirect interest whatsoever in Yukon Revenue Mines Ltd. or its mineral properties nor do I expect to receive any such interest.




Albert F. Reeve, P.Eng.

Vancouver, B.C.
May 18, 1983