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MEMORANDUM

TO: Kurt Forgaard

FROM: Gregg Jilson

RE: Yukon Minerals Property South of Ross River

I am enclosing a detailed claim map of the land in the vicinity of Yukon Minerals Property including the MM claims in the southeast corner of the map. The Yukon minerals property is outlined in yellow. The main lead, zinc, silver veins on the property are indicated as red lines. The current underground activity is being carried out in the south end of the trend. The workings are advanced about 100 m and grades are reported better than expected.

Outlined in brown, adjoining the Yukon Minerals Property to the east, is a group of claims belonging to a Mr. Tony Fakette of Whitehorse. I have looked at some of the veins on his property as well as Yukon Minerals. Note that there is some question as to where the claim boundary is between Fakette's ground and Yukon Minerals's ground.

Also outlined on the map are claim blocks belonging to Noranda (in green), Fairfield Minerals in joint venture with Equity Silver (in orange), Cominco (in pink), and our claims, the MM and JJ, (in mauve). I also indicated the Matthew claims northeast of the MM. I have recently examined the showing on that property as well, although it appears to be of no interest to us.

The showings on Yukon Minerals's ground are breccia veins hosted by fairly massive Silurian carbonate rocks. The veins are mineralized with disseminated galena and sphalerite. Yukon Minerals has been drilling relatively short sections in the south end of the vein system and have outlined 20,000 to 50,000 tonne pods of mineralization that have grades on the order of 10% combined lead, zinc, with 5 ounces silver per tonne. Gangue minerals are mostly quartz and calcite. The mineralized system is a set of conjugate faults that can be traced for several kilometers. Galena mineralization has been

noted along almost the entire trend indicating a mineralized system of impressive dimensions.

The current exploration has been focused on outlining small tonnages of mineralization, however, it seems relevant to attempt to explore the entire system in reconnaissance fashion to see if any significant additional mineralized zones are present. My impression of the geology of the area was that it would be worth carrying out some IP surveys since disseminated galena in a carbonate rock type should respond well. There did not appear to be major amounts of rock types that would interfere with IP surveys, however, this needs to be confirmed by a site visit. I will not be able to make the site visit before I leave, however, I have asked Lee to visit the property and try and answer some of these questions. Such an IP coverage followed by a prioritized wide spaced drill test program could evaluate the potential for larger tonnage deposits along the trend.

My impression of this property is that its a very interesting system that has potential to develop a modest tonnage of mineralization that could be a very attractive supplement to Faro mill feed. Because of the nature of the mineralization, relatively coarse galena and sphalerite in a light carbonate and quartz ground mass, it might be particularly amenable to a low capital cost gravity pre-concentration plant that could supply a relatively high grade supplement to the Faro mill. As such it might be of particular interest to us.

I know Boliden has spent a lot more time on this property than I have, I have basically just visited for a few hours when we were mobilizing to the MM claims. If they have particularly positive information about the claims that reinforces my initial favorable impression then I would feel fairly positive about attempting to acquire an interest in the ground. At the same time we may wish to tie up the adjoining Fakette ground, which, on its own was not of major interest, but may be valuable in conjunction with the Yukon Minerals property. Fakette is looking for a fairly modest set of work commitments but wants to move quickly; I have told him that we can't move on his property in the time frame he wants but may be interested later.

A handwritten signature in black ink, appearing to be 'A. J. H.', written in a cursive style.