

April 15, 2010

EBA File: W23101159.025

Yukon Energy Corporation
2 Miles Canyon Road
Whitehorse, Yukon Y1A 6S7

Attention: David Morrison
President and CEO

Subject: 2009 Air Photograph Acquisition – Jarvis River Area, Yukon

1.0 INTRODUCTION

EBA Engineering Consultants Ltd. (EBA) is presently managing a Yukon geothermal exploration program for Yukon Energy Corporation (YEC). The Jarvis River area in the Shawkak Valley near Haines Junction, Yukon is a significant area of interest of the geothermal exploration program as it includes favourable geological environment and a warm spring with numerous vents.

During a meeting with YEC in 2008, it was discussed that new air photos of the study area would be a useful tool for the ongoing exploration of the area. As YEC planned to have air photographs flown in 2009 at Gladstone Creek for an unrelated resource development study, it was recognized to be cost-effective to have photographs flown in the Jarvis River area at the same time. EBA provided an outline of a suitable coverage area to Hector Campbell of YEC in an e-mail on June 16, 2009.

2.0 PURPOSE

New, low level air photographs will aid the exploration program for this area. Stereographic interpretation of the air photographs can be helpful in assessing the following:

- Fault traces and morphological lineaments that might indicate underlying geological structures or lithologic contacts;
- Gross features of bedrock lithology and erosion;
- Existing hot springs or seeps;
- Vegetation lineaments potentially related to underlying structural bedrock;
- Anomalous or dead vegetation areas potentially indicating warm/hot water seeps or springs (or former springs);
- Orientation and field navigation for ground programs;
- Details useful for accessing and traversing the target areas;
- Areas of potential hazard from natural features or wildlife areas;
- Primary and backup helicopter landing zones (for field planning in case of emergency);

- Stream survey target reaches, including helicopter set down and pick up points; and,
- Planning for borehole location and access for the sub-surface geothermal exploration program.

3.0 RESULTS, CONCLUSIONS AND RECOMMENDATIONS

Geographic Air Survey Ltd. of Edmonton completed flights of the Jarvis River area on July 13, 2009. Sixty colour, 1:10,000-scale air photographs over four flight lines oriented southwest-northeast were provided that cover a wide corridor over the Jarvis River from the Alaska Highway to the east edge of the Kluane Ranges.

The air photographs were not available for planning and interpretation prior to the ground program and geology mapping that was completed by EBA in July 2009. However, the air photo coverage of the Jarvis River area was useful for planning, permitting and carrying out the geothermal gradient and warm spring exploration borehole program in November 2009.

To support continued geothermal exploration in this area, EBA recommends that the 2010 program include detailed stereographic air photo interpretation to supplement the existing work completed in the area, as detailed air photo interpretation was outside the scope of this phase of the YEC Yukon-Wide Geothermal Exploration Program.

We trust that the foregoing information meets your present requirements. If you have any questions or require further information, please contact the undersigned.

EBA Engineering Consultants Ltd.

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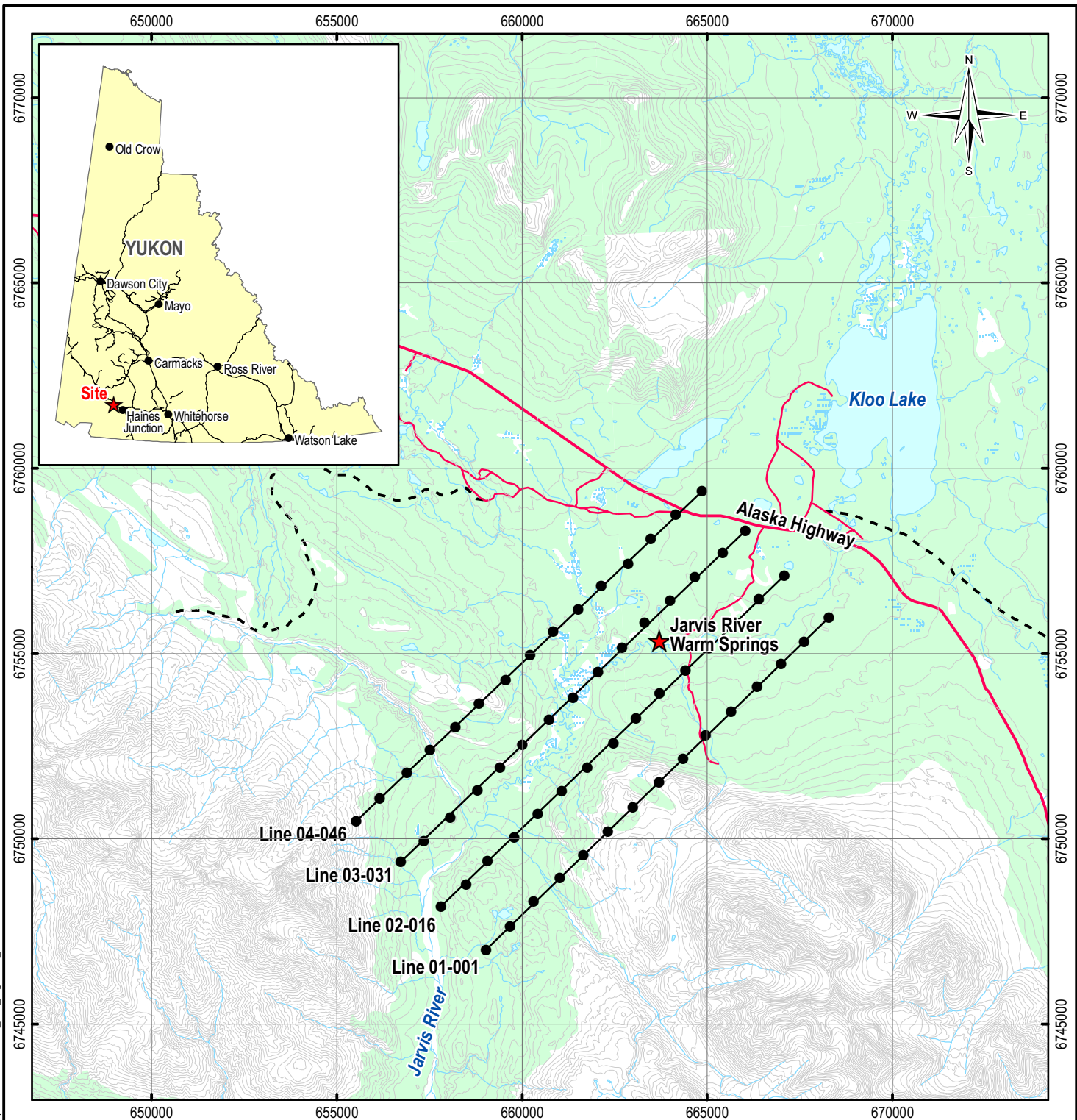
Attachments:

Figure 1: Study Area Location and Flight Lines



FIGURES





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LEGEND

- Air Photo Centre
- Flight Line
- Contour (100 ft)
- Limited Use Road
- Road
- - - Trail
- Watercourse
- Waterbody
- Wetland
- Vegetation

NOTES

Base data source:
NTS 1:50,000

**YUKON-WIDE GEOTHERMAL
EXPLORATION PROJECT**

**2009 Air Photographs
Jarvis River Area**

PROJECTION UTM Zone 7	DATUM NAD83
Scale: 1:150,000	

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OFFICE EBA-VANC	DATE April 27, 2010
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**YUKON
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Figure 1

ISSUED FOR USE