

MOUNT SKUKUM/SKUKUM CREEK/GODDELL PROPERTIES

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PROJECT STATUS

Preparing feasibility study



Location

40 km west of Carcross

Ownership

Tagish Lake Gold Corp.

Commodity

Gold, silver

Ore type

Mount Skukum: quartz-carbonate

Skukum Creek: quartz-sulphide

Goddell: breccia

Resource estimates

Mount Skukum*	109 200 tonnes indicated	13.4 g/t Au
Skukum Creek (Ridge, Kuhn, Rainbow, Berg and Rainbow ² zones)**	195 000 tonnes Measured (COG of 4 g/t Au)	5.8 g/t Au, 240 g/t Ag
	880 000 tonnes Indicated (COG of 4 g/t Au)	6.5 g/t Au, 174 g/t Ag
	206 000 tonnes Inferred (COG of 4 g/t Au)	6.8 g/t Au, 155 g/t Ag
Goddell (P.D. Zone)**	360 000 tonnes Indicated (COG of 4 g/t Au)	10.3 g/t Au
	310 000 tonnes Inferred (COG of 4 g/t Au)	8.8 g/t Au

*Historical resource; not NI 43-101 compliant

**NI 43-101-compliant technical report by Mintech International Ltd., August, 2007

Mining method

Underground

Processing method

Conventional mill, 365 days per year

Power

on-site diesel generation

HISTORY

The Wheaton River area first received attention in the early 1890s when prospectors discovered gold-bearing quartz-stibnite veins. With the completion of the White Pass and Yukon Route Railroad in 1903, the area became more accessible to prospecting and numerous other gold and silver occurrences were located between that year and 1906. Stibnite mineralization was discovered approximately 11 km east of Mount Skukum at Goddell Gully in 1909, and in 1922, gold-silver mineralization was discovered on the southeast side of Skukum Creek approximately 5.3 km southeast of Mount Skukum.

Exploration activity slowed with the beginning of World War I and did not resume until the 1960s when activity increased and stibnite veins in the Goddell Gully, Becker-Cochrane, Wheaton River and Skukum Creek areas were re-examined. During the 1970s, most of the exploration activity in the Wheaton River District was carried out in search of copper, molybdenum and uranium.

In 1981, exploration activity peaked in the Wheaton River District due to an increase in the price of gold and the discovery of gold-bearing quartz-carbonate veins in the Mount Skukum volcanic complex by AGIP. The project became the site of the Mount Skukum gold mine which, from 1986 to 1988, mined 223 439 tonnes of ore and recovered 77,796 oz. (2 419 700 g) Au by underground methods. In 1986, Omni Resources Inc. reported geological reserves of 745 000 tonnes grading 7.9 g/t Au and 305 g/t Ag on its Skukum Creek property. From 1985 to 1988, Berglynn Resources Inc. carried out an exploration program on the Goddell Gully property located at the southeast corner of the Mount Skukum property and adjoining ground held by Omni Resources Inc. This program led to the intersection of high-grade gold mineralization in drill core. The Omni, Berglynn and Mount Skukum gold mine properties were dormant from 1991 to the mid-1990s.

Omni Resources completed a drill program on the Goddell gold project in 1995. The 5-hole, 2820-m diamond-drill program confirmed a large, well mineralized shear zone. The shear zone is open to extension in depth and length. Omni Resources completed a 620-m decline in December, 1996 at the Goddell shear zone. The Goddell shear zone was acquired from Arkona Resources Inc. and 276 Taurus Ventures. In April, 1996, Omni Resources entered into an agreement with Trumpeter Yukon Gold whereby Trumpeter would finance Omni through equity over one year to earn a 50% joint interest

in Omni's holdings. The agreement further provided the opportunity for Trumpeter to enter into a 50/50 joint venture with Omni on the Mount Skukum properties.

During 2000, the two companies, Omni Resources Inc. and Trumpeter Yukon Gold Inc., merged into Tagish Lake Gold Corp. (TLGC), which now holds 100% of the interest in the property.

The Skukum Creek deposit was drilled by Tagish Lake Gold Corp. in 2001. Based on the drill results and the resampling of historical holes, three new zones have been identified. All three zones could be mined from the existing underground workings.

During 2002, underground workings were rehabilitated and a program of 2500 m of diamond drilling was undertaken, primarily on the Rainbow Zone. In 2003, the company extended the underground workings to provide a platform for diamond drilling. An independent technical report released in June, 2003 significantly upgraded the resources of the property.

During 2004, the company commissioned a preliminary feasibility report examining alternative scenarios for production from the Skukum Creek deposit and carried out diamond drilling on the Goddell deposit. The Preliminary Feasibility Report was released March, 2004. Included as part of the study was the examination of the mineral processing aspects of the project, including rehabilitation of the existing mill and upgrading it to a capacity of 300 000 tonnes/year, as well as the review of electrical energy options and requirements for environmental assessment. The Feasibility Report was updated in December, 2005 to revise Capital and Operating Costs in light of changes in prices for such items as steel and fuel as well as changes in the exchange rate.

In 2005, diamond drilling (14 holes) through the Rainbow 2 and Berg Zones was carried out at Skukum Creek.

In 2006, 330 m of drifting along, and 6500 m of diamond drilling (72 holes) through the Rainbow 2 and Berg Zones was carried out.

Tagish Lake Gold Corp. received its metallurgical report on process tests for the Rainbow Zone in November, 2006. Results indicated that a gold recovery of approximately 96% into a bulk sulphide concentrate can be expected and approximately 88% of the silver would be recovered. Cyanidation of the bulk flotation concentrate gave variable results, with recoveries up

to 90% for gold and 87% for silver (of the metal in the concentrate). Overall process recoveries (flotation plus cyanidation) were therefore approximately 86% for gold and 77% for silver. The test program confirmed that flotation of a bulk concentrate, followed by leaching, is the process method of choice, but improvements can be expected through optimization of test conditions.

In January, 2007, Carcross/Tagish First Nation (CTFN) and Tagish Lake Gold Corp. (TLGC) signed a Memorandum of Understanding (MOU) covering the values, principles and shared interests of the CTFN and TLGC. These will be incorporated into a Development Agreement to guide the relationship between the CTFN and TLGC, as the Company moves to production. CTFN supports mining in its traditional territory that adheres to the values, interests and principles of CTFN. The MOU provides a basis for participation by the CTFN in project activities as well as stewardship of the land. Opportunities for the CTFN on the Skukum property include employment, training and service contracts.

In April 2007, TLGC awarded a contract for a mini pilot plant test on a bulk sample from the Rainbow zone at Skukum Creek. The objective of this program is to provide sufficient concentrate for testing to establish the process parameters and design of the leach circuit for the plant. The program will also include testing on samples from the Rainbow Two zone and the newly discovered Berg zone to confirm that the selected process route is appropriate for these zones.

Extension of the underground workings on the Rainbow Two and Berg zones at Skukum Creek were the focus of the drill program in 2007. Crosscuts were driven to provide the platform for drilling the upward and downward extensions of the Rainbow Two and Berg zones.

On August 29, 2007, TLGC announced measured and indicated resources at Skukum Creek to be 1 066 000 tonnes at 6.4 g/t Au and 187 g/t Ag and the inferred resources are 206 000 tonnes at 6.8 g/t Au and 155 g/t Ag, both at a 4 g/t Au cut-off grade. All of the zones at Skukum Creek remain open. Another 5000 m drilling program will be undertaken from the drill cross-cuts driven as part of the current underground work program. The resource estimate for the Skukum Creek deposit provides the basis for a feasibility study presently being prepared by Genivar. The data from the Rainbow Two and the newly discovered Berg zones will be incorporated in the report. The Definitive Feasibility report will provide

information for production permits, and debt financing for construction.

Work on the environmental assessment report is well underway. Mineral process testing and a draft technical report on feasibility are nearing completion. Systematic sampling of the drifts on the Rainbow Two and Berg zones are nearing completion. The surface preparation work for the new portal at the 1100 m elevation is also essentially complete, with a rock face established for the adit.

PROJECT SUMMARY

The Skukum gold-silver property, located 80 km southwest of Whitehorse, Yukon, consists of two deposits with resources. These are the Skukum Creek deposit, containing the majority of the resources and the Goddell Gully deposit. The Mt Skukum deposit, northwest of the Skukum Creek deposit, was formerly mined. All three deposits have underground workings (exploration and/or production) with portal access. The Skukum property consists of 985 full or fractional Quartz Mining claims and three Crown Grants that cover an area of 171 km².

Mount Skukum deposit

Mineralization on the Mount Skukum property consists of gold within epithermal quartz-carbonate veins hosted in an Eocene volcanic caldera complex. Underground mine production began on the Main Cirque body in 1986, at a rate of 300 tonnes/day and continued until August, 1988, when that orebody was exhausted. Approximately 223 400 tonnes of ore were mined and 77,796 oz. (2 419 700 g) Au were recovered. The mineral processing facility remains on site. It is a conventional Merrill-Crowe crushing, grinding, cyanidation, zinc precipitation circuit with cyanide destruction using the Inco SO₂ system. It is estimated that about 98 885 tonnes of oxide ore grading 14.75 g/t Au remain at the Lake Zone. There has been no development on Mount Skukum since 1989.

Skukum Creek deposit

The Skukum Creek property was originally staked in 1922 and obtained by Omni Resources in 1984. Exploration and development proceeded quickly on the property from 1985 to 1988. The program, financed largely through flow-through share funding, included more than 24 000 m of surface and underground diamond drilling and 2200 m of underground development on the 1300 and 1350 levels.

The Skukum Creek deposit is located 5.25 km southeast of Mt. Skukum, and lies immediately to the southeast of the Eocene Mt. Skukum volcanic complex on the south side of Skukum Creek. It is a structurally controlled, polymetallic gold-silver deposit hosted in mid-Cretaceous granodiorites, quartz monzonites and granites of the Coast Plutonic Belt. The rocks are leucocratic, medium- to coarse-grained and may be porphyritic.

Rhyolite and andesite dykes have intruded the granitoids along faults, contacts and other zones of weakness. The rhyolite dykes are aphanitic to porphyritic, flow-banded and locally spherulitic and auto-brecciated. The andesites are fine-grained to porphyritic.

Six mineralized zones have been identified on the property. They occur in faults and/or shears associated with the northeast-trending Berney Creek fault. The two principal zones are Rainbow and Kuhn. The Rainbow zone has a strike length of 265 m, extends 360 m down dip from surface, with intercepts of up to 49.2 g/t Au and 528.7 g/t Ag over 10.7 m. The Kuhn zone has a strike length of 200 m and extends 350 m down dip from surface, with intercepts of up to 33.1 g/t Au and 202.3 g/t Ag over 8.6 m. Both zones are open along strike and at depth. The mineralized rock has been indicated by drilling to continue horizontally along strike.

Zones within the Skukum Creek deposit consist of polymetallic veins within fault zones. The fault zones pinch and swell, attaining widths of 1 to 10 m, although they may reach widths to 20 m. The veins are composed of quartz-sulphide minerals with carbonates, clay minerals and rare barite. The quartz-sulphide mineral veins commonly surround a rhyolite core. Strong propylitic and phyllic alteration is common adjacent to, and within, the veins.

Sulphide minerals including pyrite, galena, sphalerite, chalcopyrite, stibnite, arsenopyrite, pyrargirite, tetrahedrite and argentite occur in stringers, bands and fine to coarse disseminations. Sulphide mineral content ranges from moderate to high. Native gold may also be present.

Goddell deposit

The Goddell Gully breccia deposit is named after the creek in which the showing was first found. It is located 10.5 km to the east of Mt. Skukum, and is a fault-controlled gold-antimony deposit hosted in mid-Cretaceous granodiorites. The main gold-bearing zone, the P.D. Zone, does not outcrop at surface.

Goddell Gully lies on the eastern margin of the Eocene Mt. Skukum volcanic complex. Cretaceous granodiorite is the dominant rock type present, and grades locally into quartz monzonite. The granitoids have been intruded by rhyolitic and andesitic dykes along faults, lithologic contacts and zones of weakness. Within the granodiorite, the Goddell fault strikes 90° to 110° and dips steeply to the south. On either side of the shear zone are intrusions of quartz feldspar porphyry dykes. Three bands of black breccia have been localized by shearing and brecciation. The black breccia consists of quartz monzonite, rhyolite, andesite and quartz veins. There appear to have been multiple episodes of rhyolitic and andesitic intrusion as well as faulting and hydrothermal alteration. Phyllic and argillitic alteration extends into the granitic wallrocks.

The easterly trending Goddell fault is the main structure, extending over 6 km. The other structures on the property follow a northeasterly trend, believed to be related to caldera collapse.

Exploration has focussed on known mineralized zones close to, and within, the shear zone. The zones consist of polymetallic veins, composed of sulphide minerals in a quartz-pyrite-calcite clay gouge. The Goddell Gully zone consists of multiple sub-parallel veins within a 50-m-wide zone of intense shearing, brecciation and alteration. Close to surface, stibnite pods form the dominant mineralized rock within the zone. Recent exploration has focussed on the P.D. zone, lying to the south of the Goddell fault, and the Becker-Cochrane zone lying 4 km east along strike of the fault.

The P.D. zone is located at depth, and appears to thicken with depth as compared to the sulphide breccia zones closer to surface. The P.D. zone has been explored over a 400-m strike length and a vertical extent of 170 m, with intercepts of up to 26.2 g/t Au over 11.1 m. The zone remains open in all directions.

Sulphide minerals present include pyrite, with minor stibnite, sphalerite, arsenopyrite and jamesonite. Geochemically, there appears to be a good correlation between gold and arsenic.