

June 15, 2006

EBA File: 1240137.001

YGC Resources Ltd.
Suite 540 – 688 West Hastings Street
Vancouver, BC V6B 1P1

Attention: Mr. Graham Dickson
President

Subject: Geotechnical Inspection of Tailings Disposal Facility
Ketza River Mine, YT

As requested, EBA Engineering Consultants Ltd. (EBA) conducted an inspection of the existing tailings dams at the Ketza River Minesite, for the purposes of evaluating the geotechnical performance and stability of the dams. This letter summarizes the observations from that inspection, and presents EBA's recommendations regarding existing and future stability of the tailings disposal facility.

1.0 SITE INSPECTION

The site inspection was completed on August 3, 2005, in the company of Peter Healey, P.Eng. (SRK Consulting (Canada) Inc.), as well as Graham Dickson and Terry Eisenman from YGC Resources. Work completed included a visual inspection of both the north and south dams for evidence of seepage, instability, bulging, cracking or settlement. Water level data from all available piezometers was also obtained, and recorded by SRK. Photographs were taken as appropriate, and the observations/recommendations were discussed on site between all those present.

2.0 OBSERVATIONS AND RECOMMENDATIONS

The dams were all in good shape – no instabilities, bulging, cracking or settlements were observed. Water level in the pond was about 2.4 m below the crest at the time of the inspection – a comment was made that this was the highest water level recorded in several years. Seepage was noted from the toe of the North Dam, but it is also understood that this is not new. Soft, wet surface conditions over an area of about 30 m long x 10 m wide were observed to be associated with this seepage. There was no evidence of soil loss or piping, as the discharge water was clear. It is recommended that a toe berm of neutralizing limestone waste rock be placed at this location to enhance future stability. The rockfill berm will be approximately 36 m long, 13 m wide and at least 2.5 m thick, placed on a medium-weight nonwoven geotextile mat. Detailed specifications for rockfill gradation and toe berm construction can be provided, upon request.

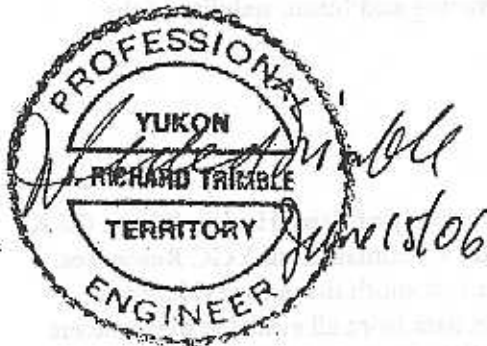
The water level at the time of the inspection (El. 1311.6 m) provides about 2.4 m of freeboard from the crest, and is 0.7 m below the emergency spillway invert. The design operating level of the pond is 1312.0 m. There is no need to keep the water level this high, and it is recommended that

measures be implemented to immediately lower the pond to at least 1.5 m or 2.0 m below the invert of the spillway. The lowering should commence as soon as possible, with a goal to lower the pond to an elevation no higher than 1310.7 m.

For the record, EBA concurs with all the conclusions and recommendations presented in SRK report prepared on the basis of the joint inspection described herein (refer to SRK Consulting, September 2005. *Geotechnical Inspection, Waste and Wastewater Facilities, Ketzga River Mine, Yukon Territory. Prepared for Government of Yukon, Department of Environment. SRK reference SRK 1CY001.003*).

We trust that you will find this report satisfactory for your purposes. If you have any questions, or require additional information, please contact the undersigned.

Yours truly,
EBA Engineering Consultants Ltd.



J. Richard Trimble, P.Eng.
Senior Geotechnical Engineer, Project Director
Yukon Region
Direct Line: 867.668.2071 x22
trimble@eba.ca

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EBA ENGINEERING CONSULTANTS LTD.	
SIGNATURE	<i>J. Richard Trimble</i>
Date	<i>June 15/06</i>
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