

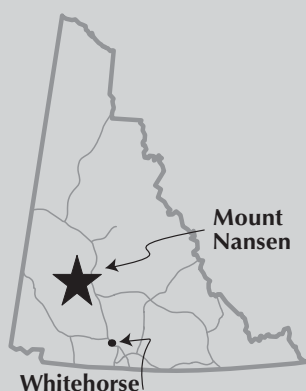
# MOUNT NANSEN PROPERTY

## Mount Nansen Mine Site

### PROJECT STATUS

Site is under Receivership/Bankruptcy through PricewaterhouseCoopers.

Yukon government is maintaining and moving to final closure of the site.



### Location

60 km west of Carmacks

### Commodity

Gold, silver

### Ore type

Sulphide

### Mineral resource\*

Brown-McDade zone

Underground resource: 193 706 tonnes  
grading 14.47 g/t Au and 100 g/t Ag

Flex zone

Indicated oxide resource: 69 977 tonnes  
grading 6 g/t Au and 234 g/t Ag  
Inferred oxide resource: 38 615 tonnes grading  
5.8 g/t Au and 333 g/t Ag

Webber zone

Historical resource of 58 524 tonnes grading  
10.9 g/t Au and 611 g/t Ag

Huestis vein

Historical resource of 85 727 tonnes grading  
14 g/t Au and 283 g/t Ag

\*not NI 43-101 compliant

## HISTORY

Placer gold was originally discovered on Nansen Creek in 1899. The first recorded lode gold discovery on the current Mount Nansen property was made by prospectors Brown and McDade in 1943.

The first underground work was conducted on the Brown-McDade zone in 1947 by the Spud Huestis Syndicate. After a few years of mine development, mapping, surface trenching and sampling, the property remained inactive until 1962 when the Mount Nansen Syndicate acquired the Brown-McDade, Webber and Huestis deposits and conducted additional exploration. Mount Nansen Mines Ltd. was acquired by Peso Silver Mines Ltd. which conducted exploration over the next three years on all three deposits. A 270-tonne/day flotation mill was constructed during 1967-68. A total of 14 500 tonnes of development muck produced during 1967-68 had an estimated average grade of 7.8 g/t Au and 162 g/t Ag, while mill feed of 5236 tonnes produced from stopes during 1969 had an estimated average grade of 11.7 g/t Au and 282 g/t Ag. Low gold recovery rates,

estimated at 60% to 65%, led to the mine closure in April, 1969. In late 1975, a total of 5450 tonnes at an estimated grade of 16.8 g/t Au and 248.8 g/t Ag was produced from the Huestis deposit and processed during May, 1976, but the mine once again shut down shortly after. As of 1976, over 4572 m of underground development was completed on the three veins. Approximately 22 680 tonnes of ore were treated in the flotation mill in 1975 and 1976.

In 1984, BYG Natural Resources Inc. (BYG) acquired the properties and combined them with additional claims to form the current property. BYG and Chevron Minerals Ltd. carried out an exploration program from 1985 to 1987. Over \$5 million was expended on geological mapping, geochemical and geophysical surveys, trenching, 2605 m of diamond drilling (41 holes) and 1283 m of rotary percussion drilling (17 holes). During 1988, BYG continued exploring on its own by carrying out surface trenching and 85 holes (5397 m) of diamond drilling. A previously unrecognized near-surface oxide zone was discovered and the underground sulphide reserves were

expanded. Metallurgical testing, mill flow sheet designs, tailings disposal and environmental impacts were studied at this time, and commercial gold production began on January 1, 1997. Production continued intermittently until February, 1999, when all mining and operations ceased.

Between 1994 and 1997, BYG conducted exploration consisting of diamond drilling on the following zones: Brown-McDade and Flex (990 m, 12 holes in 1994), Flex and Huestis (1490 m, 21 holes in 1995), Webber and Flex (780 m, 10 holes in 1996) and Vince vein (745 m, 9 holes in 1997). During 1997, a program of overburden stripping and excavator trenching was completed on the Flex zone. During 1998, a further 16 holes (1092 m) were drilled on the Flex zone.

In May, 1999, BYG Natural Resources went into receivership (D. Manning and Associates) and was also convicted of violating its water licence. In July, 1999, the federal government took over mine-site maintenance.

In August 1999, the federal government formally declared the property abandoned and took over management of the mine site until 2003 when responsibilities devolved to Yukon government. In April 2004, the Supreme Court of Yukon appointed PricewaterhouseCoopers as interim receiver for the assets of BYG Natural Resources Inc. The Yukon government continues care and maintenance for the site and PricewaterhouseCoopers continues to manage the mine's assets.

In June 2007, PricewaterhouseCoopers, sold 199 mineral claims outside the disturbed mine site area to a Vancouver-based exploration company, 101073531 Saskatchewan Ltd. These claims included Webber Zone, portions of the Huestis vein and the Flex zone.

Yukon and federal government, together with the Little Salmon Carmacks First Nation are working towards a final closure plan.

## PROJECT SUMMARY

The Mount Nansen mine is located 60 km west of the village of Carmacks, Yukon and is accessible by a gravel road from Carmacks to the minesite. The property consists of 257 mining claims and 30 mining leases covering an area of 53 km<sup>2</sup>.

## Geology, mineralogy and ore reserves

The Mount Nansen district is underlain by metamorphosed intrusive, sedimentary and volcanic rocks of the Yukon-Tanana Terrane. These rocks are intruded by Early Cretaceous felsic plutonic rocks and overlain by mid-Cretaceous Mount Nansen mafic to intermediate volcanic rocks and related sub-volcanic feldspar porphyry dykes and plugs.

The Mount Nansen property is host to four distinct gold deposits known as the Brown-McDade, Webber, Huestis and Flex zones. The zones are situated in a series of anastomosing veins in northwesterly trending faults or shear zones. The gold and silver mineralized structures consist of fault-shear-hosted veins and associated clay-rich and bleached alteration zones. The veins occur in a 2.5-km-wide corridor which has been traced over a strike length of 15 km. Clay-rich leach zones near the surface are underlain by blankets or lenses of gold-rich supergene ores.

### *Brown-McDade zone*

The Brown-McDade zone lies at the southeasterly end of the belt. It is 55 m long by 200 m wide and consists of quartz veins and associated feldspar porphyry dykes. The oxide ore of the Brown-McDade was mined in a small open pit. A mineable open-pit reserve of 110 000 tonnes grading 12.33 g/t Au and 78 g/t Ag was outlined in the open pit, with an additional 80 000 tonnes of low-grade mineralized rock. Most of this was mined out by late 1998. Indicated and Inferred underground resources below the existing pit are estimated at approximately 150 000 tonnes grading 7 g/t Au and 50 g/t Ag.

In 2007, the claims containing the following zones were sold to Vancouver-based exploration company, 101073531 Saskatchewan Ltd.

### *Webber zone*

A historical diluted oxide resource of 58 524 tonnes grading 10.9 g/t Au and 611 g/t Ag has been established in the Webber deposit from extensive trenching, drilling and underground development.

### *Huestis vein*

A historical mineable sulphide resource of 85 727 tonnes grading 14 g/t Au and 283 g/t Ag has been defined on the Huestis vein by trenching, diamond drilling and detailed underground sampling. The ore is sulphide-rich and refractory.

*Flex zone*

A preliminary, shallow open-pit design encloses a calculated mineable (Indicated) resource of 69 977 tonnes grading 6.0 g/t Au and 234 g/t Ag and a geological (Inferred) resource of 38 615 tonnes grading 5.8 g/t Au and 333 g/t Ag. This resource is not NI 43-101 compliant.

**Production**

The initial capacity of the mill was 700 tonnes/day.

Gold production from surface oxide ores commenced during the week of October 18, 1996 and the company poured the first bar of gold on November 23, 1996. Commercial production began on January 1, 1997. The mill was established to process 700 tonnes/day; intended yearly production was 50,000 oz. (1.5 million g) Au. The gold was sold through Gerald Metals Inc.

In January, 1997, the company produced 2700 oz. (84 000 g) Au and 13,000 oz. (400 000 g) Ag. Ore throughput increased to 450 tonnes/day, which was 64% of design capacity. Recoveries averaged 88% and the head grade averaged 0.235 oz./ton (8.06 g/t) Au equivalent.

The unanticipated presence of clay-alteration minerals in the ore forced the daily milling rate down to less than 325 tonnes during the first nine months of operations. The problem was solved by installing a semi-autogenous grinding mill (SAG). Also, record rainfall aggravated existing difficulties milling the gold-rich, clay-altered ores and restricted capacity to 36%. The SAG mill was operational by the end of August, 1997. During July and August, 1997, the mill operated largely on stockpiled ores leaving the high-grade open-pit clay-altered ores

to be mined and processed when the SAG mill became operational.

Unseasonably heavy rainfall created a water imbalance problem in late 1997. There was inadequate provision for run-off of the rainfall, which led to an environmental discharge danger. BYG engineered a water treatment system in the spring of 1997 by transporting facilities from the Canamax mine controlled by YGC. The treatment facility enabled the company to meet water quality discharge levels.

The mine restarted production at the end of January, 1998 and delivered its first gold and silver for sale in April, 1998. At first, production was limited to 50% of the mill's 700 tonne/day capacity, then installation of new pumping facilities allowed the mill to operate at full capacity. BYG estimated that it would be able to produce gold at an operational cost of \$160/oz.

The company downsized in 1998 and carried out exploration and drilling programs to delineate additional oxide ore reserves on the Mount Nansen mine property, particularly on the nearby Flex zone. The mine shut down in the spring of 1999.

<b>Total production in 1998</b>
472 kg (15,190 oz.) Au • 1208 kg (38,849 oz.) Ag
<b>Total production in 1999</b>
15 500 tonnes at a grade of 7.5 g/t Au and 50 g/t Ag, or 116.2 kg (3738 oz.) Au and 775 kg (24,917 oz.) Ag