

REPORT
on the
JULIA CLAIMS

in the

FRANCES LAKE AREA
YUKON TERRITORIES

on behalf of

ARBOR RESOURCES LTD.

by

G. H. GIROUX, P.ENG.
MONTGOMERY CONSULTANTS LTD.

September 2, 1980

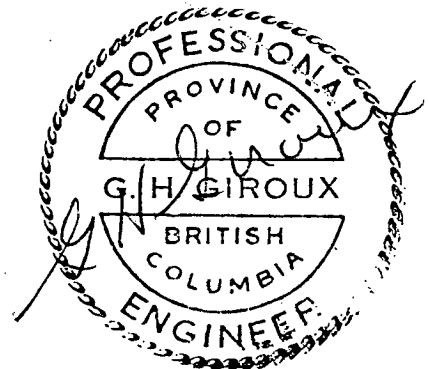


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1.0 SUMMARY AND CONCLUSIONS

Arbor Resources Incorporated of Vancouver, B.C., holds title to 54 claims in the Campbell Mountains, west of Frances Lake in the Yukon Territories.

The showing on the Julia claims consists of a siliceous iron rich layer between greenstones of Mississippian Age. The mineralization consists of disseminated to massive pyrite with minor chalcopyrite and values up to .06 oz/ton gold. The showing can be traced as a reddish gossan over an area 1,800 meters long by approximately 50 meters wide.

A three stage program has been recommended with stage one to include geochemical sampling and an EM-16 survey, at a cost of \$14,000.00. Stage two would consist of geologic mapping, additional geochemistry, an induced polarization survey and diamond drilling. Stage two would take about 2 months to complete at an estimated cost of \$170,000.00. A third stage of detailed diamond drilling would be warranted with favourable results in stages one and two.

2.0 INTRODUCTION

This report is written on behalf of Arbor Resources Incorporated of Vancouver, B.C., on the Julia mineral claims in the Campbell Mountain range, 150 kilometers southeast of Ross River.

The report is based on a visit to the property on August 17, 1980 and on a study of available literature.

A three stage program of exploration is recommended with the first two stages to cost an estimated \$184,000.00.

3.0 LOCATION AND ACCESS

The Julia Group of mineral claims is located in the Campbell Mountain Range about 150 kilometers southeast of Ross River in the Yukon Territories. The claims cover a ridge above tree line just west of Money Creek and about 20 kilometers west of Frances Lake.

Latitude: 61° 25' Longitude: 130° 00'

N.T.S. Map Sheets: 105 H/5 and 105 G/8

Access to the property is by helicopter either from Ross River or from the Robert Campbell Highway at Frances Lake, if more than one trip is necessary.

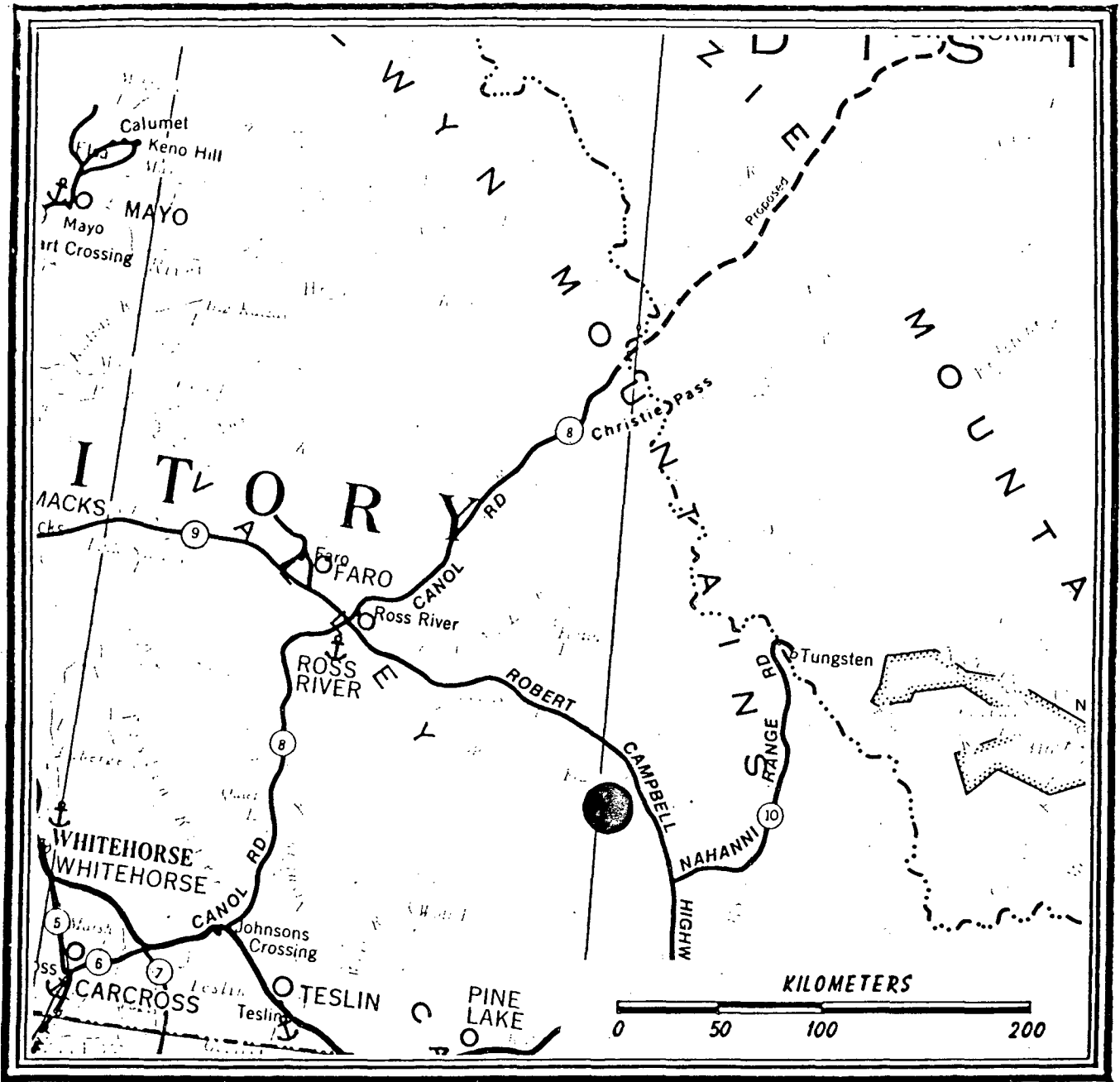
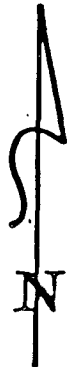


FIGURE 1

LOCATION MAP
 JULIA CLAIMS

ARBOR RESOURCES INC.



4.0 CLAIM INFORMATION

Arbor Resources Incorporated of Vancouver, B.C., holds title through an option agreement with Welcome North Mines Limited to 54 mineral claims in the Frances Lake area of the Yukon Territory. The writer saw several claim posts on the property and they appear to be staked properly in accordance with the Yukon Quartz Mining Act.

The claim information follows in table form.

CLAIM NAME	NO. OF CLAIMS	EXPIRY DATE
Julia 1 - 10	10	August, 1981
Julia 11 - 20	10	August, 1981
Julia 37 - 70	34	August, 1981
	—	
Total:	54	

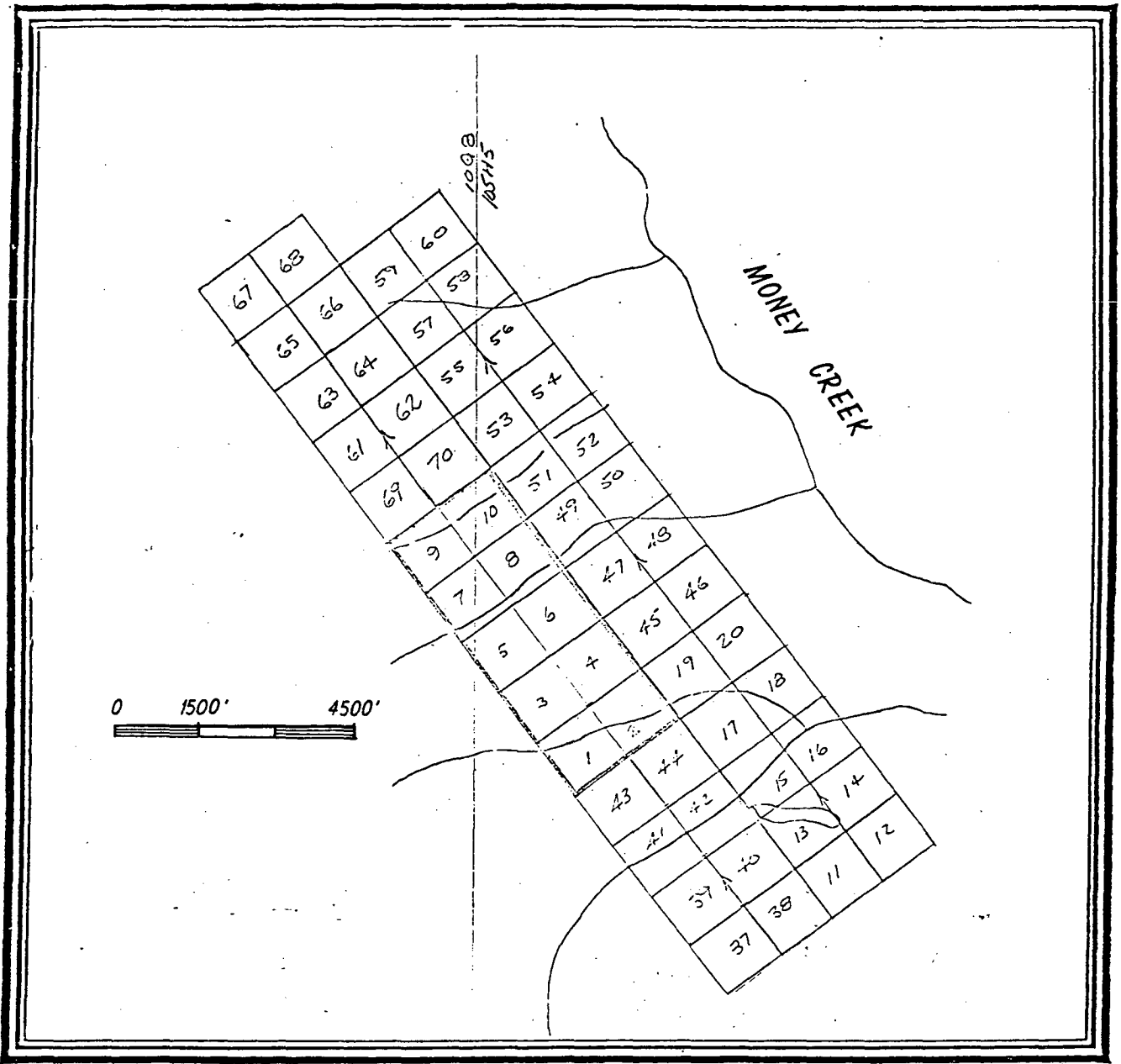


FIGURE 2

CLAIM MAP
JULIA CLAIMS
ARBOR RESOURCES INC.

5.0 REGIONAL GEOLOGY

The geology of the claim area has been mapped by Roots, Roddick and Blusson on map 6-1966, and by Wheeler, Green and Roddick on the adjoining sheet 8-1960. Both maps describe the rock type of the Julia claims as a Mississippian or Devonian greenstone, or meta-diorite with minor serpentine and amphibolite.

On the claim group, the rocks are foliated, fine grained greenstones, considered by Roots, Green et al to be volcanic in origin.

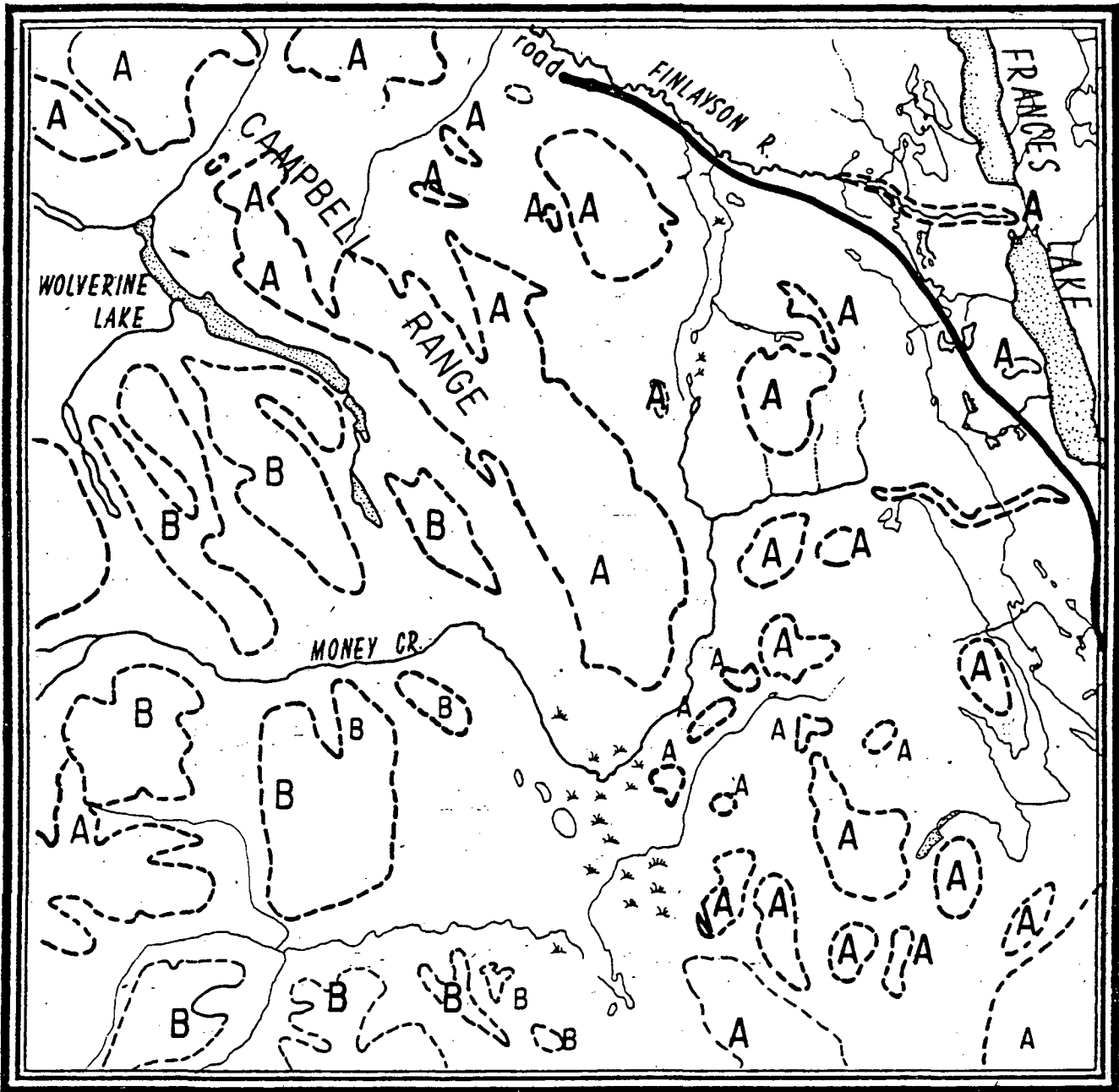


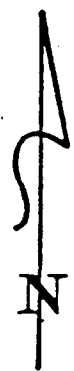
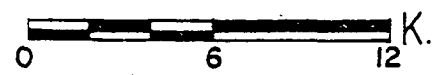
FIGURE 3

LEGEND
 A - Greenstone
 B - Quartz biotite
 & quartz chlorite
 schist.

REGIONAL GEOLOGY

(After Wheeler, Green, Roddick, Roots & Blusson;
8-1960 & 6-1966)

Julia Claims



ARBOR RESOURCES INC.

6.0 IRON GOSSAN SHOWING

The showing on the Julia claims consists of a leached siliceous iron rich layer within an acidic, volcanic pile, exposed in three creek beds over approximately 1,800 meters. The zone is highly weathered and shows up as a red gossan. The mineralized layer strikes to the northwest and appears to be dipping about 45 to 60 degrees east. The apparent width of the bed varies up to a maximum of 80 meters. (See Figure 4).

The hostrock is possibly a rhyolite phase of the greenstones that cover the claim area. The rock is highly siliceous with pyrite occurring as disseminations and cavity filling. The majority of the pyrite has been leached out leaving iron stained crystal indentations.

In the creek bed just southeast of the initial posts for Julia number 7 and 8 claims, massive sulphide boulders were found up to one meter square. These fragments appear to be close to their source and consist of banded pyrite with minor chalcopyrite and quartz. A selected piece of this boulder assayed .003 oz/ton Au, .80 oz/ton Ag and .239% Cu. Selected samples from this area taken by Welcome North staff are shown below.

	Au (oz/ton)	Ag (oz/ton)	Cu %
2CR - A	.002	.13	.03
- B	.030		.84
C	.015		.65
D	.040		2.06
E	.030	.83	.96
F	.040		.44
G	.060		.98
H	.020		.50

A rock chip sample taken by the writer across 15 meters near creek number 1 (See Figure 4), assayed .002 oz/ton Au, .06 oz/ton Ag and .024 % Cu.

7.0 RECOMMENDATIONS

The size of the mineralized gossan and therefore, the potential for significant tonnage and the presence of gold in assays, warrant an exploration program on the Julia claims. The program should be carried out in stages with each stage contingent on the previous.

Stage one would consist of detailed geochemical lines across the mineralized zone. Lines should be spaced 200 meters apart with samples taken every 20 meters. An EM-16 should be used to try and delineate the boundaries of the zone. This instrument might be able to detect a conductive layer under the greenstone and it is a very inexpensive survey tool.

If stage one returns positive results, a more extensive program should be commenced. Geologic mapping over the claim area on a scale of 1 to 5,000 should be carried out. Additional geochemistry over the remainder of the claim area should be completed with samples every 50 meters on lines 200 meters apart, with a view to locating possible extensions or parallel beds.

An induced polarization survey should be the best method of delineating the sulfide zone. Lines should be tested across the zone and down dip. Allowance for several depth probes has been made to best position drill

holes.

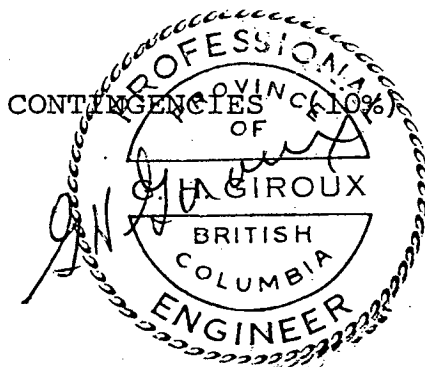
A preliminary diamond drill program of 2,000 feet is included in this stage. This should be sufficient to test the best geochemical and geophysical anomalies as well as determine the grade and thickness of the zone at depth.

Stage three would consist of additional diamond drilling if warranted by stage two results.

8.0 COST ESTIMATE

STAGE I

GEOLOGIST	10 days @ \$200.00/day	\$2,000.00
Line cutters & Soil samplers		
2 men	10 days each @ \$90.00/day	1,800.00
TRANSPORTATION		
Airfare to Whitehorse and Return		1,000.00
Truck Whitehorse - Ross River - and Return		300.00
Gas & Oil		150.00
Helicopter	Ross River - Property - and Return	2,000.00
ROOM & BOARD		
Motels and Meals		300.00
Food for Camp (5 days)		300.00
SUPPLIES & MATERIALS		200.00
Rentals		
EM-16		150.00
SBX-11 Radio		75.00
Camp Gear		100.00
GEOCHEMICAL ANALYSIS		
300 samples @ \$7.50/sample for Cu, Au, Ag.		2,250.00
SHIPPING		50.00
ENGINEERING & REPORT PREPARATION		<u>2,000.00</u>
		\$12,675.00
CONTINGENCIES (10%)		<u>1,325.00</u>
TOTAL:		\$14,000.00



8.0 COST ESTIMATE (cont'd)

STAGE II

GEOLOGIST	2 months @ \$4,500.00/mth.	\$9,000.00
Assistant	2 months @ \$2,700.00/mth.	5,400.00
Cook	2 months @ \$2,700.00/mth.	5,400.00

TRANSPORTATION

Airfares		3,000.00
Truck Rental (& Gas, Oil)		500.00
Helicopter (mobilization, demobilization, food trips, drill moves)		10,000.00

ROOM & BOARD

7 men x 2 months		10,000.00
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GEOCHEMICAL COSTS

300 soils @ \$7.50/sample		2,250.00
100 assays @ \$22.50/assay		2,250.00

CAMP COSTS		5,000.00
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RENTALS (Radio)		300.00
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INDUCED POLARIZATION SURVEY		8,000.00
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DIAMOND DRILLING

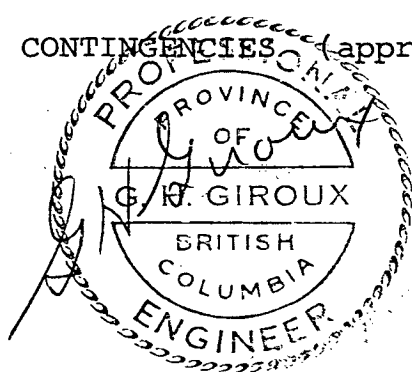
2,000 feet @ \$45.00/foot		90,000.00
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ENGINEERING & REPORT PREPARATION		<u>2,000.00</u>
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		\$153,100.00
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CONTINGENCIES (approx. 10%)		<u>16,900.00</u>
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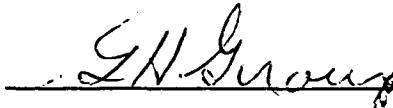
<u>TOTAL:</u>		\$170,000.00
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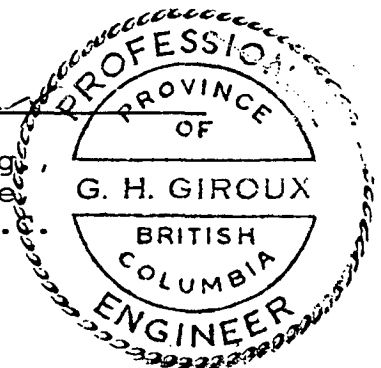


9.0 CERTIFICATE

I, G.H. GIROUX, of 982 Broadview Drive, North Vancouver, British Columbia, do hereby certify that:

1. I am a consulting geological engineer with an office at #605-850 West Hastings Street, Vancouver, British Columbia.
2. I am a graduate of the University of British Columbia (1970) with a degree in Geological Engineering (B.A.Sc.).
3. I have practiced my profession continuously since graduation.
4. I am a member in good standing of the Association of Professional Engineers of the Province of British Columbia.
5. I have no interest, either direct or indirect, in the properties or securities of Arbor Resources Ltd.; nor do I expect to receive any such interest.


G.H. Giroux, P. Eng.,
982 Broadview Drive,
North Vancouver, B.C.
September 2, 1980



10.0 BIBLIOGRAPHY

1. Wheeler, Green and Roddick; Geology of Finlayson Lake, Yukon Territory. GSC Map 8 - 1960.
2. Roots, Green, Roddick and Blusson; Geology Frances Lake, Yukon Territory and District of Mackenzie. GSC Map 6 - 1966.
3. Welcome North Mines Limited; Notes on Julia Claim Group, Private Report, 1980.

11. ASSAY CERTIFICATES



136B INDUSTRIAL RD, WHITEHORSE, YUKON Y1A 4X1

PHONE: (403) 667-8523

TELEX: 036-8-460

Certificate of Analysis

TO Welcome North Mines
1027 - 470 Granville St.
Vancouver, B.C.

REPORT NO. A-40-79

DATE August 6, 1980

I hereby certify that the following are the results of analyses made by us upon the herein described rock samples.

MARKED	oz/ton	oz/ton	%						
	Au	Ag	Cu						
1CR - A	0.002	0.06	0.24						
B	0.005		0.18						
C	0.002		0.12						
D	0.005		0.42						
2GR - A	0.002	0.13	0.03						
B	0.030		0.84						
C	0.015		0.65						
D	0.040		2.06						
E	0.030	0.83	0.96						
F	0.040		0.44						
G	0.060		0.98						
H	0.020		0.50						

*Risby
OEX
(JULIA)*

BONDAR-CLEGG & COMPANY LTD.

NOTE:

Rejects retained two weeks
Pulps retained three months
unless otherwise arranged.

Steven J. Simpson