6.0 METALLURGICAL AND PROCESSING FACILITIES

6.1 Review of Metallurgical Test Work

Two composite samples (one high grade and one low grade) from the Yellowjacket Gold Project were submitted for preliminary metallurgical testing at G & T Metallurgical Services Ltd. in Kamloops, British Columbia. A series of gravity, cyanidation, flotation, and Bond Ball Mill work index tests were carried out on the samples. The Yellowjacket gold mineralization responds favourably to gravity, cyanidation, and flotation test work. Due to economic and environmental considerations, the Yellowjacket JV has decided at this time to utilize a gravity-only gold concentrating plant for mine production.

The Bond Ball Mill work index averages 15.5 kWh/tonne. This means that 15.5 kilowatt hours are required to reduce one tonne of mineralized rock from infinite size down to 80% passing 100 microns.

For a complete review of the metallurgical program see Appendix 8 – Preliminary Assessment of Yellowjacket Metallurgy, G&T Metallurgical Services, 2006.

Chemical Composition

The two composite samples were analyzed for iron, gold, sulphur, carbon, and moisture content. The results are shown below.

Sample	Assays				
	Fe %	Au g/t	S %	C %	Water %
Composite 1	4.57	11.5	0.24	2.72	1.5
Composite 2	4.45	1.14	0.29	2.71	1.8

The gold content in composite 1 is about 10 times greater than in composite 2. Iron, sulphur, carbon and moisture are fairly similar for both samples.

Gravity Test Performance

A rougher gravity concentrate was produced using a lab scale Knelson Concentrator. The results from the gravity test work are summarized below.

Stream	**Weight Grams**	**Weight %**	**Au (g/t)**	**Au Distribution %**	**Calc Head Au (g/t)**	**Measured Head Au (g/t)**
Test 1 Con.	78.7	0.8	1050.9	80.3	10.59	11.3
Test 1 Tail	9648	99.2	2.11	19.8	10.59	11.3
Test 2 Con.	76.8	0.8	98.7	68.2	1.12	1.14
Test 2 Tail	9827.3	99.2	0.36	31.8	1.12	1.14

The rougher concentrate for Composite 1 contains roughly 0.1% gold. The rougher concentrate for Composite 2 contains roughly 0.01% gold. The rougher concentrates would have to be further concentrated to about 5% gold content to make it feasible for on-site gold pours in a smelting furnace.

Composite 1 gold concentrates assay is roughly 100 times greater than the feed. The Knelson concentrates would have to be concentrated another 50 times higher to produce an on-site smeltable concentrate. Composite 2 gold concentrates also assay roughly 100 times greater than the feed. The Knelson concentrates from Composite 2 would have to be concentrated another 500 times higher to produce an on-site smeltable concentrate.

These upgrades are all possible using a gravity shaker table. There are further losses in recovery by upgrading the Knelson concentrates to smeltable grades. The final recoveries are speculative, but if the pattern of recovery versus upgrade remains the same the high grade would have a 72% smeltable recovery. The low grade would have a 10% smeltable recovery.

Cyanidation Test Data

Two cyanidation tests were conducted from the Knelson tails produced from each composite sample. Gold recovery is about 98% for composite 1 and 93% for composite 2. Cyanide consumption is low by industry standards at 0.75 KgCN/tonne of mineralized rock. Lime consumption is average for industry standard between 2.2 and 3.0 kg/tonne. Overall leach kinetics were excellent.

Rougher Flotation Data

A total of six rougher kinetic tests were completed to determine the potential for gold recovery by flotation. Average gold recovery is 96% for Composite 1 (high grade) and 53% for Composite 2 (low grade). A mass recovery of between 10 to 15% of the feed was required to achieve this recovery. This rougher concentrate would have to be further cleaned to bring the mass recovery down to about 1% of the feed. Further test work will be required to determine feasibility.

Gold Occurrence Data

A gravity test was conducted on each composite to generate samples for inspection, using ADIS scans. About 70% of the gold observed in the Knelson concentrate from Composite 1 is contained in relatively large gangue-gold binary particles. About 33% of the gold observed in the Knelson concentrate from Composite 2 occurs as gold-gangue binary particles.

The gold observed in both Knelson concentrates is in a large enough size range that makes it very amenable to gravity concentration. Particles observed in the Knelson tailings from both Composite 1 and Composite 2 occur as fine liberated gold. The size of this material is determined to be too fine for gravity recovery.

Conclusions
Composite 1 (high grade) responded well to all three processes listed. Composite 2 (low grade) produced inferior recovery results in both gravity and flotation, but did exceptionally well with cyanide leaching.

A final gravity recovery of 72% should be expected for the coarse higher grade gold. Final recovery of fine-grained low grade gold will be poor. Cyanidation would be very effective in leaching and recovering gold from the mineralized rock. Flotation of the mineralized rock shows great promise. Further flotation testing is required to determine if high gold recoveries can be maintained while reducing the mass recovery to acceptable levels.

6.2 Metallurgical and Processing Facilities Overview

The Yellowjacket Gold Project processing facility is capable of processing 20 tonnes per hour grinding ROM rock using a semi-autogenous grinding ("SAG") and ball mill configuration. Grinding is followed by Knelson concentrator gravity gold recovery. The Knelson concentrates are re-ground and further upgraded using a Deister shaker table. The Deister table concentrates can be directly smelted by propane or diesel fired furnace. SAG mill feed oversize is crushed using a jaw crusher. It is anticipated that 5% to 10% of the ROM rock will have to be crushed and the remaining 90% to 95% fed directly to the SAG mill.

A gravity circuit was chosen due to the simplicity of the mill and benign nature of the tailings. Although the gravity circuit is simple and benign it does sacrifice overall recovery. Future off-site flotation metallurgical test work will be performed using non-toxic flotation reagents. Flotation may be considered at a later date pending on the results of the metallurgical testing.

An on-site assay lab is used to control the mill feed grade and help in establishing recoveries and metallurgical accounting and balancing.

The mill operates with one mill operator per shift. The mill will run 24 hours per day except for scheduled maintenance and unexpected down time. Mill availability is expected to be 94%.

6.3 Process Flow Sheet

Figure 6-1 shows the processing flow sheet.

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Yellowjacket Gold Project

Figure 6-1 - Milling Flow Sheet

Not to scale

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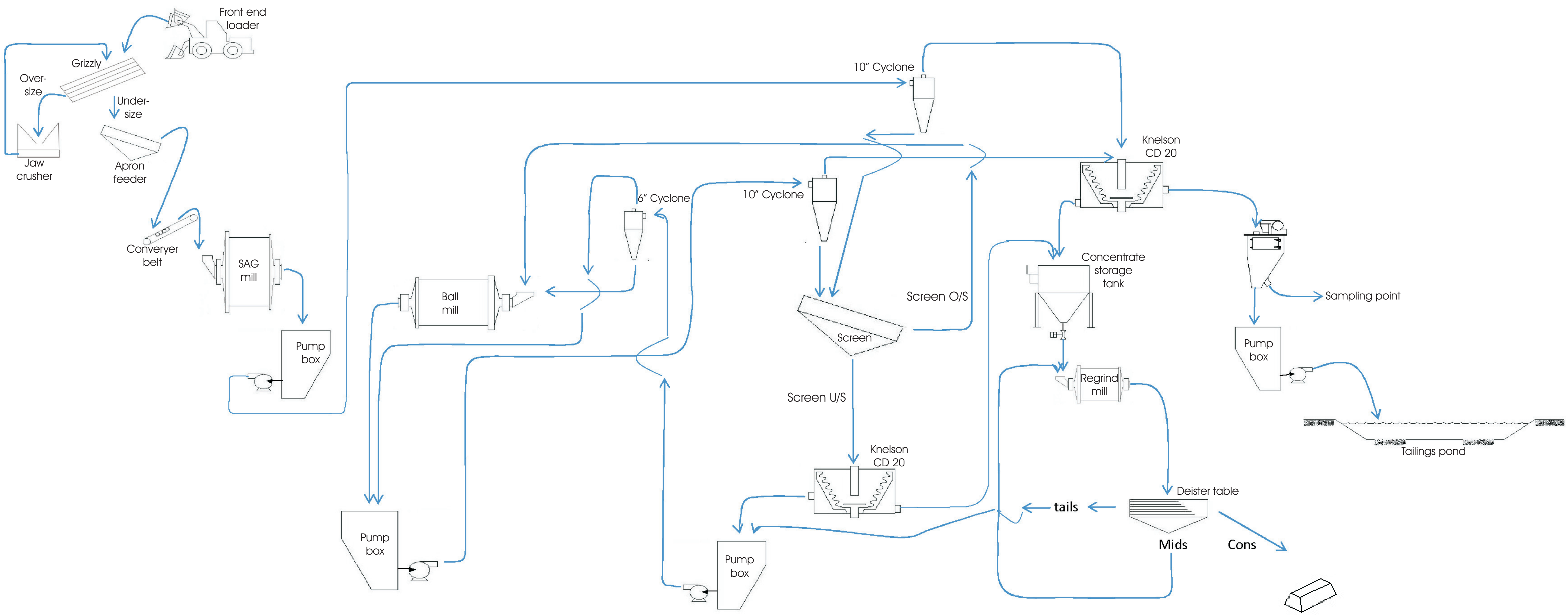

6.4 Process Plant Description

6.4.1 Crushing Plant

The Yellowjacket Gold Project processing facility utilizes a 60 centimetre jaw crusher and a 60 centimetre double roll crusher. With recent implementation of a SAG mill, only the jaw crusher will need to be utilized for production crushing. The roll crusher can be used for site road material if needed. The jaw crusher crushes the plus 10 centimetre ROM oversize that gets rejected by the SAG mill apron feeder grizzly. It is anticipated that only 5 to 10 percent of the ROM feed will have to be crushed by the jaw crusher. The jaw crusher is a portable diesel motor operated unit on a wheeled trailer and is easily moved around the site.

6.4.2 Primary Mill

The mill at the Yellowjacket Gold Project is a standard grinding and gravity plant (see Figures 6-2 to 6-4). The mill is an outdoor facility and future plans entail building an enclosure around the mill equipment utilizing a building or tent style structure. Power is supplied by a 1025 kW Caterpillar diesel powered generator. Although, the generator has a 1025 kW capacity, the mill draws only 500 kW. Options are currently being explored to see if the process plant can be hooked into the local hydroelectric grid in the future.

ROM feed will be supplied to a 90 centimetre wide apron feeder via rubber-tired loader (see Flow Chart in Figure 6-1). The apron feeder has a 10 centimetre angled grizzly above. The grizzly will scalp off the 10 centimetre plus material, which will be sent to the jaw crusher and returned back to the apron feeder. The apron feeder has a variable frequency drive ("VFD") so mill feed rates can be regulated. The apron feeder discharges onto a conveyor with an attached weightometer allowing measurements of tonnage throughput.

The conveyor feeds a 200 HP 1.5 X 3.0 metre open circuit SAG mill. The SAG mill is a wet grind, grate discharge mill. The SAG mill discharges to a pump box and the discharged material is then pumped to a 25 centimetre cyclone. Cyclone overflow goes to a 50 centimetre diameter Knelson CD-20 Concentrator. Cyclone underflow is screened, with screen undersize going to a second 50 centimetre Knelson CD-20 Concentrator and screen oversize to a 2.1 X 2.4 metre closed circuit overflow ball mill. The ball mill has a 300 HP motor, which is oversized for this size of mill, therefore only 150 HP is utilized.

Density and water control are critical in this milling process so three cyclones are utilized in the plant.

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Yellowjacket Gold Project

Figure 6-2 - General Arrangement Map - Plan View

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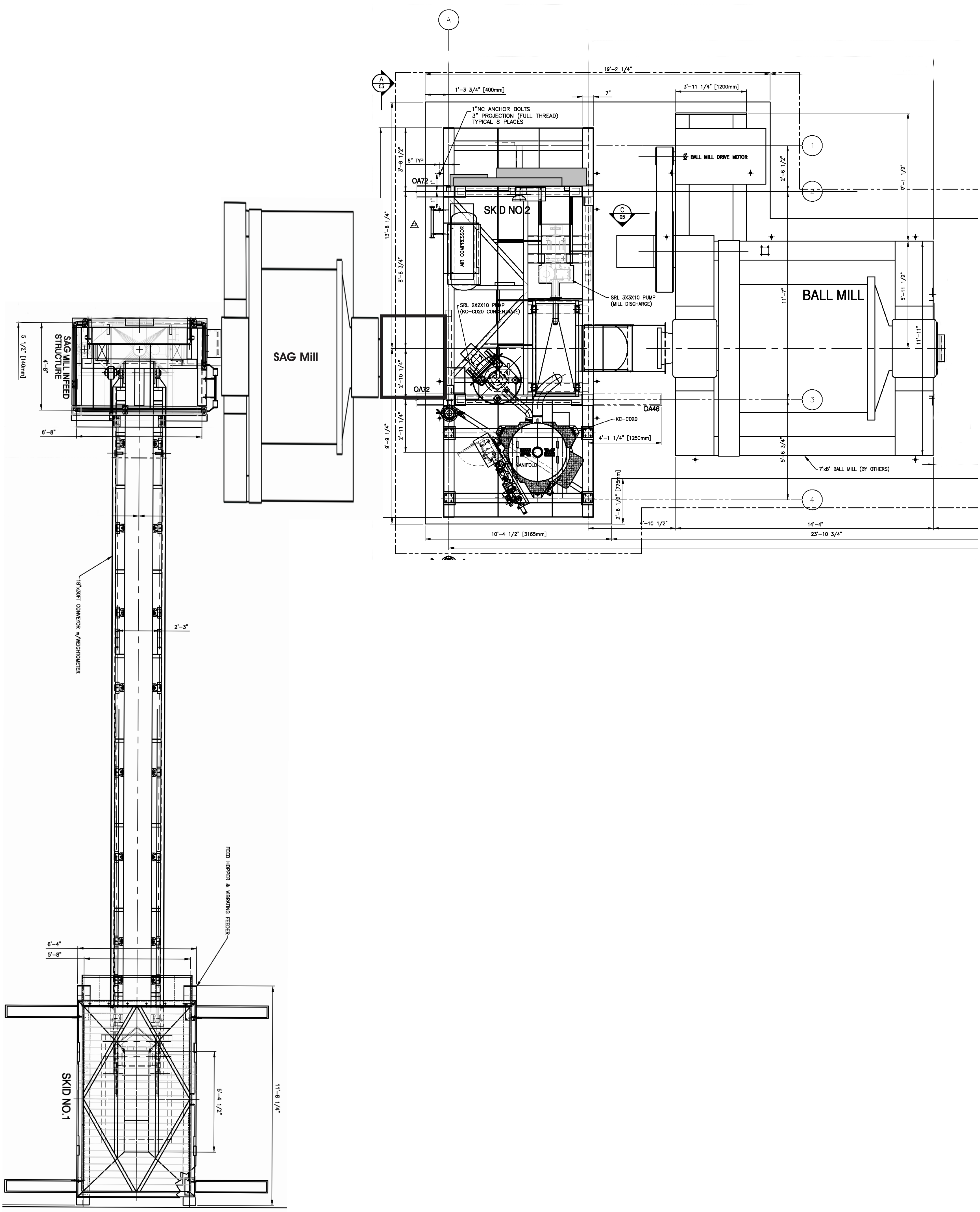

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Figure 6-3 - General Arrangement Map - Cross Section

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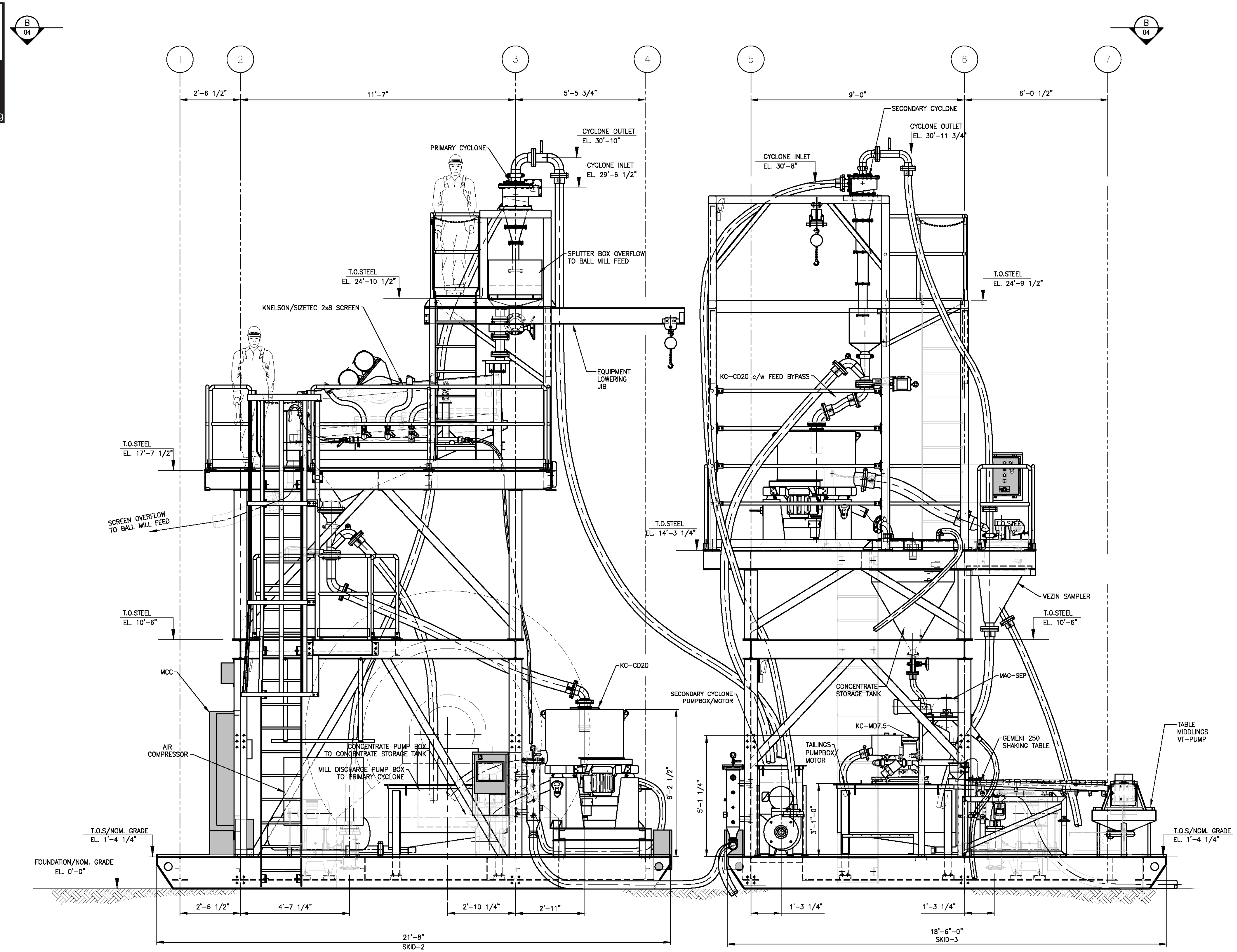

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FIGUER 6-4: Photos of Grinding Mills and Gravity Concentrating Processing Plant

There are two 50 centimetre diameter Knelson CD-20 Concentrators in the Yellowjacket Gold Project mill. The primary concentrator is used as a scalping concentrator and recovers the majority of the liberated gold. The second concentrator is used as a scavenger concentrator to pick up additional liberated gold prior to tailings discharge. Both Knelson Concentrators discharge concentrate to the concentrate storage tank. The flush cycle (and hence final concentrate volumes) is time-regulated using a programmable logic controller (“PLC”), an integral part of the mill.

The Knelson concentrates vary greatly in particle size therefore must be re-ground to a more uniform size distribution to allow the “clean-up” Deister shaker table to segregate gold particles from gangue material. The Knelson concentrates are de-magnetized, and then fed to a 90 X 90 centimetre, 25 HP Denver “re-grind” ball mill. The re-grind ball mill discharges the concentrates onto a 1.2 X 2.4 metre Deister table. Table concentrates are collected and can be directly smelted. The table middlings return to the re-grind mill for further gold liberation and the table tails are returned back to the main mill process.

Table 6-1 shows the process plant equipment list.

TABLE 6-1
PROCESS PLANT EQUIPMENT LIST

MILLING/CONCENTRATING EQUIPMENT (see Figure 6-1 Processing Flow Sheet)		
NAME / MAKE	**NO. OF PIECES**	**COMMENTS**
1025 kW Caterpillar Generator	1	Main Power Supply
Feed Hopper	1	Feeding Ball Mill in event SAG mill goes down
Cedarapids two trailer jaw/roll crusher	1	Crushing oversize from Apron Feeder Grizzly
Vibrating Feeder	1	Feeding Ball Mill in event SAG mill goes down
Conveyor Belt with Weightometer	1	Feeding SAG Mill and accounting for tonnage throughput
2.1 X 2.4 m Allis Chalmers Ball Mill	1	Closed circuit grinding mill
Apron Feeder with Grizzly	1	Feeding product to SAG Mill
1.5 X 3 m Hardinge SAG Mill	1	Open circuit grinding mill
Main Water Supply Pump	1	Supply all water to process plant
SAG Mill and Ball Mill Discharge Pump Box	2	Steel box used to absorb fluctuations in slurry discharge from mill
Primary Cyclone Feed Pump	2	Pumping slurry from SAG Mill and Ball Mill to primary cyclones
Primary Cyclone	2	Sizing oversize and undersize materials
Bypass Splitter Box	1	Allows for diverting more feed back to Ball Mill for better regrind if necessary

TABLE 6-1 (continued)
PROCESS PLANT EQUIPMENT LIST

MILLING/CONCENTRATING EQUIPMENT (see Figure 6-1 Processing Flow Sheet)		
NAME / MAKE	**NO. OF PIECES**	**COMMENTS**
Screen Deck, 1.2 x 2.4 m	1	Sizes material for feed to Knelson Concentrator
Knelson CD20MS Concentrator	2	Gravity Centrifugal Concentrator
#1 Knelson Tails Discharge Pump Box	1	Steel box used to absorb fluctuations in slurry discharge from mill
Secondary Cyclone Feed Pump	1	Pumping #1 Knelson tails to secondary cyclone for sizing and grinding
Secondary Cyclone	1	Sizing Knelson tails
Knelson MD 7.5MS Concentrator	1	Gravity Centrifugal Concentrator
VT Concentrate Pump	1	Pumping Knelson Concentrates to Concentrate Storage Tank
Concentrate Storage Tank	1	Storing of Knelson Concentrates
Magnetic Separator	1	Removing magnetic gangue metals from precious non-magnetics
Tailings Pump Box	1	Steel box used to absorb fluctuations in tailings slurry
Tailings Pump	1	Pumping tailings slurry to final tails
Automated Vezin Sampler	1	Sampler used for sampling tail slurries
Deister Table	1	Final gold separation
Air Compressor	1	Supplies plant air to pneumatic valves and Knelson Concentrator
PLACER / DEWATERING EQUIPMENT		
NAME / MAKE	**NO. OF PIECES**	**COMMENTS**
Super Sluice with pumps / generator	1	Processing placer gravel
Flygt Pumps (20, 15, 10 cm)	2-5	Dewatering
POWER / OTHER EQUIPMENT		
NAME / MAKE	**NO. OF PIECES**	**COMMENTS**
Fuel Truck and Trailer	1	Equipment refueling
Assay Furnace	2	Fire assaying of samples for mill optimization
Miscellaneous Lab Equipment		Pulverizer, crusher, micro-balance, scales

6.5 Fuel and Lubricants Consumption and Handling

Low sulphur diesel fuel will be delivered by truck from Atlin and stored in an above ground double walled 50,000 litre storage tank located on site. Fuel will be required on the Yellowjacket Gold Project for the operation of generators, crushers and heavy equipment. The fuel storage tank will be contained within a bermed containment area and fuel stations will meet the appropriate codes concerning storage, handling, and fire safety. The Yellowjacket operation will consume approximately 2000 litres of diesel per day.

There will also be various lubricants and solvents on site for vehicle and equipment maintenance. Below is a list of the anticipated lubricants and solvents and their estimated consumption per month.

Product	**Consumption (month)**
80 – 90 Gear Oil	100 L
Engine Oil (various weights)	400 L
Hydraulic Fluid	100 L
Grease	10 L

Oil will be stored in 200 litre drums or 20 litre plastic pails and stored in a contained area. Used oil will be stored in separate containers in a secure area and will be hauled away by a licensed carrier to an authorized disposal facility.

In the event of a major leak away from the fueling site all vehicles will be equipped with spill containment equipment.

In the event that fuel enters the waterway there will be spill management equipment down stream from the mine site where spilled materials can be collected and contained before they travel further down the waterway.

Appendix 11E outlines Fuel Management and Spill Response in detail.

6.6 Process Plant Development Schedule

Process plant construction was completed in 2007 during the exploration phase bulk sampling program. It is currently expected that a tent or building type of enclosure for the plant will be constructed in 2009. A few minor changes to the plant may be implemented from time to time during full production.