Teuton Resources Corp. Properties

881830 TRS->Clone

Clone Gold

Summary

Updated January 29, 2006

High-grade gold-bearing shear zones were discovered by Teuton-Minvita prospectors in 1995 at the head of Sutton Glacier, 20 kilometres southeast of Stewart, BC. The discovery triggered a staking rush in the immediate area and ultimately led to a cash infusion of $2.6 million into joint owners Teuton and Minvita by Prime Resources-Homestake Canada, at that time the companies which controlled the rich Eskay Creek mine.

Drilling programs carried out from 1995-97 defined several high-grade gold shoots within the Main Zone, situated at the southeastern end of a 3 km long package of volcanic and sedimentary rocks (see illustration, below).

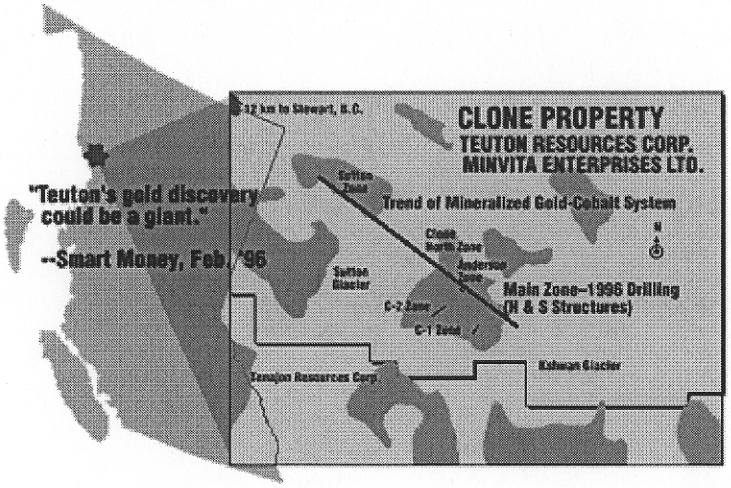
Due to low gold prices, little work was done on the Clone between 1999 and 2003. However, in 2003, Lateegra Resources Corp. optioned the property and carried out further drilling, primarily in the Main Zone, confirming and expanding the results of the 1995-7 work. The property was returned to Teuton-Minvita in 2005 after Lateegra declined to fund further work.

In November, 2006, on the strength of rising gold prices, the Clone property was again optioned out, this time to Canasia Industries Corp. ("CAJ.H"). Terms of the option require total expenditures of $1,800,000 over five years, total cash payments of $120,000 and share payments of 200,000 shares, in order for Canasia to vest a 50% interest in the property. Teuton-Minvita will act as operator of the property during the term of the option.

An Aeroquest helicopter-borne survey has been commissioned for the Clone property (to be funded by optionee Canasia) with results expected before the end of the first quarter of 2006. It is anticipated that targets established by this survey will be followed-up by diamond drilling during the 2006 Stewart region field season, set to begin in June-July as weather conditions permit.

Location

The Clone property is situated 20 kilometres southeast of Stewart, British Columbia. The Red Mountain gold project of Seabridge Gold (now in pre-feasibility) is located about 16 km to the north.



History and Property Status

The property was staked by Teuton-Minvita in 1994, as part of a regional effort aimed at exploration of virgin ground exposed by rapidly melting snow and icefields.

After discovery of high-grade gold-bearing shears on the Clone by Teuton-Minvita prospectors in 1995, several major mining companies attempted to option the property. Teuton-Minvita finally settled on Homestake Mining Canada and Prime Resources, at that time co-owners of the Eskay Creek mine. These two companies collectively agreed to take equity positions in Teuton-Minvita, raising $1.3 million for each of the Teuton and Minvita treasuries. The private placements were done at a significant premium to market at the time: $2.40 per share for Teuton, and $3.79 per share for Minvita.

Approximately $3,000,000 combined was spent on the Clone property by Teuton and Minvita between 1995 and 1998. Due to low gold prices, little work was done on the property between 1999 and 2002.

In June of 2003, the Clone property was optioned to Lateegra Resources Inc. Several holes were drilled by Lateegra in 2003, the best of which returned a 27.8 ft. interval grading 2.357 oz/ton gold (Hole CL-03-3). Lateegra did not carry out any work on the property in 2004 and the property was returned to Teuton-Minvita in early 2005.

In November, 2005, Canasia Industries Corporation ("CAJ.H") entered into an option to acquire a 50% interest in the Clone property under terms whereby it agreed to make staged cash payments totaling $120,000, issue 200,000 shares, and undertake exploration expenditures of $1,800,000 over the five year term of the option. Option cash and share payments are to be divided equally between Teuton and Minvita, joint owners of the Clone. Teuton-Minvita will act as operator during the term of the option.

Mineralized Showings

Main Zone

High-grade gold and gold-cobalt mineralization was discovered by Teuton prospectors in 1995 within a series of shears exposed over a strike length of 500m and a vertical range of 130m. Trenching of the shears returned values ranging up to 3.59 oz/ton gold over 5.5m (18 feet). Significant cobalt values were found to accompany gold in the southeast portion of the zone.

TABLE A TRENCH RESULTS

Trench #	Structure	Width (feet)	Gold (oz/ton)
4	H-1	18.0	3.59
7	S-1	9.5	1.65
10	S-2B	14.8	2.08
11	H-1	8.9	0.71
12	H-1	22.0	0.56
14	H-1	24.0	1.50
15	H-1	24.6	0.76
16	H-2	4.9	7.18
25	S-2A	9.8	1.03
28	S-2A	6.6	1.15
29	S-2A	8.7	0.96
64	S	11.0	0.52
78	H-1	26.3	0.90
81	H-1/S-2A	29.5	0.24

Drilling in 1995-96 was confined to the 500m long Main zone at the south end of the mineralized system, overlapping the original discovery area. The most promising structure outlined by the drilling was the "H-1" which yielded many holes carrying high-grade gold mineralization over significant widths. The best of these was Hole #110 which contained a 32.9 foot intercept grading 1.28 oz/ton gold. Some outstanding intersections were also reported from the parallel S-2A structure, known from trenching to host both gold and cobalt mineralization. Hole #18 into the S-2A contained a 19.7 foot intercept grading 1.53 oz/ton gold and 0.33% cobalt.

TABLE B

Selected Intercepts from the 1995-1996 Drilling on the Clone Property

Drill Hole	Interval (feet)	Gold (oz/ton)
4	16.4	0.61
8	9.8	1.67
10	26.2	1.85
11	30.0	0.64
11	13.1	0.89
18	19.7	1.53
25	12.0	0.64
68	8.9	1.29
72	27.5	0.38
74	12.9	0.63
84	11.5	0.90
91	50.9	0.22
110	32.9	1.28
124	23.0	0.43

An abbreviated 1997 program involved further diamond drilling, trenching and Induced Polarization geophysical surveys. Gold and or gold-cobalt mineralization consistent with previous drilling was encountered in many of the 15 holes drilled into the Main Zone area. A narrow gold-bearing intersection was obtained in one of the two holes drilled into the Bidwhacker (formerly known as the "Anderson") zone. The IP surveys indicated 13 anomalous areas but budget constraints did not allow drill testing.

A structural study of the Main zone area was carried out in 1998. This work indicated that the previous drilling had proceeded under an incorrect understanding of the structural controls for the gold-bearing shoots within the Main zone shears. This work was done by Ross Sherlock, Ph.D. of SRK Consultants who also prepared a geological and resource model for the Clone Project. This latter work included a resource estimate for the Main zone. Although several different methodologies were used to calculate tonnage/grade estimates (resulting in a wide range of results depending upon selection of most restrictive to least restrictive parameters), none of the estimates established sufficient gold ounces for an economic resource.

In 2003, while the property was under option to Lateegra Resources, 4 out of holes drilled into the Main zone intersected gold values. Results are summarized below:

TABLE C		
Selected Intercepts from the 2003 Drilling on the Clone Property		
Drill Hole	**Interval (feet)**	**Gold (oz/ton)**
CLO3-1	5.0	0.769
CLO3-2	27.8	2.357
CLO3-3	5.0	0.159
CLO3-4	5.0	3.023

Three short holes were also drilled on another target, the C-2 area, located 1 mile to the west and consisting of a number of narrow shears striking perpendicular to the main trend. None of these holes intersected significant mineralization.