

CHESBAR RESOURCES INC.

KERR ADDISON MINES LTD.

STATES EXPLORATION LTD.

006757

1987 DIAMOND DRILLING REPORT

CARMACKS PROJECT

VIC CLAIMS

WHITEHORSE MINING DIVISION

YUKON TERRITORY

NTS 115 I - 3

62° 09'N, 137° 10'W

UTM 6893000 m N

383000 m E

October 1987

A. Berry

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## INTRODUCTION

The Vic Claim Group consists of 126 claims, located in the southern part of the Dawson Mountain Range. It is situated on the northern perimeter of the Mount Nansen gold camp, an area of increasing mineral exploration.

A gravel road to the property boundary exists from the town of Carmacks about 45 km due east. Access to the showings is possible, although it necessitates a 4 wheel drive vehicle. The drive covers approximately 80 km and takes some two hours.

Two main areas of mineralization are noted. Both are situated centrally in the claim group and are in close proximity to one another. The "Main" or "War" Zone, is found on a ridge top, where numerous trenches to bedrock have been dug. Within this zone a number of gold showings have been found. The "North" Zone, located immediately northeast of the "Main" Zone has been delineated by 4 long northerly trending trenches in overburden. High-grade quartz float (up to 180 g/tonne) has been found in significant accumulations throughout the trenches, indicating a source independent from the "Main" Zone.

Gold mineralization is in east-west striking quartz veins usually dipping steeply south. The veins appear to occur exclusively in a foliated porphyritic lithology. Rhyolite dykes are seen commonly, and in some instances are spatially related with auriferous veins.

with auriferous veins.

A relationship between these dykes and gold bearing veins has yet to be established. Other lithologies on the property include an older metamorphic basement complex, non-foliated plutons and felsic to mafic volcanics with related intrusives and extrusive features.

The "Main" Zone was mapped in 1986. Due to minimal exposure the "North" Zone remains unmapped. In both cases, lithological and structural interpretation has proven difficult.

The claims were originally staked in 1948 by G. Dickson upon the discovery of high-grade quartz float and an apparent source vein. The group was optioned to Kerr Addison Mines Ltd. in 1985. In 1987 a joint venture proposal was put forth to Chesbar Resources Inc. who, upon agreement, conducted the following work in 1987.

- A) A drill program, designed to follow up on significant Au values found in 4 broad target areas. The program consisted of 1,300 m of N.Q. core.
- B) A comprehensive sampling program of all "North" Zone trenches was undertaken to scrutinize the available high-grade float and pin point possible sources.
- C) An E.D.M. survey to tie in the existing grid and 1987 diamond drill holes to Geodesic controls was undertaken.

PROPERTY LOCATION AND ACCESS

The property is situated 47 km west from Carmacks, Yukon Territory. It is in the Dawson Mountain Range on the Northern periphery of the Mount Nansen gold camp. The area consists of many active placer operations, past producing mines, numerous precious metals occurrences and is presently under active mineral exploration.

The claim group is located immediately northwest of the Victoria Mountain summit. It is found on the N.T.S. map sheet 115 I/3 from 62° 08' to 62° 10' north latitude and from 137° 06' to 137° 17' west longitude. U.T.M. coordinates are approximately 6893000 m N to 6896000 m N and 381000 m E to 390000 m E.

Road access from Carmacks on the Dawson highway to the property boundary is a distance of about 75 km. 60 km of this, to the Mount Nansen minesite, is maintained by the Yukon Territorial Government. The remaining 15 km is rugged but easily passable. A high clay content in the road bed makes travel difficult during rains.

A 5 km cat trail transects the property along Iron Creek east to the mineralized showings. A 4 wheel drive vehicle is a necessity and access can be dependent on particular conditions. The route was upgraded, minimally, with a bulldozer following the 1987 program.

The road trip takes around 2 hours from Carmacks and close to 4 hours from Whitehorse. A helicopter is presently available in Carmacks. The flight takes about 20 minutes.

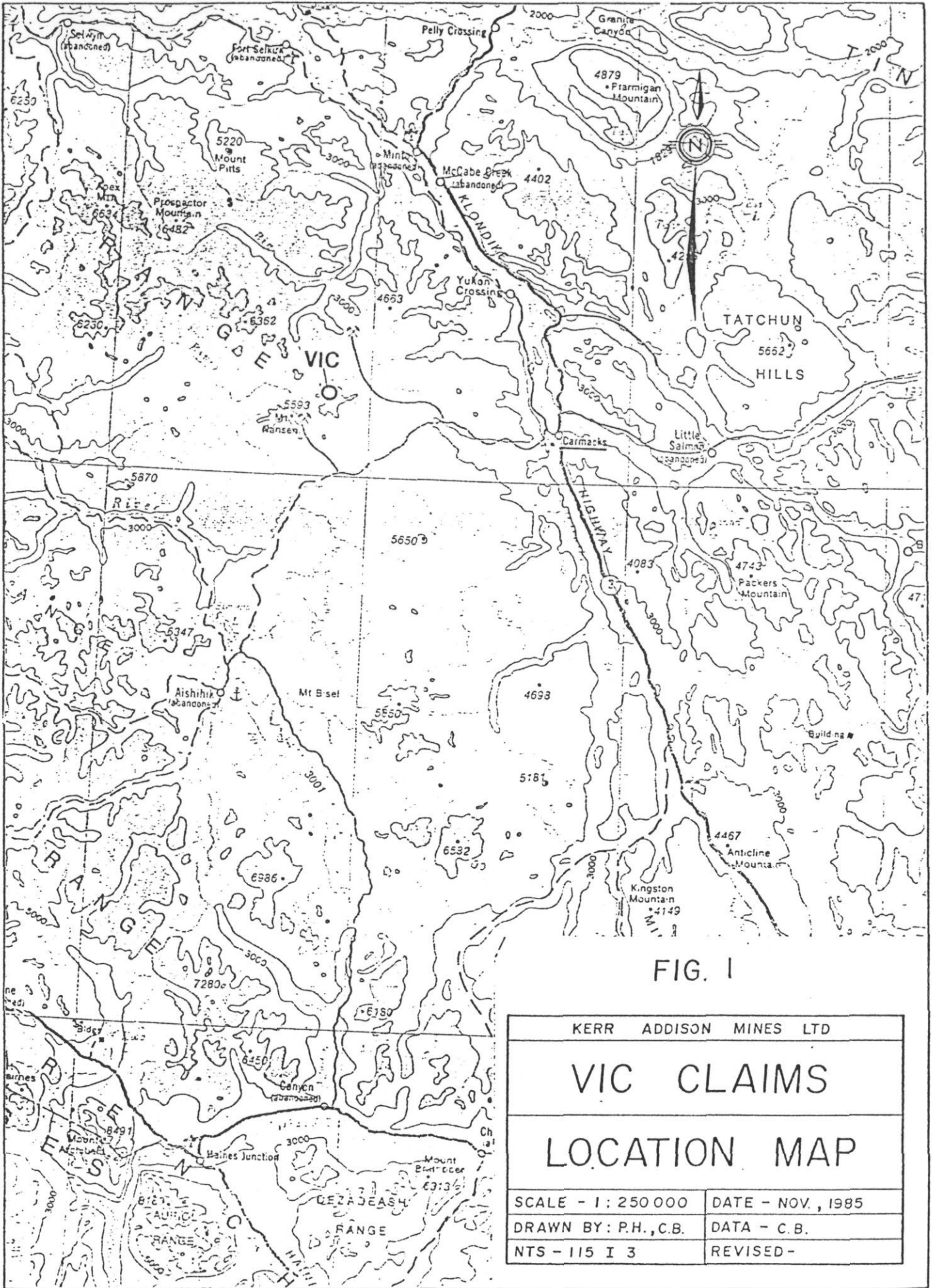


FIG. 1

KERR ADDISON MINES LTD	
VIC CLAIMS	
LOCATION MAP	
SCALE - 1 : 250 000	DATE - NOV., 1985
DRAWN BY: P.H., C.B.	DATA - C.B.
NTS - 115 I 3	REVISED -

PROPERTY DESCRIPTION

Comprised of 126 claims, the claim group covers an area about 4 km X 8 km with elevations ranging from near 1,200 m a.s.l. in the West to about 1,775 m a.s.l. in the East. The property lies centrally upon a westerly trending ridge located on the North side of the Victoria Mountain summit. Included are the adjoining Northern and Southern valleys and a good portion of the corresponding ridges. Topography is smooth and rolling with minimal outcrop except for the occasional tors and castles found on the ridge tops.

The Northern valley hosts a "saddle" from which the headwaters of both Iron Creek and Rowlinson Creek originate. This feature is known to form a shallow pond in wet years with drainage flowing west along Iron Creek. The Klaza River, also flowing west, has origins in the southern valley.

The area is subject to permafrost and climatic extremes with temperatures ranging from -45°c to +30°c. Described as an arid environment precipitation tends to be low. Vegetation reflects the environment, occasional small spruce trees among often prolific buckbrush are found in the valleys. Further upslope there are smaller shrubs, grasses and thick mosses. The ridge tops are windswept with loose rock fragments, or felsenmeer, plus lichens and occasional grasses.

The area remains unglaciated and, as mentioned, there is very little outcrop. It is believed the felsenmeer, scree and talus has been transported only a short distance down slope, and is fairly representative of the underlying bedrock. Overburden, particularly downslope, as indicated by drilling can be deep, reaching depths of perhaps 25 m. Trenching on the ridge top has shown the overburden to be shallow and an accurate indication of the underlying lithologies.

## PROPERTY HISTORY

Initial exploration in the area began with the discovery of placer gold in many of the local creeks during the early 1900's. This property was originally staked in 1948 by G. Dickson and K. Springer following the discovery of high-grade quartz float, in the headwaters of Iron Creek, and the follow up discovery of a small high-grade quartz vein on the adjoining ridge. Initial work consisted of trenching and a drill program comprised of 8 holes totalling 122 m. This work was conducted under option in 1958 by Asbestos Corporation. Subsequent to this trenching was undertaken by Peso Silver Ltd. in 1965 and a soil sampling program commenced in 1968 by Associated Geological Services Ltd. Trenching, again, and bulk sampling were carried out, by Skyline Exploration Ltd. with joint venture partner Dynasty Exploration Ltd., in 1974.

Kerr Addison Mines Ltd. optioned the property in 1985 and in 1987 a joint venture agreement was reached with Chesbar Resources Inc.

Kerr Addison initiated a concise exploration program in the summer of 1985. Work to date consists of the following:

### 1985

- Establishment of a picket grid
- Preliminary Mapping
- Soil and Rock Sampling

The 1985 work outlined two mineralized zones, the "War" or "Main" zone and the "North" zone.

1986

- Property Mapping at 1:5000, 1:2000 and 1:500
- Soil, silt and rock sampling (for Au, Ag, As, Sb)
- Geophysical surveys - Magnetometer - 11.95 Line km
  - VLF-EM - 10,725 Line km
  - Self-Potential - 8.92 Line km
  - Resistivity - (apparently unsuccessful)
- Grid transit survey, grid extension
- Backhoe trenching totalling approximately 1070 m
- 19 BQ diamond drill holes totalling 1594.41 m

1987

Chesbar Resources carried out the following work during the past field season:

- 12 NQ, 1BQ diamond drill hole totalling 1291.4 m
- "North" zone rock sampling
- E.D.M. grid and drill collar survey with geodesic control

Claim List

The VIC claim group consists of the following 126 claims;

<u>Claim</u>	<u>Record Number</u>	<u>Record Date</u>	<u>Expiry Date</u>
VIC 1 - 6	YA 86308 - YA 86313	December 17, 1984	December 17, 1991
VIC - 7	Y 76007	July 17, 1972	July 17, 1991
VIC - 8	YA 86314	December 17, 1984	December 17, 1991
VIC - 9	Y 76009	July 17, 1972	July 17, 1991
VIC 10 - 23	YA 96316 - YA 86328	December 17, 1984	December 17, 1991
VIC - 24	Y 76024	July 17, 1972	July 17, 1991
VIC - 25	YA 86329	December 17, 1984	December 17, 1991
VIC - 26	Y 76026	July 17, 1972	July 17, 1991
VIC 27 - 32	YA 86330 - YA 86335	December 17, 1984	December 17, 1991
VIC 33 - 58	YA 93037 - YA 93062	August 15, 1985	August 15, 1991
VIC 60 - 118	YA 93064 - YA 93122	August 15, 1985	August 15, 1991
VG 1 - 8	YA 86404 - YA 86413	December 20, 1984	December 20, 1991

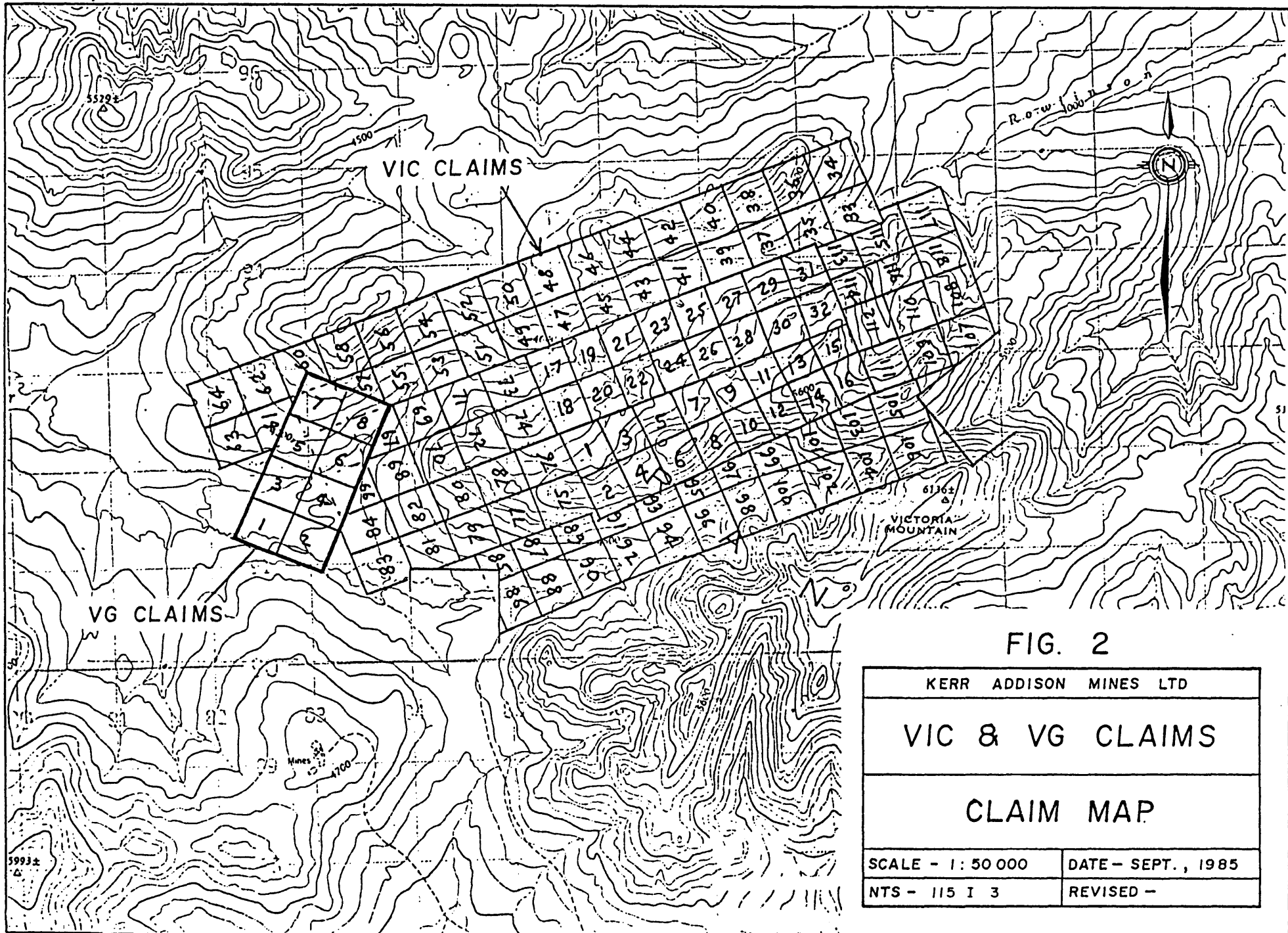


FIG. 2

KERR ADDISON MINES LTD	
VIC & VG CLAIMS	
CLAIM MAP	
SCALE - 1:50 000	DATE - SEPT., 1985
NTS - 115 I 3	REVISED -

REGIONAL GEOLOGY

Regional mapping of the Mount Nansen area has been undertaken most recently by G. Carlson (I.N.A.C. open file 1987-2, 1987) previously by Bostock (G.S.C. memoir 189; 1938) and by Tempelman-Kluit (G.S.C. open file 200, 1974; and G.S.C. open file 1101, 1984).

The "VIC" Property is situated in the southern part of the Dawson Mountain Range. The area is underlayed by a Paleozoic Metamorphic basement complex referred to as the Yukon Crystalline Terrane. The unit consists of both autochthonous metasedimentary schists and allochthonous gneisses. It appears to have been subject to 2 multiphase intrusive events. Foliated plutonics were introduced during metamorphism and regional uplifting during the triassic-jurassic period, and granite - granodiorite in the early cretaceous. Most recent events include mid-cretaceous Mount Nansen volcanics, which in turn are overlaid by late cretaceous to paleocene mafic flows of the Carmacks volcanics.

A brief description of these rock units are as follows:

Paleozoic Yukon Group Metamorphic Basement Complex

- Granite gneiss, hornblende-biotite-feldspar gneiss, amphibolite, quartz-feldspar-mica schist, quartzite, micaceous quartzite, marble.

- Displays a constant north-east trend, most commonly N 25°E dipping -40°s. Regional folding is indicated with the fold axis parallel to foliation and a northeast plunge.

#### Triassic-Jurassic-Early Cretaceous Plutonics

- Orthoclase-Hornblende-syenite porphyry, plagioclase - hornblende monzonite leucogranodiorite, granodiorite and granite (earlier intrusives foliated)
- Although definition by foliation attitudes prove variable and difficult to measure. Northwest and northeast trends predominate.

#### Mid Cretaceous Mount Nansen Group

- Rhyolitic to andesitic flows, tuffs, pyroclastics and related subvolcanic porphyritic intrusives.
- Steeply dipping with a strike range over 360°. Concentrations are at 40° and 330°.

#### Late Cretaceous Carmacks Group

- Andesitic to Basaltic flows, tuffs, dykes and plugs.
- Strike orientations cover 360°. Flow layers usually are within 10° of horizontal, displaying near vertical jointing at 340° and 70°.

Area mineralization controls are structurally related. The larger regional features have concentrating effects on local igneous activity. Macro scale structures provide the necessary dilatent zones for focus of mineralized hydrothermal solutions.

Major regional structures parallel the northwest trending Tintina Fault found 100 km northeast of the area. The fault is a large strike-slip feature with up to 450 km of right lateral displacement. Locally the northwest trending Big Creek Fault, northeast of the property shows a distinct lithological change across the structure. It appears to be the northside of a graben, or down thrown feature with the southwest side descending due to the Mount Nansen volcanics and possibly the Carmacks event. A second parallel feature exists, immediately west of the claim group, following the main axis of what is known as the Casino granodiorite, through many of the Nansen area mineral occurrences.

A major regional structure trending northeast is known as the Minto linear, located 20 km north of the property. This may be an older feature due to a loss of topographic indications where it intersects the Big Creek Fault.

A local feature trending east northeast is the Millar fault passing about 5 km north of Victoria Mountain and Mount Nansen. It appears to be a truncation structure related to the Big Creek fault and can be traced west topographically. At least 4

parallel structures can be identified in the immediate vicinity, 2 are situated in part within the "Vic" claim group. One of these is quite large with a strike length of at least 60 km. It is interesting to note the auriferous veins on the property strike sub-parallel to this structure.

Significant regional mineralization appears in association with intrusive quartz stockworks and breccias found normally with low sulphide and base metal values. The most common host is the metamorphic basement complex and the most important zones are found in association with porphyritic systems.

Capping the western portions of the central and southern ridges are the overlying andestic Mount Nansen volcanics. Elsewhere on the property it appears they have been completely eroded. A large basalt flow of the Carmacks group is found to the east of the property.

In the mineralized area rhyodacite (porphyry), dacite (porphyry) andesite and rhyolite dykes all intrude the syenite feldspar - hornblende porphyry.

The rhyodacite occurs only in the trenched area with irregular, undulating, contacts forming a network described as a braided dyke swarm. (K. Heberlein, 1986). A gradational change to a porphyry texture is common and occasionally from one unit to the other. They appear to originate from the felsic to intermediate late cretaceous Mount Nansen intrusive events. The dykes strike north to northeast and dip steeply in either direction.

The rhyolite and andesite dykes are intrusive only to the syenite porphyry. The dykes strike east northeast and usually dip steeply south. Auriferous quartz veins tend to follow these intrusives, particularly the rhyolite. Lower grade quartz carbonate veins are often found on the contacts of the andesites.

PROPERTY GEOLOGY

The most common lithology on the property is a weakly foliated syenite-hornblende porphyry. Its characteristics place it in the Jurassic Mount Freegold Meta-Plutonic suite (as described by Templeton-Kluit, 1974) making it probably the oldest intrusive unit. Covering the largest area, it's found centrally in the claim group and appears to be the exclusive host to the high-grade quartz veins. Found as inclusions are rafts or perhaps fault wedges of the basement, Yukon Group granitic gneiss, which is presumably the oldest rock type on the property.

A number of later stage plutons are also found on the property but, at present have not been seen with significant gold mineralization. To the west is the early cretaceous "Casino granodiorite" a non-foliated biotite ± hornblende which hosts many Nansen camp showings. Some quartz float has been located in this area, values range to 190 ppb. A granitic porphyry is located adjacent to the north of the "Casino granodiorite". A relationship between the 2 units and the quartz float is unknown.

A second later stage porphyritic-syenite plug, identified by Carlson as being late cretaceous, is located to the east in the claim group. A quartz vein within this lithology, near the peak of Victoria Mountain, assayed 2.54g/t (K. Heverlein, 1986).

Carlson indicates that most of the area mineralization occurred during a basal rhyolitic episode related to the paleozoic Carmacks volcanism. It is entirely possible that the "Vic" veins were emplaced earlier, the most logical time would be an early Cretaceous, basal, sub-volcanic Nansen events. Although rare, Carlson has noted high level felsic intrusions, commonly flow banded, as part of the Mount Nansen suite. The rhyolite displays this characteristic, indicating the dykes and gold mineralization originated with the Mount Nansen volcanics.

Structure is the main control on location and attitude of mineralization. Two major faults striking approximately north 70°E are found to the north of the mineralization. One is the Millar fault. The second fault located on the property, strikes close to the peak of Mount Nansen, perhaps playing a major role in the emplacement of gold mineralization. Gold-bearing quartz veins are also parallel and sub-parallel to the Millar fault. The number one quartz vein in the "North zone" consistently strikes N 75°E and dips -75°S. Bifurcation is known to occur although, at present, no north-south fault displacement has been recognized. The "War" zone veins trend in similar fashion, they have however, proven discontinuous due to north south faulting.

Propylitization results in the following alteration products: epidote, chlorite and weak sericite.

In more intense areas of deformation, clay is encountered. Near surface rocks are susceptible to oxidation often following small shears producing fault gouges, and resulting with limonitic and hematitic alteration products. Silicification was noted "flooding" the syenite feldspar-hornblende porphyry on one occasion. Minor fine-grained associated pyrite was noted although this did little to enhance gold mineralization.

The auriferous veins occur in all stages of alteration although there may be a propylitic increase, primarily in epidote concentration, found in the immediate wall rock adjacent to the veins. In some instances low gold values can be found in the porphyritic syenite wall rock.

The gold-bearing quartz veins are lensy and relatively continuous though, as mentioned, the "War" zone tends to be somewhat faulted. The largest vein or vein system is the number one vein in the "North" zone which can be followed for over 300m and has widths greater than 1.5 metres. Drill core assays have been as high as 54g/ton.

The quartz is very low in sulfides and often has a banded or lineated appearance. Brecciation with hematite fracture filling is common.

Textures include sugary, drusy, coxcomb, massive and fine-grained. Quartz is usually white to whitish grey uncommonly displaying a blue hue due to rare, but occasionally identifiable, molybdenite. Limonite is common in hairline fractures and as a coating on fracture planes. Visible gold is rare. K. Heberlein and L. Lyons, in 1986 noticed grey cross-cutting quartz stringers within massive white quartz suggesting two veining episodes.

Quartz carbonate veins, as mentioned, do occur in conjunction with the andesite dykes. They tend to be small, low grade, commonly banded and barren of sulphides. Very large calcite crystals were noted in vugs. Age distinctions between the quartz carbonate and the highgrade homogenous quartz veins have not been distinguished.

Although quartz float has been located in other areas of the property, values have been low. At present the only target area is the one being currently explored. Due to minimal exposure and limited exploration on the property, potential for new zones is high.

### PROPERTY LITHOLOGIES

Geological classification for the 1987 program is based upon previous mapping and drilling with emphasis being placed on the development of a coherent set of rock lithologies for core logging purposes. The majority of previously mapped lithologies were recognized during the drill program. All rock types drilled have been noted in prior work.

A lack of surface exposure and very unpredictable structural orientation have contributed towards making geological interpretation difficult at times. Rocks encountered appear to be exclusively intrusive, although some of the classifications do not entirely fit this classification. Rock lithologies are described as follows:

#### SF/HP - Syenite Feldspar/Hornblende Porphyry

- whitish pink to reddish pink, weakly foliated
- coarse grained equigranular to very coarse porphyry with euhedral K-feldspar up to 6 cm, averaging 2 cm, comprising up to 25% of the rock. Interstitial feldspar (usually K-feldspar, occasionally plagioclase) comprises up to 60% of the fabric and is usually potassically altered to some degree occasionally strongly. Euhedral hornblende crystals up to 1.5 cm, averaging 0.4 cm, comprise 20% to 80% of the rock. Chloritization of the hornblende has been noted.

- Often intensely oxidized, particularly near surface with limonite and hematite alteration leaving the fabric incompetent. Colour ranges from yellowish brown to purplish red.
- Epidote occurs replacing feldspars, up to 15%, and in fine hairline fractures sometimes with minor carbonate.
- Scarce fine grained magnetite.
- Weak to moderately magnetic.
- Generally non-calcareous with exceptions.
- Constituents have a common gneissic texture, the K-feldspars being elongated and alligning with such.
- Locally cut by seemingly erratic small quartz, K-feldspar pegmatite dyklets to 3 cm.
- Unit appears to be the exclusive host to the auriferous quartz veins.
- All other units appear to crosscut this particular lithology.

D, DF (H) P - Dacite, Dacite Feldspar (Hornblende) Porphyry

- Dark grey to whitish grey.
- Medium grained, non-silicified.
- Sub to euhedral (square) white feldspar phenocrysts, consistently 0.2 cm, comprise up to 50% of the rock.
- Usually minor, <10%, fine-grained euhedral hornblende with infrequent occurrences of medium-grained, up to 0.7 cm, euhedral hornblende comprising up to 30% of fabric.

- Locally oxidized with limonitic alteration primarily related to fractures. Oxidation zones displays feldspar phenocrysts clearly.
- Common epidote alteration of feldspars up to 10%, generally weak.
- Calcareous in hairline fractures and occasional calcitic stringers.
- Weak to moderately magnetic.
- Normally sharp distinct contacts with weak chill margins.
- Occurs as dyklets, dykes and larger, seemingly irregular, bodies.

RD, RDFP - Rhyocacite, Rhyodacite Feldspar Porphyry

Pinkish red to orangish pink.

- Fine-grained matrix, silicious.
- Sub to euhedral (square) white feldspar phenocrysts, <2mm, up to 30%, average 10%, of fabric. Uncommon very fine disseminated dark quartz eyes generally comprising <5%.
- Occasional weak to moderate oxidation with limonite alteration.
- Calcareous hairline fractures.  
weakly magnetic.
- Common distinct sharp contacts, unit has been noted in one instance to grade into a dacite porphyry.
- Occurs as dyklets, dykes and larger, seemingly irregular, bodies.

A - Andesite (Dyke)

- Dark green.
- Fine to medium fine grained, massive, relatively soft.
- Frequently with well rounded calcitic amygdules up to 5mm, averaging 1 mm - 2 mm, normally up to 10%. Occassionally the amygdules contain epidote.
- Trace to 10% very fine disseminated quartz eyes.
- Calcitic hairline fractures.
- Occasional oxidation and limonite alteration. Bleaching has also been noted producing an incompetent fabric.
- Bleached colour ranges from a light green to whitish yellow.
- Distinct contacts often displaying classic chill margins.
- Noted to occur with quartz carbonate veinlets on the contacts although these have proven only weakly anomalous in Au values.
- Appears to occur exclusively as small dykes.

R - Rhyolite (Dyke)

- Beige
- Very fine grained, silicious.
- Commonly displays an abundance of dendritic manganese particlurly on fracture surfaces.
- Trace to minor fine grained pyrite cubes.
- Limonite is common on fracture surfaces, fresh breaks can be concoidal.
- Normally sharp distinct contacts which often have intermitant light and dark bands that represent flow banding.
- Oxidized features are uncommon.
- Noted to occur with and within the auriferous quartz veins.

B = HGD- Biotite Hornblende Granodiorite (Casino granodiorite)

- Grey to orange grey
- Medium-grained, equigranular, massive, non-foliated.
- Equal K-feldspar - plagioclase content.
- Euhedral biotite to 2 mm, 10% - 15%.
- Sub-euhedral hornblende to 2 mm up to 2%.
- Non calcareous, locally weakly magnetic.
- No visible sulphides.

GN - Granitic Gneiss

- Grey, recessive.
- Fine to medium-grained, foliated.
- Parallel weak to strong banding up to 30 cm wide.
- N-S orientation
- Varies from quartz to feldspar rich, with bands of coarse amphibolite.
- Non-calcareous, non magnetic to weakly magnetic.
- No visible sulphides

1987 DIAMOND DRILLING

A drill program conducted by Kerr Addison in the summer of 1986 returned significant gold values in a number of target areas. A follow up program was conceived for the 1987 field season. E. Caron Diamond Drilling of Whitehorse, Yukon was contracted on July 16. A previously existing cat trail was upgraded minimally to ease vehicle access to the drill site.

Drilling commenced July 18 with D.D.H. 87-01. Holes were numbered consecutively as drilled. 12 holes were drilled and one previous hole, 86-19, was extended. Drilling finished August 29, with 1267.9 m of N.Q. and 23.5 m of B.Q. core totalling 1291.4 m. The core is currently piled on the northwest portion of the property, in close proximity to the access route.

All samples were sent via air freight, to Min-En Laboratory in Vancouver, British Columbia, for preparation and analysis. Samples were crushed to 150 mesh and a sample size of 1/2 assay ton was fire assayed. A number of samples were check assayed for confirmation. Selected rejects were sent to Bondar Clegg Assayers, Vancouver, British Columbia for further verification.

Drill holes were located using a compass, chain and visual estimation of elevation. All casing remains in situ. Thompson and Ilse surveyors of Whitehorse were contracted to survey these casings and tie in the existing grid (oriented at azimuth 340°) by E.D.M., to local geodesic benchmarks.

The aim of the program was to follow up on targets which proved successful in previous drilling and to test the potential of the "North" zone.

Essentially, the program examined the following 4 target areas:

1. The Number 1 Zone

Diamond Drill Holes 87-01 through 87-03 were drilled as follow up to significant assays intersected in 86-01, 86-17 and 86-18. The zone is at present without a surface expression. It is found on the boundary of the "Main" and "North" zone and is in part or perhaps wholly responsible for the north zone high-grade float.

Results for all three holes proved disappointing. 87-01 and 87-02, displaying encouraging continuity intersecting the zone as predicted.

87-01 encountered 2 anomalous veins, displaying a zone bifurcation, the lower with minor pyrite. 87-02 intersected 2 anomalous veinlets 20 cm apart showing higher values in the weakly brecciated porphyritic syenite hanging wall. 87-03 was particularly disappointing with the vein structure being cut off by a rhyodacite feldspar porphyry dyke.

87-05 was drilled to intersect the same vein. The objective being to encounter the zone near surface and probe for further down dip parallel veins systems. Results from the predicted #1 zone intersection were encouraging, footwall mineralization was not encountered. 86-19 was extended and encountered the zone, again where predicted. The results, 15.1g/1.6 m, are considered very encouraging.

## 2. The "North" Zone

Diamond drill hole 87-05 had a dual purpose. It was the southern most hole in a fence pattern drilled to locate the sources of high-grade float (up to 180 g/tonne) in the "North" zone. Holes 87-05 through 87-08 were spotted on L21+00E grid north at -45°. Targets were VLF-EM anomalies corresponding with high-grade float. Full coverage of ground between 6+70N and 9+50N was achieved. No significant intersections were encountered, other than that of zone #1 in 87-05.

An attempt to intersect a northerly trending float source was made with holes 87-11 and 87-12. These holes are spotted central to the "North" zone in an area of high float accumulation and equally high assays (average >40 g/tonne). The holes, 87-11 bearing S 70°W, and 87-12 bearing N 20°E failed to encounter auriferous mineralization.

### 3. The Dickson Discovery Vein

During talks with G. Dickson concerning the property reference was made to a high-grade showing apparently not included on recent maps. Surface assays (up to 92 g/tonne) are considerable and justified at least one hole. 87-09 was targeted to hit the vein a short distance from surface. The intersection was deeper than anticipated due to an uncommon northerly dip. The vein encountered was similar in size and appearance with the surface showing and a second hole was decided upon. 87-10 was drilled from the north, targeted 30m down dip from the previous intersections. The hole encountered a zone of small quartz stringers but failed to intersect a vein.

Assays in both holes proved dissappointing. Although the quartz in 87-09 was anomalous (2.00 g/ 40 cm) the high assays indicated on surface apparently do not extend immediately to depth.

### 4. The East "War" Zone

Respectable values from 86-09 (17.8 g/40cm) and 86-13 (10.8 g/40 cm) warranted further in investigation. 87-04 was spotted 22.5 m, to the west of these. A large quartz breccia zone in conjunction with a bleached andesite dyke was encountered. Surface showings and previous holes indicate this zone is complex.

Again assays were anomalous (1.21 g/50cm and 1.42 g/50cm) and did not make ore grade. A number of previous holes in the immediate area have produced similar results.

NORTH ZONE FLOAT SAMPLES

The initial "North Zone" trench map displayed somewhat inconsistent sampling widths and procedures. This made it difficult to interpret possible targets as a source for float material. A resampling of the trenches commenced in the later stages of the field season. All available quartz float was over 25 m intervals was collected, weighed and briefly described. When large boulders were encountered they were sampled individually. When no quartz was found, it was noted and any particular cause, the sampling continued until a minimum sample size (1 kg) had been accumulated.

Assays range from .01g/ton to 180.0g/ton Au, accumulations reached more than 15 kg. Results are represented on a plan map.

Interpretation is again difficult with the numbers being relatively erratic. Indications are the #1 zone quartz vein is the source. Assays and accumulations drop significantly upslope of the projected surface exposure. Trenches 30 and 31 demonstrate this most clearly. There may be other sources downslope, as the high-grade float continues for almost 1 km, but and accurate prediction is impossible.

CONCLUSION

The 1987 program was small and concentrated heavily on drilling potential sources of high-grade quartz float located in the "North" zone trenches. Due to the limited surface information drilling was an effective solution to the questions proposed by the "North" zone. Although, the drilling completed did not encounter mineralization the possibility exists that a parallel vein system may be found within the area cut-off by a rhyodacite or dacite dyke. The down slope possibilities are strong due to the confirmation of the porphyritic syenite host and there is a gap currently at the southern extension adjacent of the north of the #1 zone vein.

The known zones are large and, although presently surface exposures indicate discontinuous values, there is still the depth potential. To date drilling the #1 zone has been highly successful, proving ore grade intersections and good continuity of the structure.

Recent government work by G. Carlson has proven very helpful in understanding the property geology, lithological identification and modes of local gold deposition. Using the known models eases exploration and provides even greater potential for locating further targets.

RECOMMENDATIONS

Drilling should continue in the 1988 field season. A single drill program is advisable with work commencing as soon as weather permits, probably in early June. Emphasis is placed on the #1 zone vein which at present holds the highest potential.

Initial holes should concentrate on defining strike extension to the east and west (eastern holes are to be drilled first) in an attempt to build up near surface tonnage. Further down dip holes are required under the highest grade, near surface intersections. The attempt being to delineate ore shoots or a plunge to the auriferous system. Drilling should continue as such, providing results are satisfactory. If not, a single deep hole under the present high-grade assays should be considered.

The "War" zone vein systems are not to be ignored. They also warrant further selected drilling, testing near surface potential and then perhaps the possible depth extension.

The 1988 diamond drill program should consist of a minimum 2,000 meters, by all indications BQ core is sufficient.

Other work warranted involves further prospecting, more geophysics and perhaps trenching with a backhoe to expose the #1 zone vein to bedrock in the "North" zone.

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Ltd.
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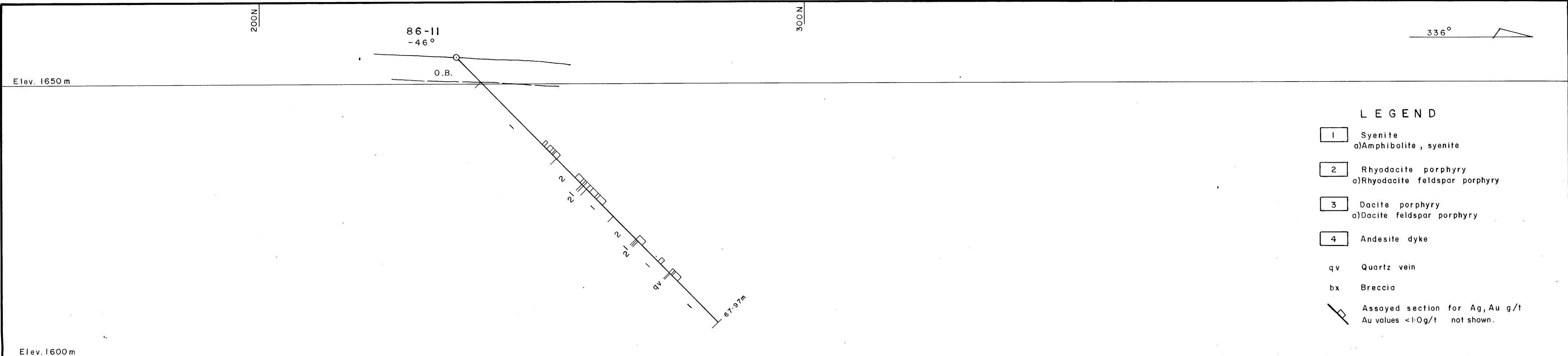
QUALIFICATIONS

I, Andrew D. Berry, am a Certified Geological Technician.

I have had five years experience in gold exploration, mainly in the Archean Greenstones of Northern Ontario. All work on the VIC and VG Claims in 1987 was performed or supervised by myself.

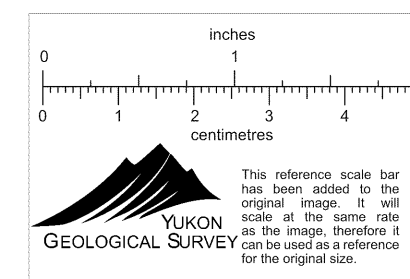
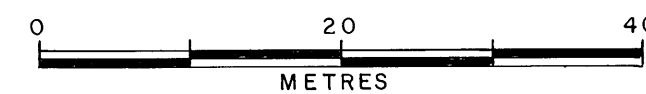
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Andrew D. Berry



L E G E N D

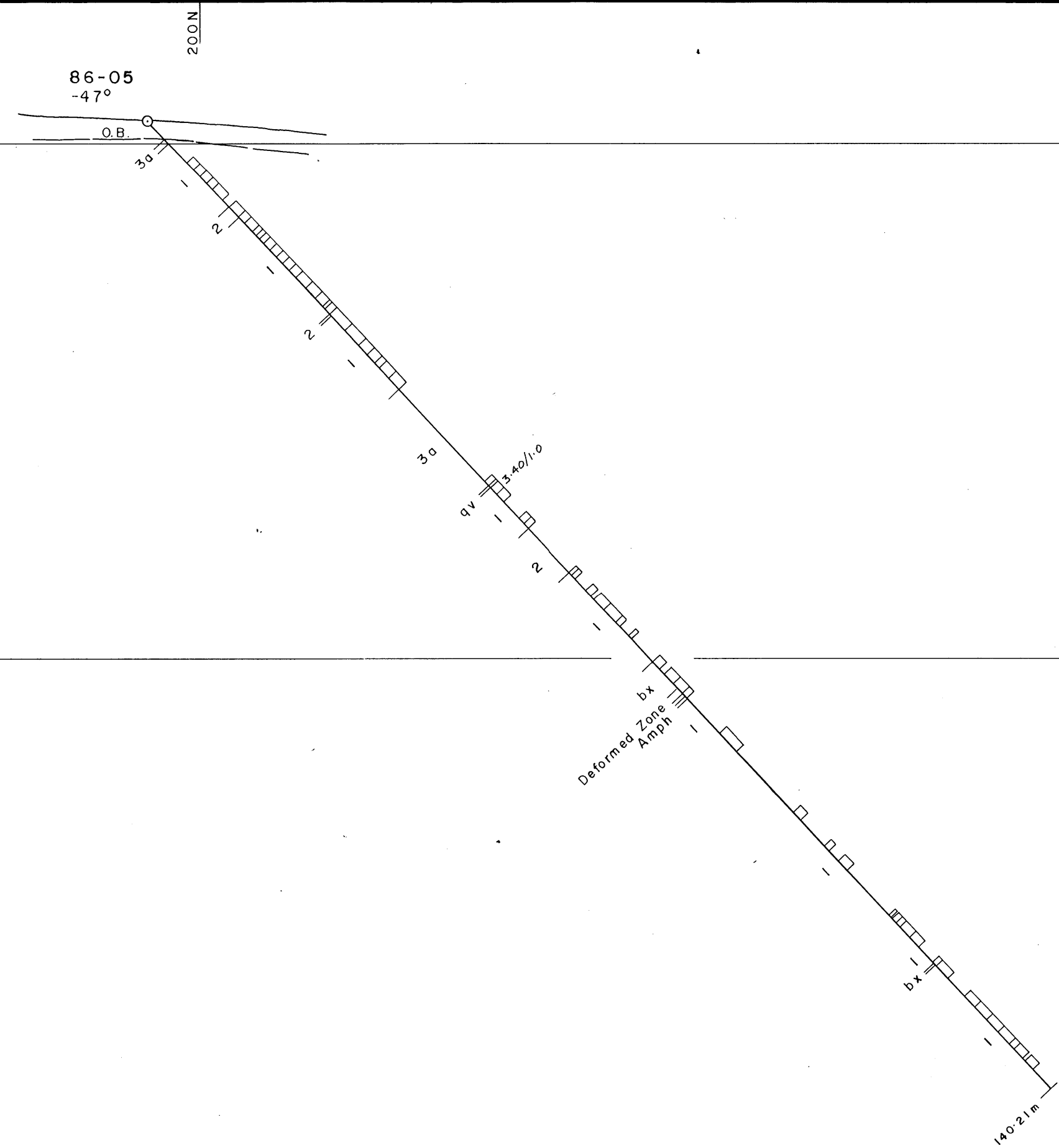
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a) Amphibolite, syenite
- 2 Rhyodacite porphyry  
a) Rhyodacite feldspar porphyry
- 3 Dacite porphyry  
a) Dacite feldspar porphyry
- 4 Andesite dyke
- qv Quartz vein
- bx Breccia
- Assayed section for Ag, Au g/t  
Au values <1.0g/t not shown.



<b>CHESBAR RESOURCES INC.</b>		
<b>CARMACKS - VIC PROPERTY</b>		
<b>WHITEHORSE MINING DIVISION - YUKON TERRITORY</b>		
<b>SECTION 16+50 E</b>		
<b>(LOOKING WEST)</b>		
DATE : NOV., 1987	BY: /gmes	Map No.

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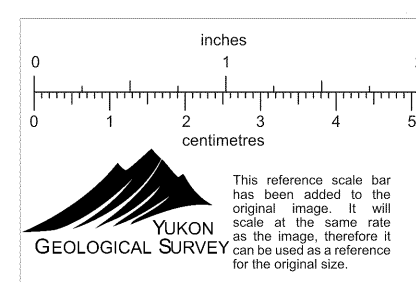
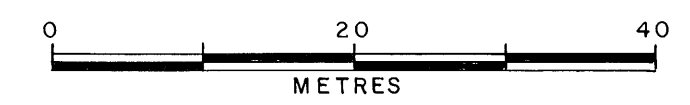
Elev. 1600 m



343°

LEGEND

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a) Amphibolite, syenite
- 2 Rhyodacite porphyry  
a) Rhyodacite feldspar porphyry
- 3 Dacite porphyry  
a) Dacite feldspar porphyry
- 4 Andesite dyke
- qv Quartz vein
- bx Breccia
- Assayed section for Ag, Au g/t  
Au values <1.0g/t not shown.



CHESBAR RESOURCES INC.		
CARMACKS - VIC PROPERTY		
WHITEHORSE MINING DIVISION - YUKON TERRITORY		
SECTION 17+00 E		
(LOOKING WEST)		
DATE: NOV., 1987	BY: /gmes	Map No.

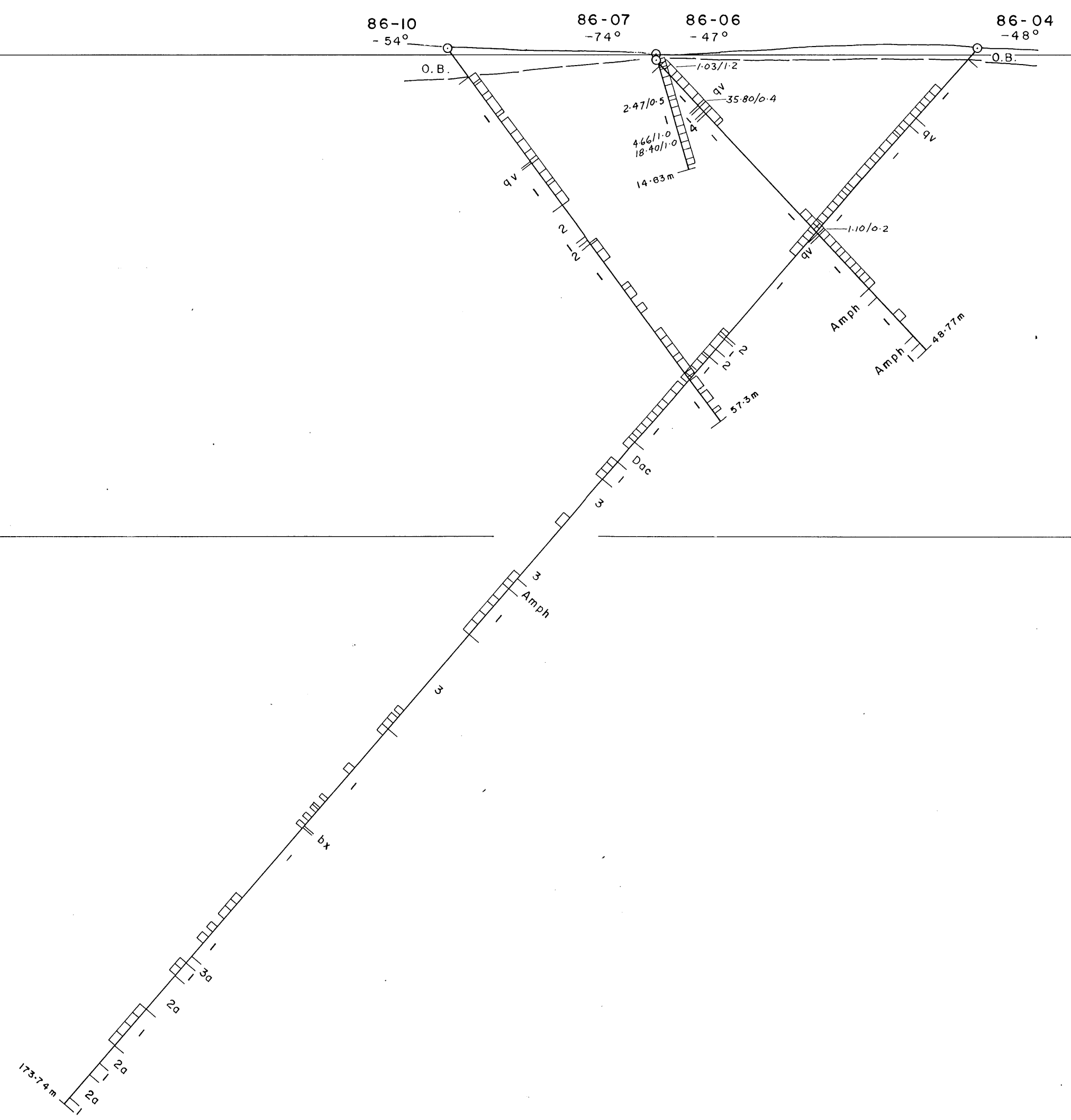
200N

300N

326°

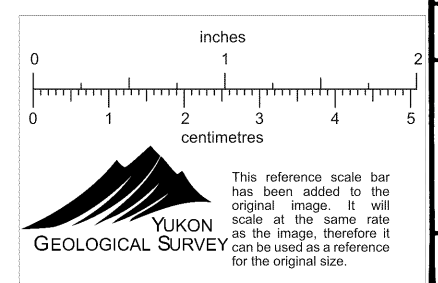
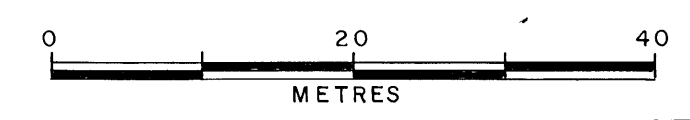
Elev. 1660m

Elev. 1600m



LEGEND

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a) Amphibolite, syenite
- 2 Rhyodacite porphyry  
a) Rhyodacite feldspar porphyry
- 3 Dacite porphyry  
a) Dacite feldspar porphyry
- 4 Andesite dyke
- qv Quartz vein
- bx Breccia
- Assayed section for Ag, Au g/t  
Au values <1.0g/t not shown.



**CHESBAR RESOURCES INC.**  
**CARMACKS - VIC PROPERTY**  
 WHITEHORSE MINING DIVISION - YUKON TERRITORY

**SECTION 17+50 E**  
**(LOOKING WEST)**

DATE: NOV., 1987 BY: /gmes Map No.



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100N

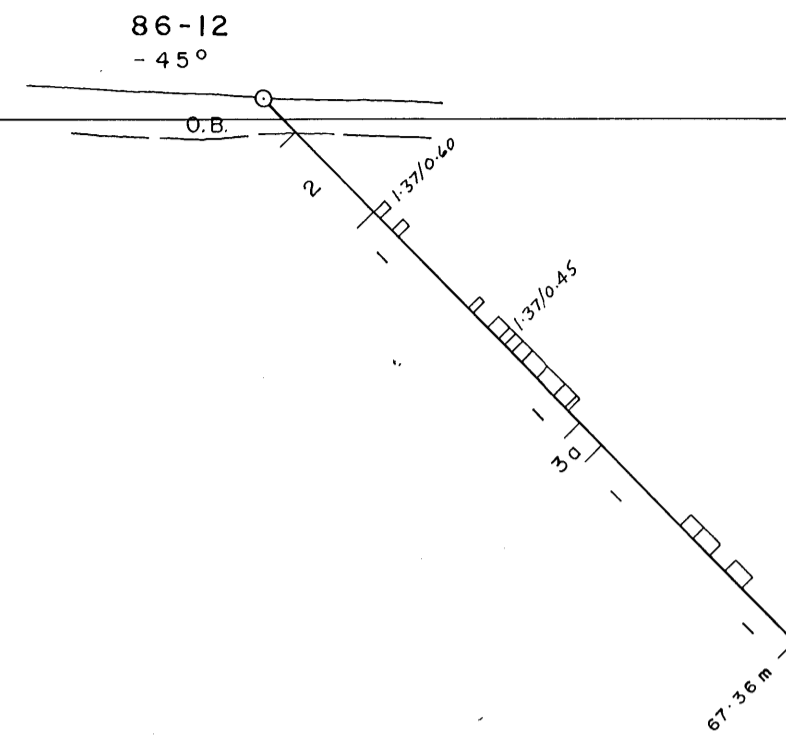
200N

300N

339°

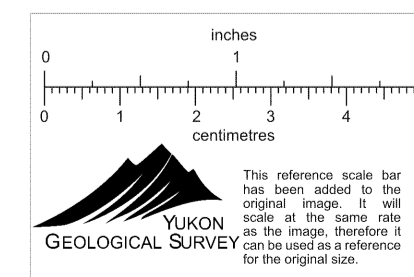
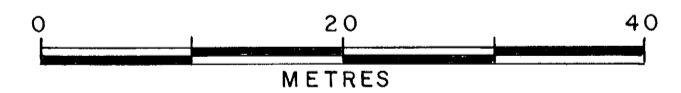
Elev. 1660 m

Elev. 1600 m

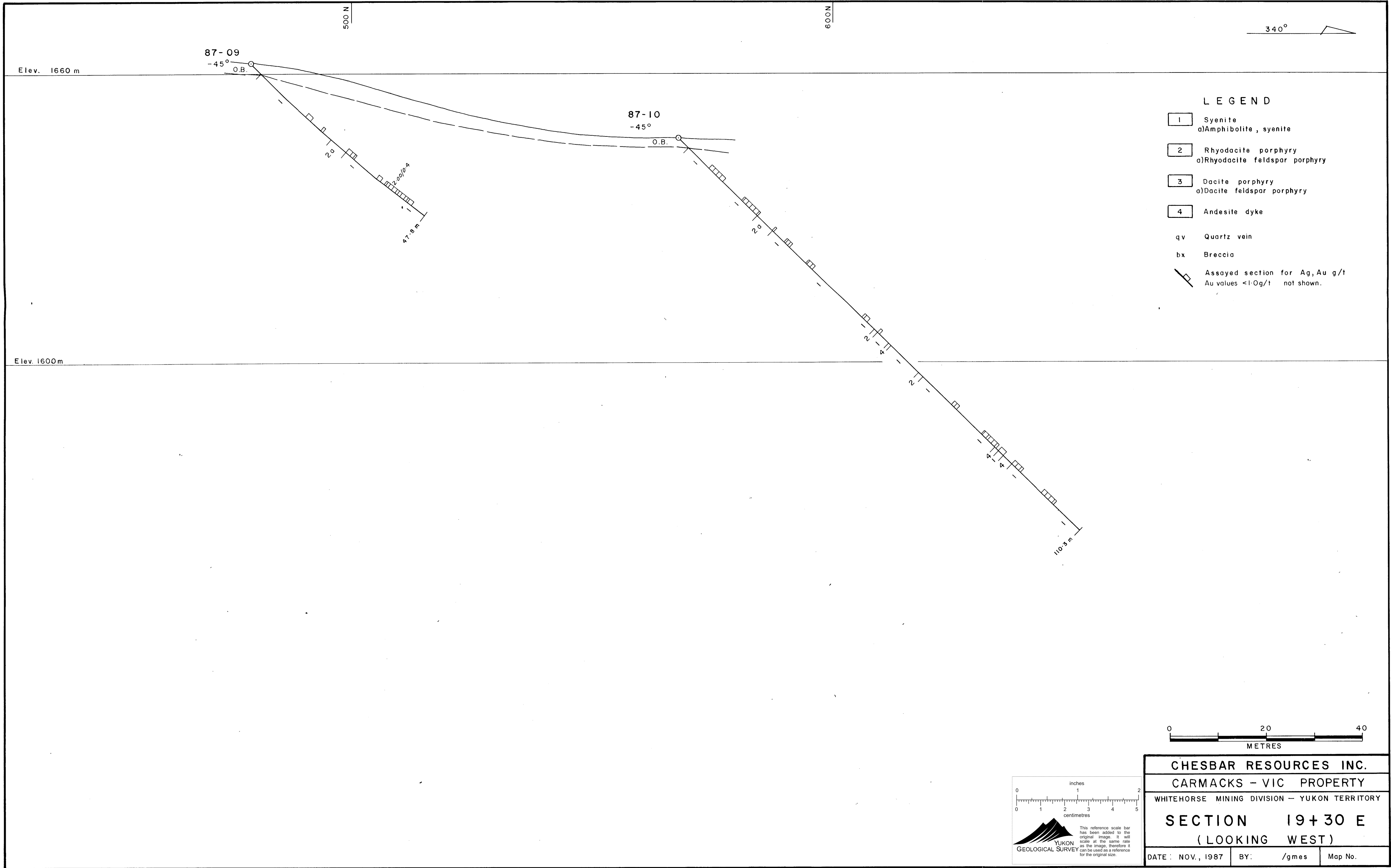


LEGEND

- 1 Syenite  
a) Amphibolite, syenite
- 2 Rhyodacite porphyry  
a) Rhyodacite feldspar porphyry
- 3 Dacite porphyry  
a) Dacite feldspar porphyry
- 4 Andesite dyke
- qv Quartz vein
- bx Breccia
- Assayed section for Ag, Au g/t  
Au values < 1.0g/t not shown.



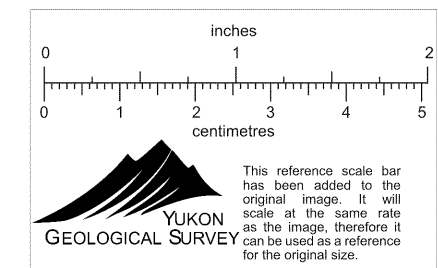
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CARMACKS - VIC PROPERTY		
WHITEHORSE MINING DIVISION - YUKON TERRITORY		
<b>SECTION 18+00 E</b>		
<b>(LOOKING WEST)</b>		
DATE: NOV., 1987	BY: /gmes	Map No.



340°

**LEGEND**

- 1 Syenite  
a) Amphibolite, syenite
- 2 Rhyodacite porphyry  
a) Rhyodacite feldspar porphyry
- 3 Dacite porphyry  
a) Dacite feldspar porphyry
- 4 Andesite dyke
- qv Quartz vein
- bx Breccia
- Assayed section for Ag, Au g/t  
Au values <1.0g/t not shown.



<b>CHESBAR RESOURCES INC.</b>		
CARMACKS - VIC PROPERTY		
WHITEHORSE MINING DIVISION - YUKON TERRITORY		
<b>SECTION 19+30 E</b>		
<b>(LOOKING WEST)</b>		
DATE: NOV., 1987	BY: /gmes	Map No.

200N

300N

400N

340°


Elev. 1670m

86-15  
-47°

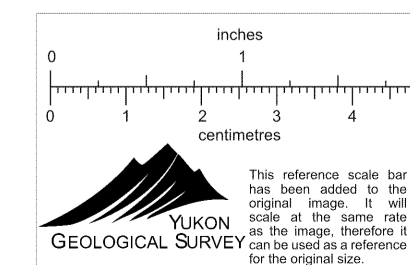
O.B.

60.35 m

L E G E N D

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a) Amphibolite, syenite
- 2 Rhyodacite porphyry  
a) Rhyodacite feldspar porphyry
- 3 Dacite porphyry  
a) Dacite feldspar porphyry
- 4 Andesite dyke
- qv Quartz vein
- bx Breccia
-  Assayed section for Ag, Au g/t  
Au values <1.0g/t not shown.

Elev. 1600m



**CHESBAR RESOURCES INC.**  
**CARMACKS - VIC PROPERTY**  
 WHITEHORSE MINING DIVISION - YUKON TERRITORY  
**SECTION 19+50 E**  
**(LOOKING WEST)**  
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200N

300N

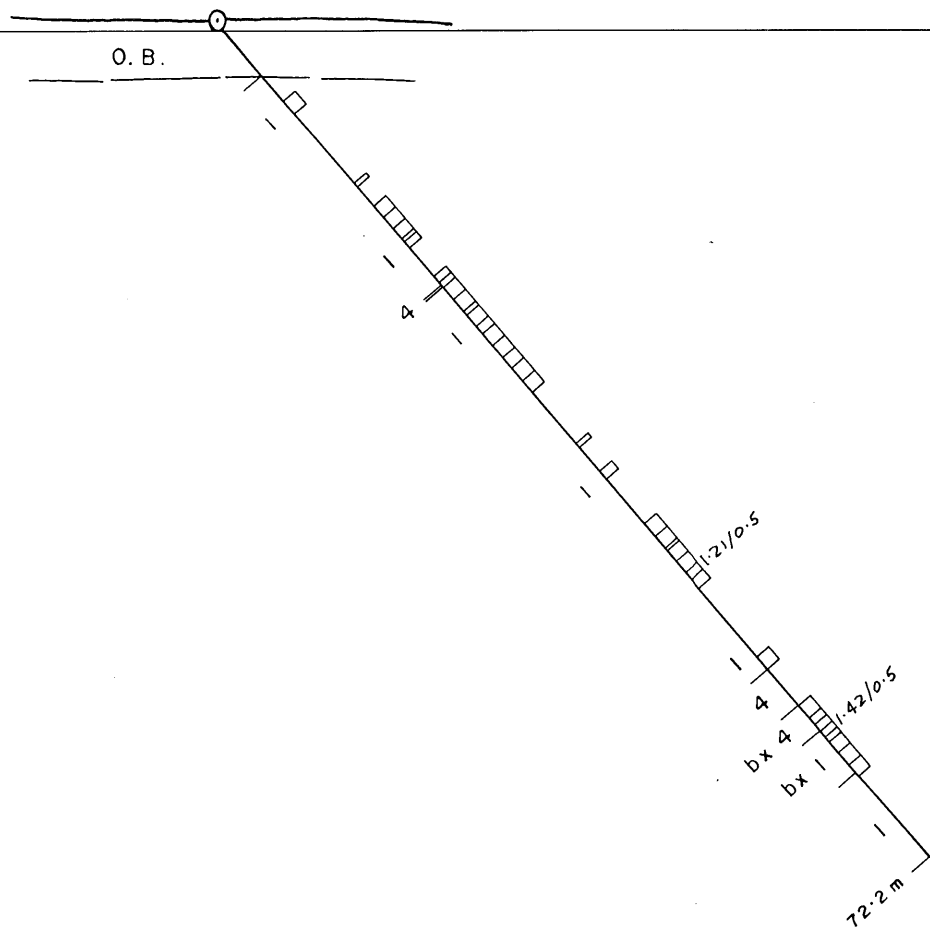
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340°

Elev. 1670 m

87-04  
-50°

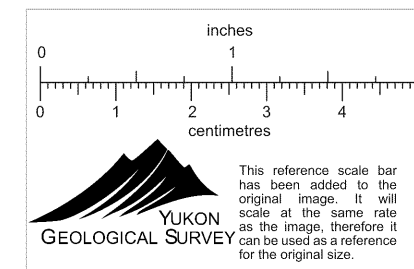
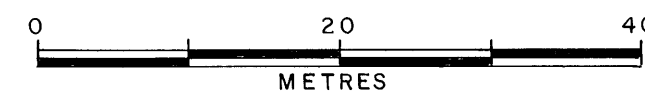
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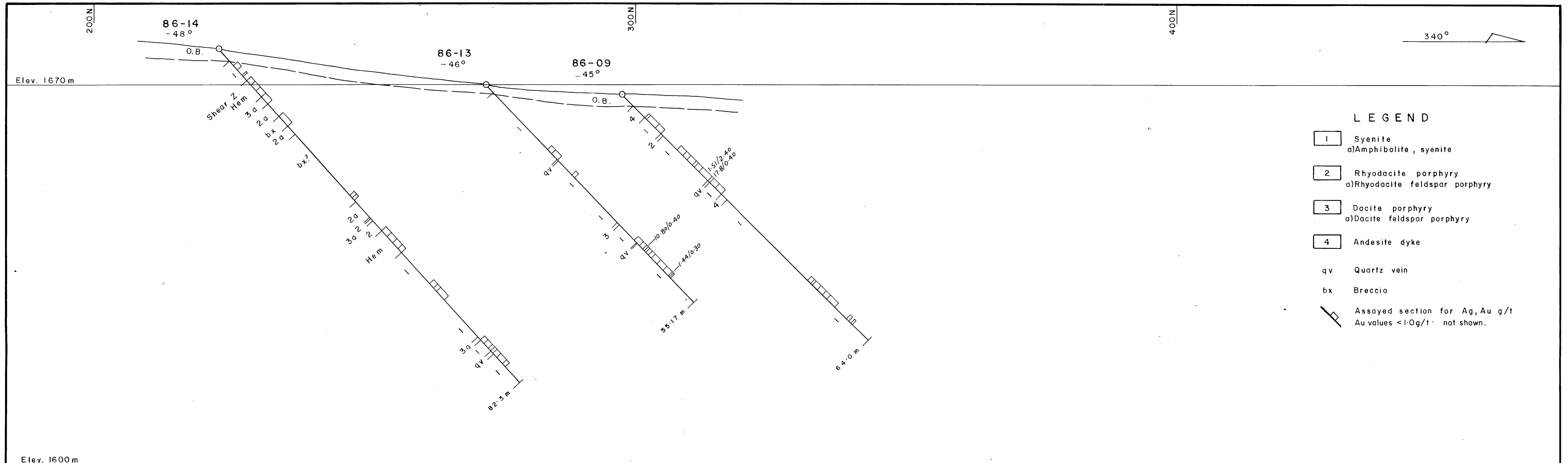
LEGEND

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- 2 Rhyodacite porphyry  
a) Rhyodacite feldspar porphyry
- 3 Dacite porphyry  
a) Dacite feldspar porphyry
- 4 Andesite dyke
- qv Quartz vein
- bx Breccia
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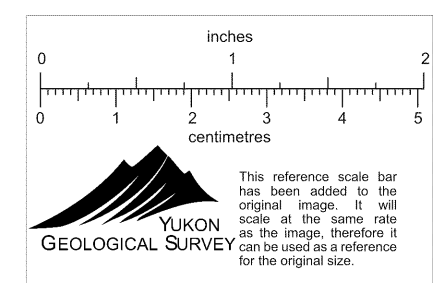
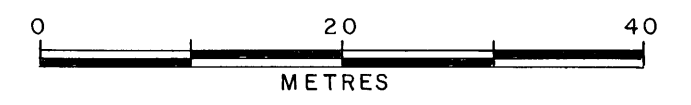
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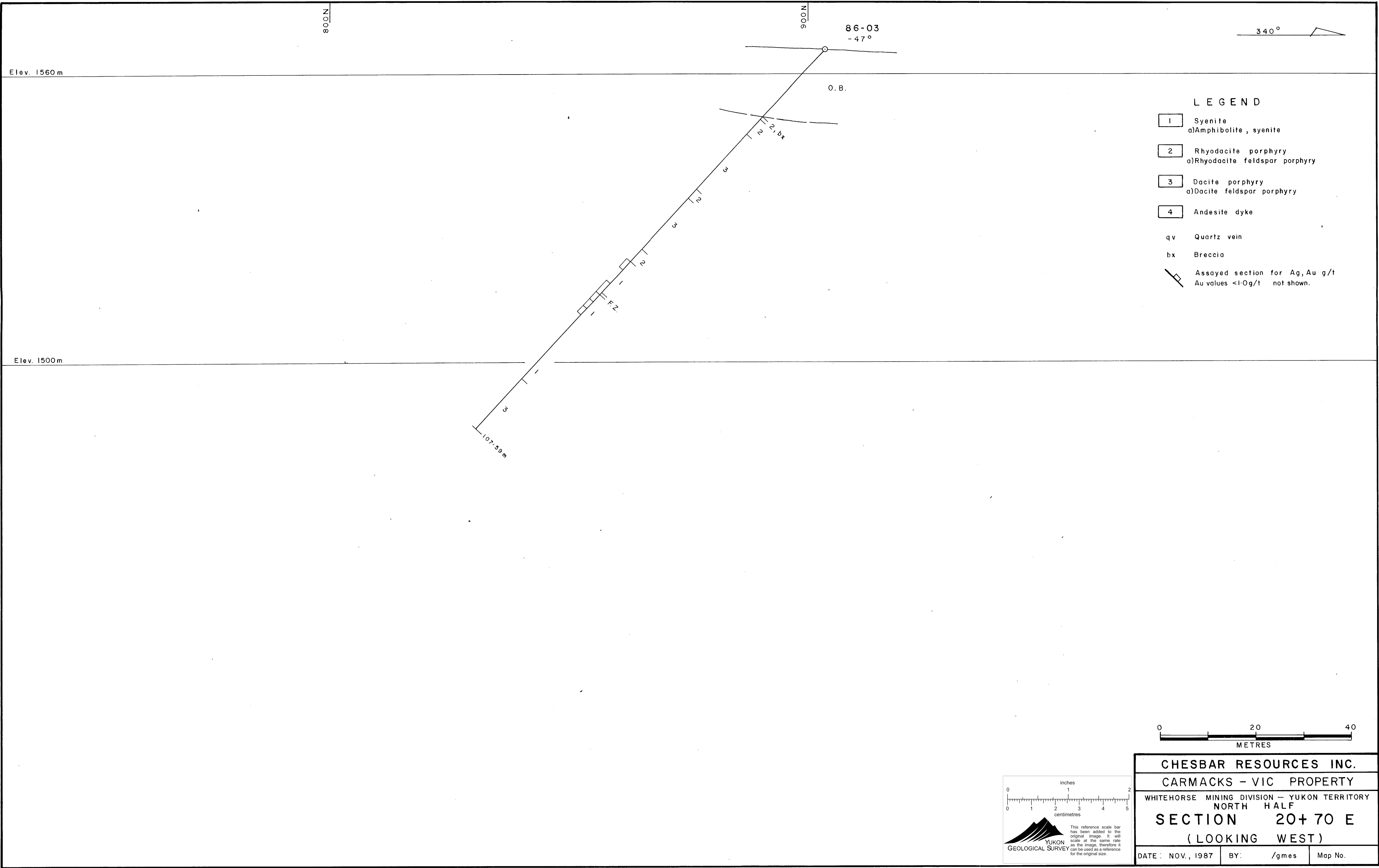
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 WHITEHORSE MINING DIVISION - YUKON TERRITORY  
**SECTION 19+75 E**  
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 DATE: NOV, 1987 BY: /gmes Map No.



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a) Dacite feldspar porphyry
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  - qv Quartz vein
  - bx Breccia
  - Assayed section for Ag, Au g/t  
Au values < 1.0g/t not shown.

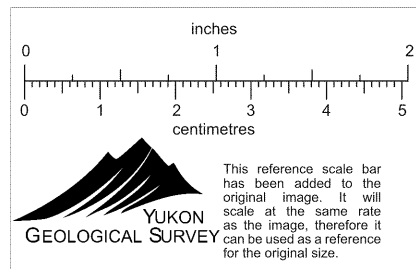
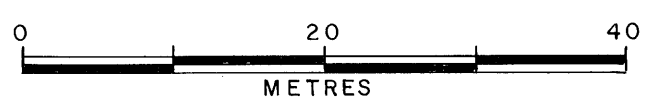


**CHESBAR RESOURCES INC.**  
**CARMACKS - VIC PROPERTY**  
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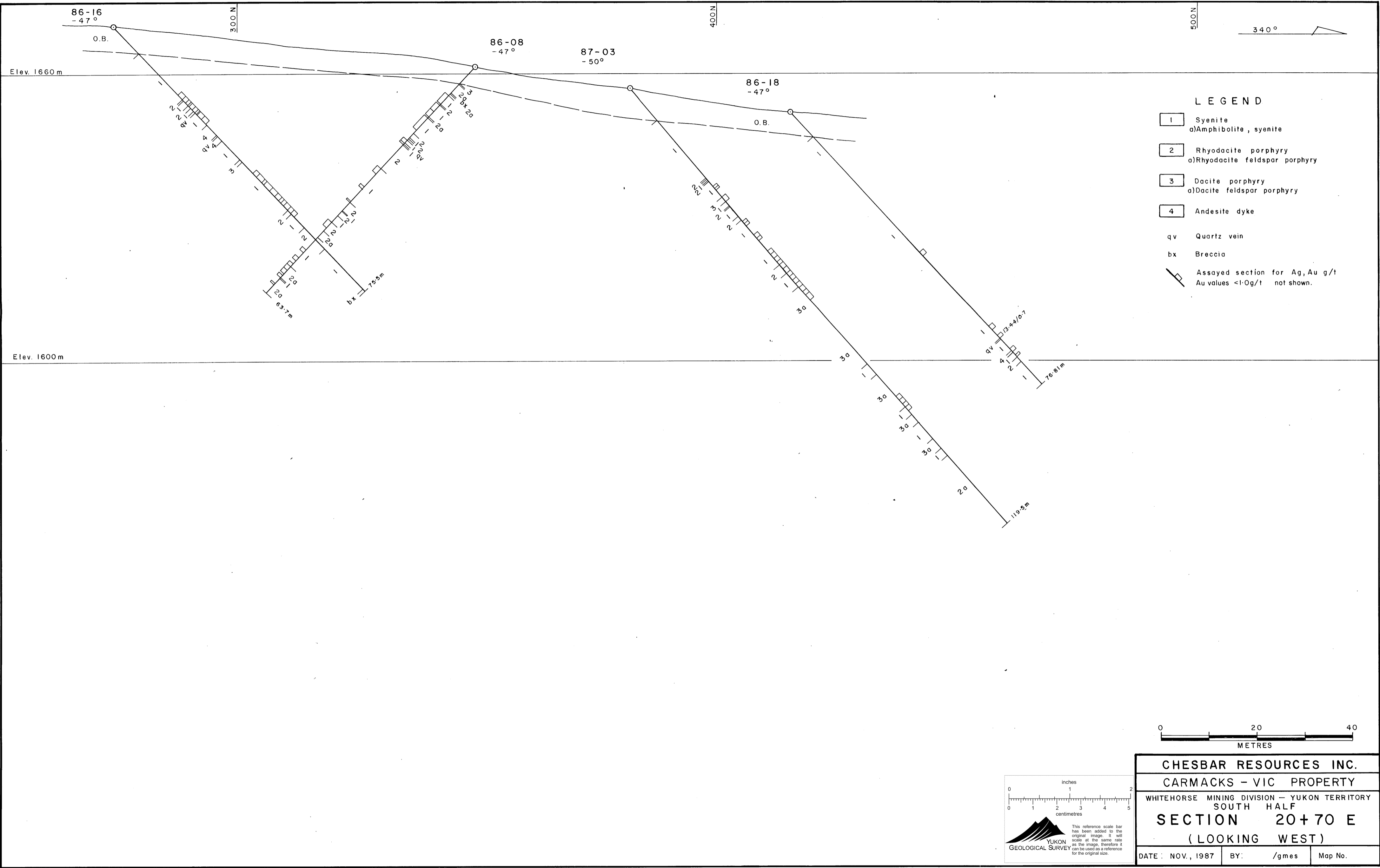
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- 3 Dacite porphyry  
a) Dacite feldspar porphyry
- 4 Andesite dyke
- qv Quartz vein
- bx Breccia
- Assayed section for Ag, Au g/t  
Au values <1.0g/t not shown.



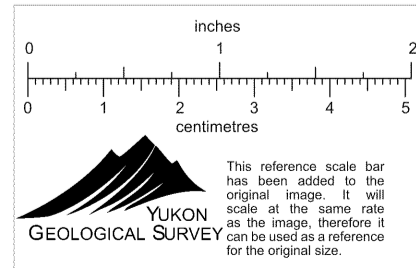
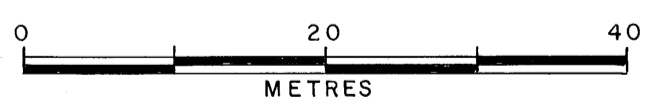
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<b>CHESBAR RESOURCES INC.</b>		
<b>CARMACKS - VIC PROPERTY</b>		
WHITEHORSE MINING DIVISION - YUKON TERRITORY NORTH HALF		
<b>SECTION 20+70 E</b>		
<b>(LOOKING WEST)</b>		
DATE: NOV., 1987	BY: /gmes	Map No.

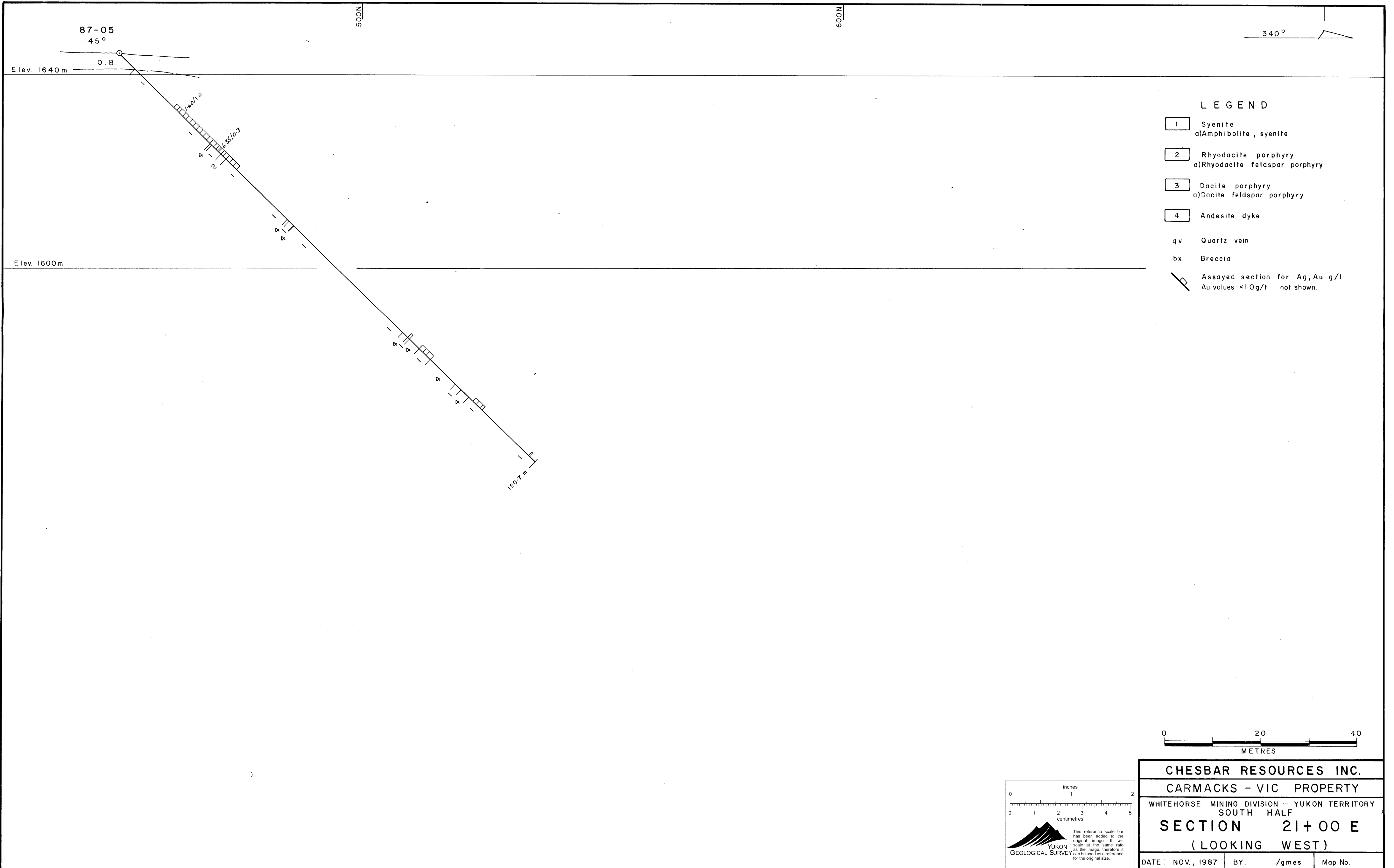


**LEGEND**

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a) Amphibolite, syenite
- 2 Rhyodacite porphyry  
a) Rhyodacite feldspar porphyry
- 3 Dacite porphyry  
a) Dacite feldspar porphyry
- 4 Andesite dyke
- qv Quartz vein
- bx Breccia
- Assayed section for Ag, Au g/t  
Au values <1.0g/t not shown.



<b>CHESBAR RESOURCES INC.</b>		
CARMACKS - VIC PROPERTY		
WHITEHORSE MINING DIVISION - YUKON TERRITORY SOUTH HALF		
<b>SECTION 20+70 E</b>		
(LOOKING WEST)		
DATE: NOV., 1987	BY: /gmes	Map No.



87-05  
-45°

500N

600N

340°

Elev. 1640m

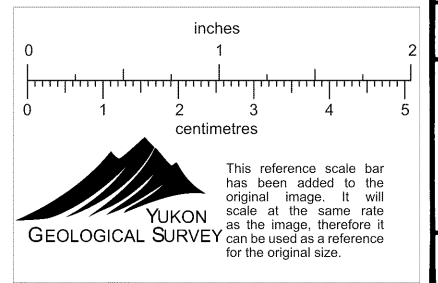
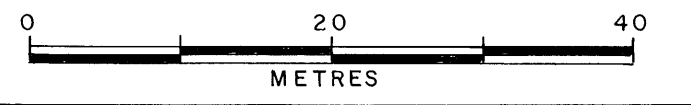
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1.60/1.0  
1.35/0.3

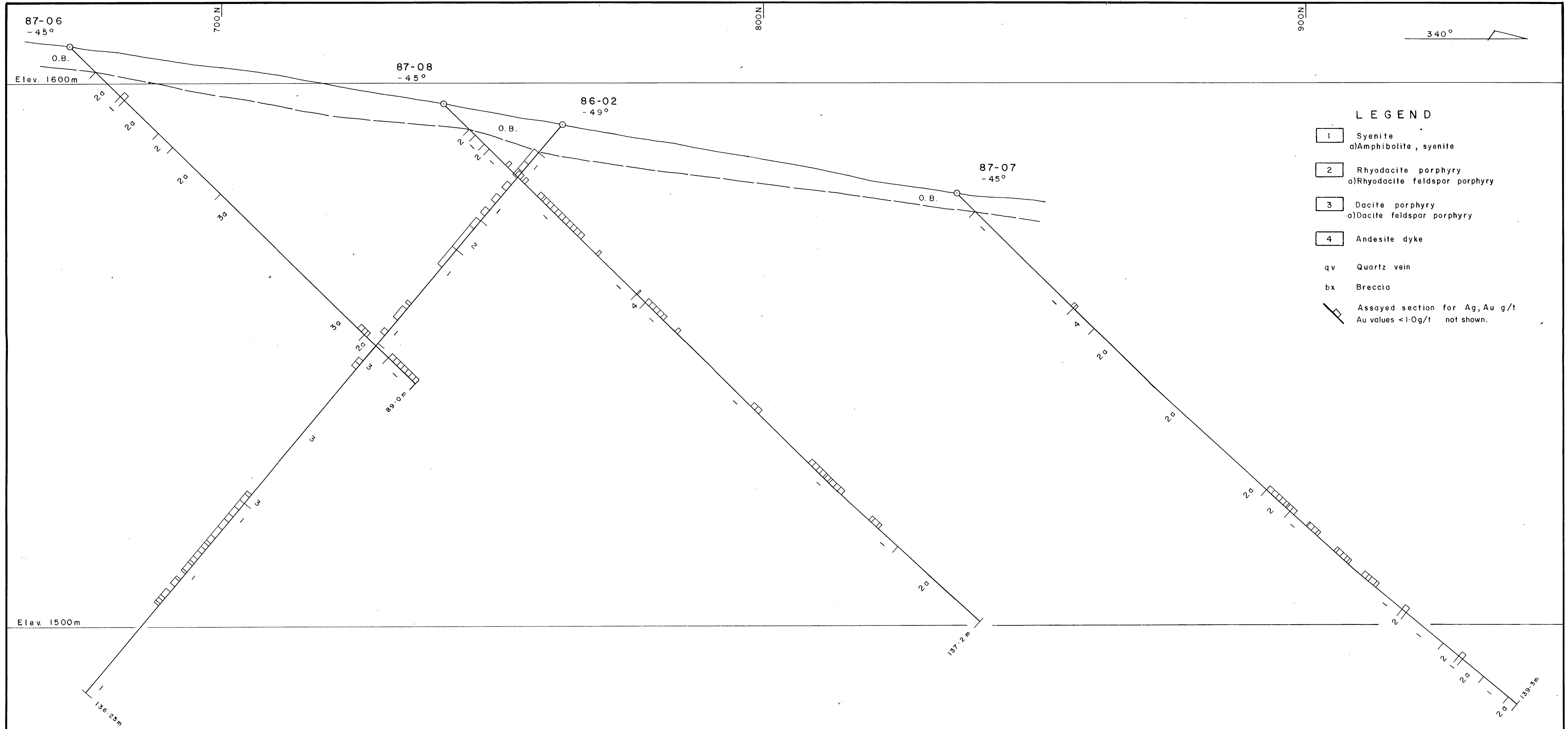
120.7 m

**LEGEND**

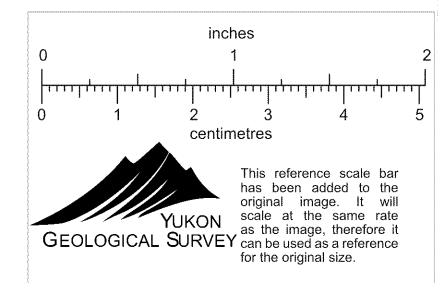
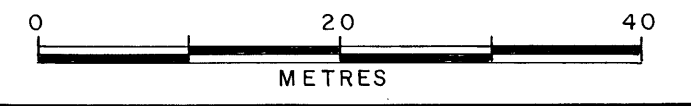
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- 2 Rhyodacite porphyry  
a) Rhyodacite feldspar porphyry
- 3 Dacite porphyry  
a) Dacite feldspar porphyry
- 4 Andesite dyke
- qv Quartz vein
- bx Breccia
- Assayed section for Ag, Au g/t  
Au values <1.0g/t not shown.



**CHESBAR RESOURCES INC.**  
**CARMACKS - VIC PROPERTY**  
 WHITEHORSE MINING DIVISION - YUKON TERRITORY  
 SOUTH HALF  
**SECTION 21+00 E**  
 (LOOKING WEST)  
 DATE: NOV., 1987 BY: /gmes Map No.

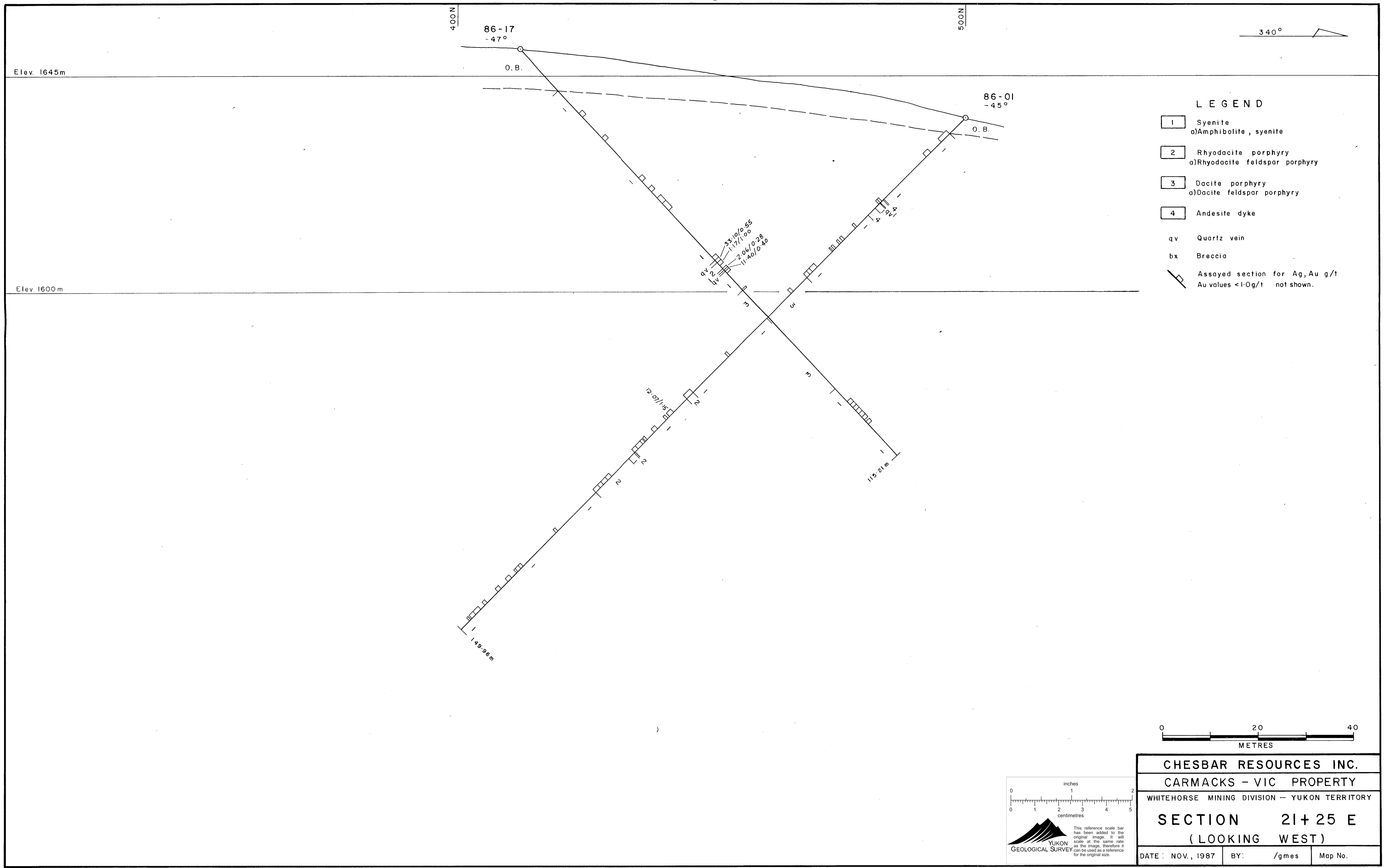


- LEGEND**
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a) Amphibolite, syenite
  - 2 Rhyodacite porphyry  
a) Rhyodacite feldspar porphyry
  - 3 Dacite porphyry  
a) Dacite feldspar porphyry
  - 4 Andesite dyke
  - qv Quartz vein
  - bx Breccia
  - Assayed section for Ag, Au g/t  
Au values < 1.0g/t not shown.

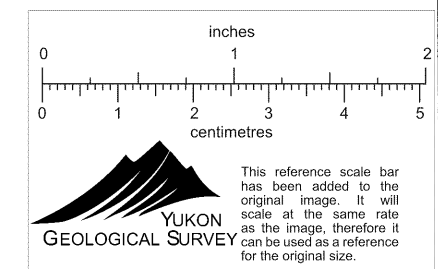
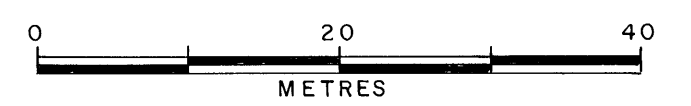


**CHESBAR RESOURCES INC.**  
**CARMACKS - VIC PROPERTY**  
 WHITEHORSE MINING DIVISION - YUKON TERRITORY  
 NORTH HALF  
**SECTION 21+00 E**  
 (LOOKING WEST)

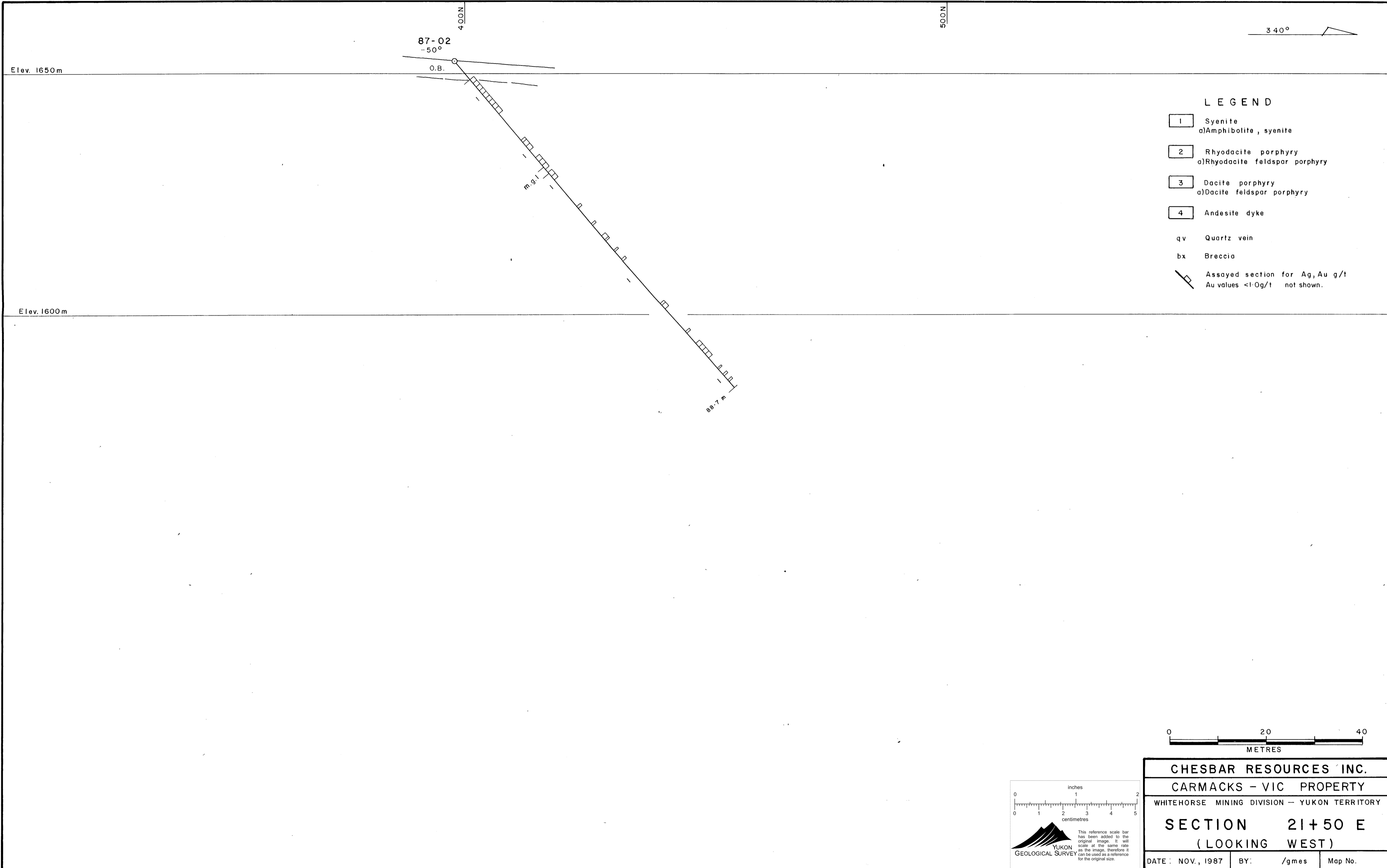
DATE: NOV., 1987 BY: /gmes Map No.



- LEGEND**
- 1 Syenite  
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  - 2 Rhyodacite porphyry  
a) Rhyodacite feldspar porphyry
  - 3 Dacite porphyry  
a) Dacite feldspar porphyry
  - 4 Andesite dyke
  - qv Quartz vein
  - bx Breccia
  - Assayed section for Ag, Au g/t  
Au values < 1.0g/t not shown.



**CHESBAR RESOURCES INC.**  
**CARMACKS - VIC PROPERTY**  
 WHITEHORSE MINING DIVISION - YUKON TERRITORY  
**SECTION 21+25 E**  
**(LOOKING WEST)**  
 DATE: NOV., 1987 BY: /gmes Map No.



Elev. 1650m

Elev. 1600m

87-02  
-50°

O.B.

400N

500N

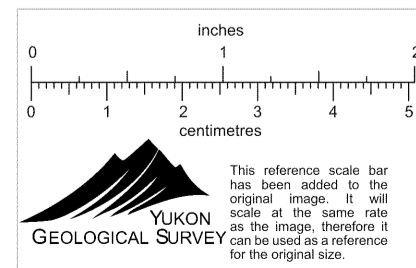
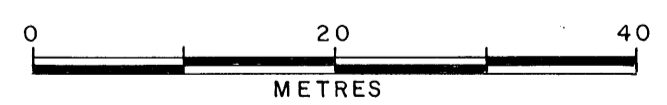
340°

m.g.I

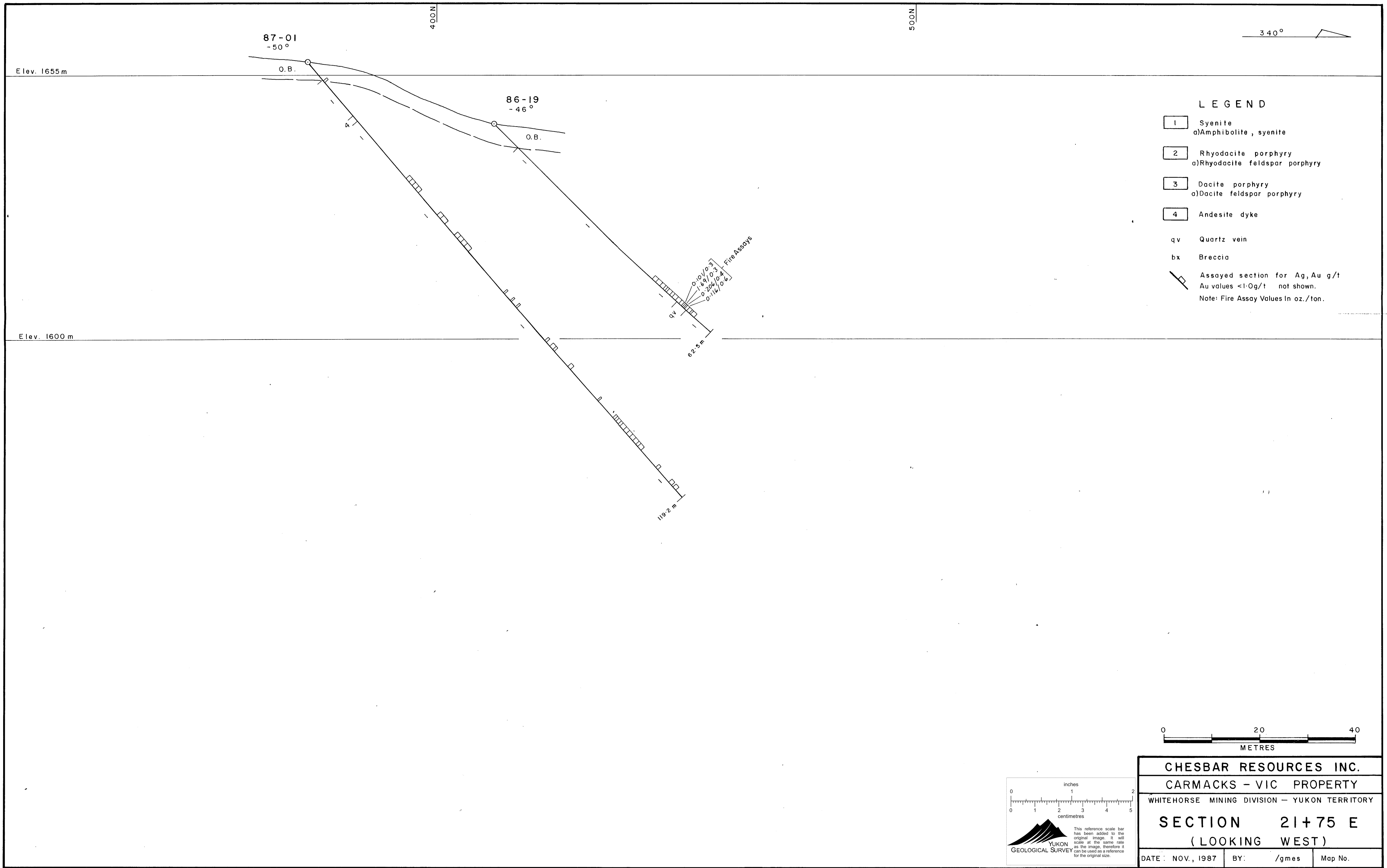
88.7 m

**LEGEND**

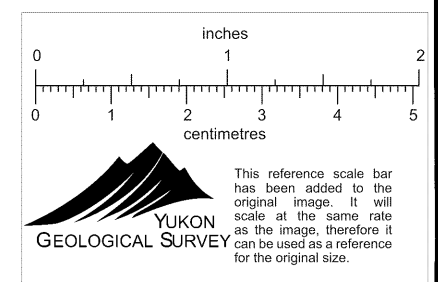
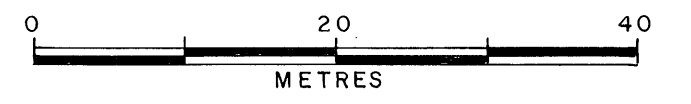
- 1 Syenite  
a) Amphibolite, syenite
- 2 Rhyodacite porphyry  
a) Rhyodacite feldspar porphyry
- 3 Dacite porphyry  
a) Dacite feldspar porphyry
- 4 Andesite dyke
- qv Quartz vein
- bx Breccia
- Assayed section for Ag, Au g/t  
Au values < 1.0g/t not shown.



<b>CHESBAR RESOURCES INC.</b>		
<b>CARMACKS - VIC PROPERTY</b>		
WHITEHORSE MINING DIVISION - YUKON TERRITORY		
<b>SECTION 21+50 E</b>		
<b>(LOOKING WEST)</b>		
DATE: NOV., 1987	BY: /gmes	Map No.



- LEGEND**
- 1 Syenite  
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  - 2 Rhyodacite porphyry  
a) Rhyodacite feldspar porphyry
  - 3 Dacite porphyry  
a) Dacite feldspar porphyry
  - 4 Andesite dyke
  - qv Quartz vein
  - bx Breccia
  - Assayed section for Ag, Au g/t  
Au values < 1.0g/t not shown.  
Note: Fire Assay Values in oz./ton.



**CHESBAR RESOURCES INC.**  
**CARMACKS - VIC PROPERTY**  
 WHITEHORSE MINING DIVISION - YUKON TERRITORY  
**SECTION 21+75 E**  
 (LOOKING WEST)  
 DATE: NOV., 1987 BY: /gmes Map No.



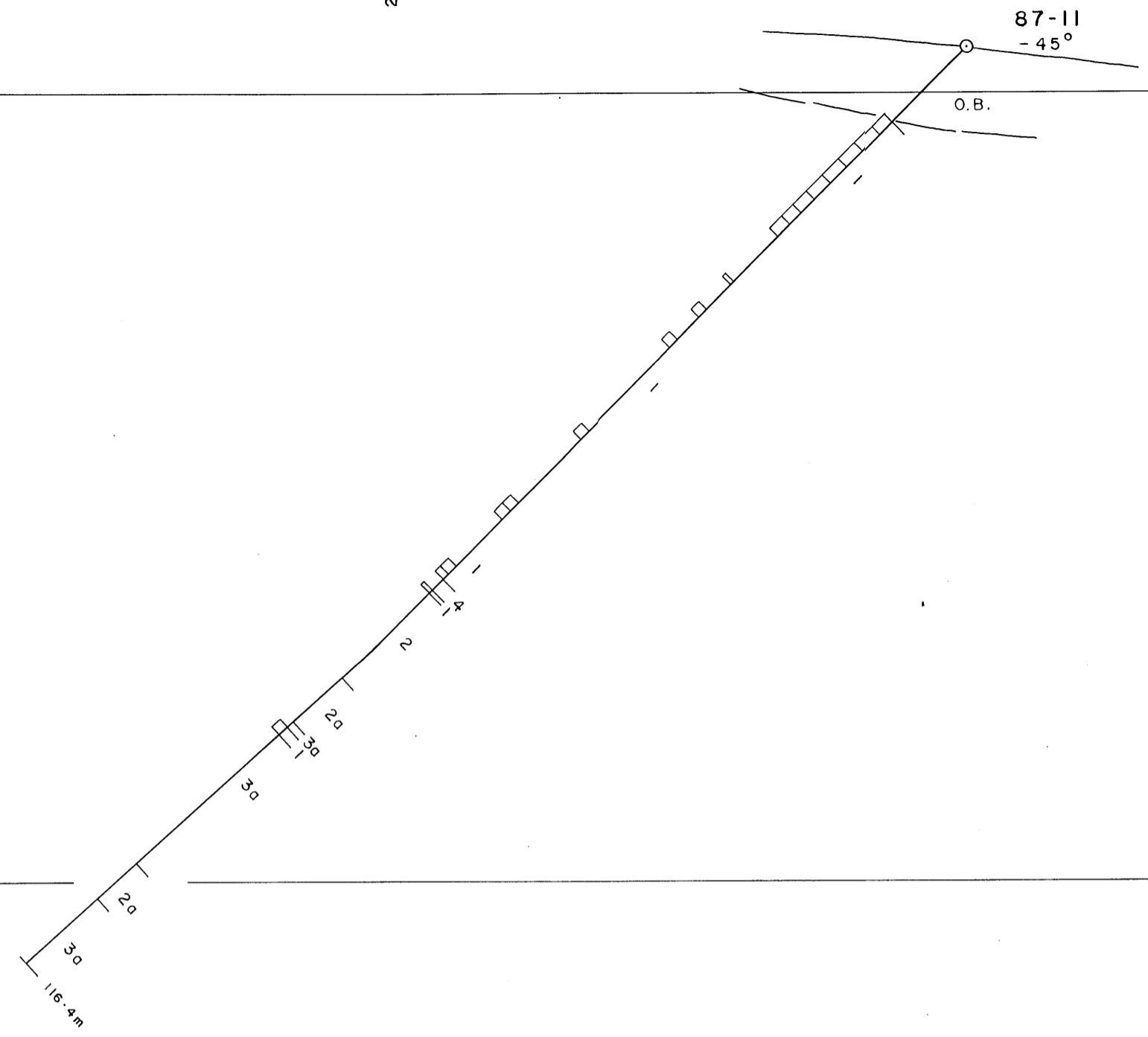
2200E

2100E

070°

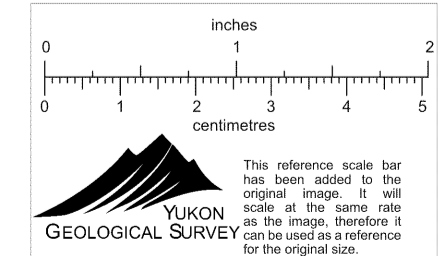
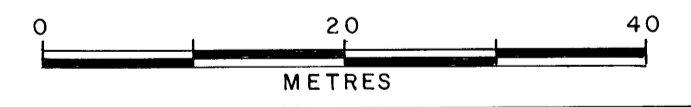
Elev. 1570 m

Elev. 1500 m



LEGEND

- 1 Syenite  
a) Amphibolite, syenite
- 2 Rhyodacite porphyry  
a) Rhyodacite feldspar porphyry
- 3 Dacite porphyry  
a) Dacite feldspar porphyry
- 4 Andesite dyke
- qv Quartz vein
- bx Breccia
- Assayed section for Ag, Au g/t  
Au values <1.0g/t not shown.



**CHESBAR RESOURCES INC.**  
**CARMACKS - VIC PROPERTY**  
 WHITEHORSE MINING DIVISION - YUKON TERRITORY  
 WEST HALF  
**SECTION 9+00 N**  
 (LOOKING NORTH)

DATE: NOV., 1987 BY: /gmes Map No.