

MEMORANDUM OF UNDERSTANDING

Signed the 21st day of July, 2005

BETWEEN:

YGC RESOURCES LTD. and KETZA RIVER HOLDINGS LTD.

(Collectively the "Companies")

Both of:

Suite 540 688 West Hastings Street,

Vancouver, BC V6B 1P1

Tel: 604 688 9427

Fax: 604 688 9426

AND:

ROSS RIVER DENA COUNCIL (on its own behalf and on behalf of the Kaska Nation)

("Ross River")

WHEREAS:

- A. The Companies have staked or have rights to various quartz mining claims and leases in the Ketzra River area of the Yukon Territory, more particularly described in Schedule "A" attached hereto herein called the "Property", which Property is within the Ross River Traditional Territory in the Yukon
- B. Ross River has unsundered aboriginal rights, titles and interest in and to the Kaska Traditional Territory, including lands occupied by the Property.
- C. The Companies intends to conduct exploration program on and around the Property over the next several years, which program will consist of, but not be limited to, diamond drilling, trenching, soil geochemistry, geophysics
- D. The Companies and Ross River recognize that they have a mutual interest in co-operating with each other to avoid unjustified infringement of Kaska Aboriginal rights, titles and interest, to mitigate adverse environmental and socio-economic effects, and to ensure the timely and orderly exploration of the Property.
- E. Both parties recognize that the sharing of information is necessary to create a common understanding of each party's interests and that it is mutually beneficial to establish opportunities for consultation and hope that this Memorandum will help establish a basis for a long term relationship founded upon mutual trust, respect and understanding.

THEREFORE, IT IS AGREED AS FOLLOWS:

1. In the spirit of mutual respect and co-operation:
 - a) the Companies acknowledge that Ross River has unsurrendered aboriginal rights, titles and interest in and to their Traditional Territory in the Yukon, which Traditional Territory is outlined on Schedule "B" attached hereto, including lands occupied by the Property;
 - b) subject to paragraph 1(a) Ross River acknowledges that the Companies are the recorded holder of a 100% interest in the Property, pursuant to the *Yukon Quartz Mining Act*;
 - c) subject to performance by the Companies of their covenants and obligations in this Memorandum, Ross River consents to the use and occupation by the Companies of the Property solely for the purposes of conducting a mineral exploration program thereon during the term and any renewal thereof in compliance with all applicable laws;
 - d) the term of this Memorandum shall expire on May 31st 2008. The parties agree to review this Memorandum and their experience there under one month prior to each anniversary of the signing of this agreement and three months prior to any renewal term and agree to consider and if appropriate, to renew the term with such amendments to this Memorandum as they may mutually agree; and
 - e) each of the parties represents to the other that the execution of this Memorandum has been duly authorized by all necessary internal approvals and this Memorandum is a valid agreement enforceable in accordance with its terms.
2. The Companies agree that they will consult with Ross River in undertaking their exploration work on the Property. "Consult" and "Consultation" means that the Companies will inform Ross River of their intentions for exploration work on the Property as soon as possible for the 2005 season and by no later than two months prior to any following summer season by providing an outline of proposed work to Ross River within a sufficient time to allow Ross River to consider and respond to the information and to allow the Companies sufficient time to consider and accommodate Ross River's concerns.
3. The parties agree that they will form a Committee, the Mining Advisory Committee (MAC), to address all interest and concerns raised by the Ross River Dena Council, and specifically those interests and concerns raised in the letter of May 24th 2005 by the YESA coordinator. MAC will be established upon the signing of this agreement.
4. The parties agree that they will explore avenues for the equity participation in YGC Resources Ltd. by Kaska Minerals.
5. The parties acknowledge that successful implementation of this Memorandum is dependent on timely action by and communication between the parties. Accordingly, the parties agree to (i) respond to each other's phone calls or faxes as soon as possible and in

any event, in not less than seven days, and (ii) each appoint a "Project Liaison Contact". The Project Liaison Contact shall serve as the conduit for the regular exchange of information between the parties. The Ross River Project Liaison Contact is John Etzel and the Companies Project Liaison Contact is Graham Dickson. In recognition of the fact that the Ross River Project Liaison Contact will be performing responsibilities that benefit the Companies and to help defray the costs of Ross River during the term, the Companies agree to make a contribution to Ross River of \$25,000 upon signing this Memorandum.

6. The Companies commit to attending a community meetings and/or meeting with the Chief and Council in Ross River twice each year, the exact dates to be mutually agreeable to (i) explain the exploration program for the coming year, (ii) the overall status of exploration on the Property, and (iii) to discuss opportunities for Ross River Kaska members and businesses in the exploration program. The Ross River Liaison Contact will coordinate such meetings.
7. The Companies agree, for the Property:
 - a) The Companies already retains various Ross River Kaska enterprises and agrees to inform Ross River of any future contracts or sub-contracts.
 - b) to explore opportunities for training and employment of Ross River Kaska citizens and other Kaska citizens;
 - c) to explore opportunities for contracts or sub-contracts that might be entered into with Ross River Kaska members and businesses;
 - d) to use their best efforts to increase the employment of Ross River Kaska citizens and other Kaska citizens and the contracts with Ross River Kaska businesses and joint ventures and other businesses or joint ventures owned by Kaska citizens and Kaska First Nations;
 - e) to explore the possibility of a joint venture for the production of limestone or lime from the Ketza property for use within the Yukon.
 - f) To explore the possibility of using the laboratory facilities at the mine site for training purposes and to procure if possible the help of the Yukon College in certifying such training.
 - g) to deliver a preliminary list of contract and job opportunities for the following exploration season by January 31st of each year to the Ross River Project Liaison Contact, and a final, updated copy of these lists by March 31st of each year;
 - h) before it enters into any contract with a third party for road maintenance, earth moving, snow clearing, camp construction, line cutting, expediting, fuel supply, reclamation, or other activities mutually agreed, the Companies will negotiate in good faith with businesses or joint ventures owned in whole or in part by Ross River Kaska First Nations, or other Kaska citizens, nominated by Ross River for such contracts on a "target price and specification" basis and if the parties are not able to negotiate satisfactory contracts for work in these areas within a reasonable

period of time, The Companies may negotiate with and award the contract to a third party whose price and terms are more favourable to the Companies than those offered by the Kaska representative;

- i) in awarding all contracts, whether by negotiation or by tender, to give preference first to businesses and joint ventures owned in whole or in part by a Ross River Kaska member and then to businesses and joint ventures owned in whole or in part by the Kaska Nation or a Kaska First Nation or a Kaska citizen which is qualified to perform the work and price competitive;
 - j) to obligate their contractors to comply with the provisions of this Memorandum respecting employment and contracting when they hire employees, purchase supplies and award sub-contracts; and to require their contractors to hire the Trans North/Kaska business alliance for all helicopter services if it is competitive and has equipment available; and
 - k) to prepare and deliver a report to Ross River at the end of each field season that reports on the implementation of this agreement, including compliance with this article 7, Kaska training, employment, and contracts and recommendations for improvement in future years.
8. In order to better explore opportunities for training and employment of Ross River Kaska and other Kaska citizens, the Companies agrees to pay fees and costs for up to 3 Kaska citizens identified by Ross River who are taking the basic or advanced prospecting course or a diamond drilling course run by the Yukon Chamber of Mines, or any similar course in Yukon, to an aggregate maximum of \$3,000.
9. In order to facilitate the efforts of the Companies and their contractors in employing Ross River and Kaska citizens and contracting with Ross River Kaska and Kaska owned businesses and joint ventures:
- a) The Companies agrees to promptly inform Ross River of the names of successful contractors as the contracts are awarded;
 - b) when requested by the Companies, Ross River shall identify for the Companies those Ross River Kaska and Kaska businesses and joint ventures with experience in mining exploration or who may be otherwise suited to assist the Companies in conducting their exploration program on the Property; and
 - c) The Companies agrees to inform their contractors of the capacity of Ross River Kaska and Kaska business and joint ventures that may be available to perform subcontracts.
10. In connection with their activities related to the Property, the Companies agree to comply with all applicable laws and to obtain and comply with all necessary governmental permits, licenses and approvals. The Companies will provide to Ross River advance copies of any applications to governmental authorities for permits, licenses or approvals for work, the use of water or other natural resources that may have an environmental

- impact. Where practicable, such applications will be provided to Ross River within a sufficient time to allow Ross River to consider and respond to the information and to allow the Companies sufficient time to consider and accommodate Ross River's concerns and interests before the application is submitted to government.
11. Ross River agrees that they will support the Companies' application for a Care and Maintenance Water License.
 12. Ross River agrees to bring all and any concerns it might have about the Companies' operations to the attention of the Companies in a timely manner and allow for resolution between the parties prior to bringing the concerns to the attention of a third party.
 13. The Companies agrees that if Ross River requests, it will deliver to Ross River any publicly available report on the Property.
 14. The Companies agree to pay to Ross River a land use interruption supplement of \$15,000 per annum (the "Supplement") for interruption of trapping, hunting, fishing, gathering and other traditional activities caused by exploration activities of the Companies, their agents and contractors, at the Property. Ross River shall determine, in its sole discretion, whether and how to distribute the Supplement to individual Ross River and Kaska citizens. The Supplement shall be payable upon signing of this Memorandum. In granting this supplement, the Companies is relying on Ross River representing the interest of all registered trap line owners and other Kaska citizens affected by exploration activities of the Companies at the Property and in consideration of this Supplement, the Companies shall settle all claims of Kaska citizens having an interest in trap lines affected by exploration activities of the Companies at the Property so that the Companies will not be required to provide additional financial consideration with respect of exploration activities of the Companies to any Kaska citizen for interruption of trap line activities. The amount of the Supplement payable shall be subject to increase by negotiation in the event the Memorandum is renewed in future years or if the Companies increase the physical disturbance and the quanta of land and wildlife disturbed.
 15. The parties hereto acknowledge that in the course of their negotiations and dealings with each other concerning the Property and other matters arising from this Memorandum they have and will obtain detailed confidential information concerning each other. The parties agree that any information obtained about the other party or their business operations, except information already in the public domain, shall be kept strictly confidential and within each party's organization shall be disseminated on a "need to know" basis only. Each party agrees from time to time and at the request of the other party to sign a separate acknowledgement of this confidentiality obligation with respect to any particular item of disclosure and not to copy any documents delivered by one party to the other and expressed to be subject to this confidentiality clause, without the written permission of the person delivering the document.
 16. The Companies agree that if they obtain a positive prefeasibility study for the Property which meets management specifications for the development and operation of a commercial mineral project, they will deliver a copy of the prefeasibility study to Ross River on a confidential basis. Following delivery of the prefeasibility study, the Companies agree to enter into negotiations with Ross River or a party designated by Ross

River for a Socio-Economic Participation Agreement, (SEPA) which shall consider and may include:

- a) preferential hiring;
 - b) training;
 - c) employment rotation affecting Ross River Kaska needs and preferences;
 - d) scholarships;
 - e) housing accommodation and recreation;
 - f) safety, health and hygiene;
 - g) language of workplace;
 - h) obligations of subcontractors;
 - i) labor relations;
 - j) preferential contracting practices;
 - k) notification of business opportunities;
 - l) provision of seed capital and equity;
 - m) provision of resources for expert advice;
 - n) information flow and interpretation, including liaison between Ross River and the Companies regarding project management and Ross River Kaska participation;
 - o) identification, protection and conservation of archaeological sites and specimens;
 - p) research and development;
 - q) co-ordination with other area developments;
 - r) substantially important Ross River environmental concerns, and disruption to wildlife, including wildlife disruption compensation schemes;
 - s) Ross River Kaska access to facilities constructed for the development, such as airstrips and roads;
 - t) Ross River Kaska preferred access to reclamation contracts
 - u) arbitration and amendment provisions;
 - v) implementation and enforceability, including liquidated damages clauses; and
 - w) any other matters the parties consider relevant to the development.
 - x) cross cultural training
 - y) Water License concerns
17. The Companies agree that they will not develop a mine on the Property in accordance with their feasibility study aforementioned unless they has first negotiated and executed a SEPA as aforesaid. If a SEPA cannot be negotiated and executed then the provisions of section 20 will apply.
18. The Companies agree that they will respect the Dena Nesid, the “People Standing Figure” located near the mine site and will report immediately to the Ross River Dena Council if any evidence of archaeological sites or burial grounds are encountered at the mine site.
19. The Companies agree that they will not allow employees to carry out any hunting from the mine site.
20. The parties shall use their reasonable best efforts to resolve all disputes between the parties concerning matters covered by this agreement. In the event a dispute between the parties is not resolved within 30 calendar days, either party may refer the matter to a single mediator chosen by the parties, the results of which mediation will be non-binding. In the event that any dispute is not resolved in this manner, either party may submit the

dispute to arbitration by a mutually acceptable single arbitrator in accordance with the Arbitration Act (Yukon)

21. Where notice or other communication is required to be given pursuant to this Memorandum it shall be in writing and may be delivered personally, by fax or by regular mail addressed as follows:

To the Companies:

Suite 540 688 West Hastings Street,
Vancouver, BC V6B 1P1
Tel: 604 688 9427
Fax: 604 688 9426
Attention: President and CEO.
With a copy to the Project Liaison Contact

To Ross River:

Ross River Dena Council General Delivery
Ross River, Yukon YOB 1 SO

Phone: (867) 969-2277
Fax: (867) 969-2405
Attention: Chief Councilor or his designate
With a copy to the Project Liaison Contact

or at such other address as may from time to time be notified in writing by any of the parties.

22. Nothing in this Memorandum is intended to create a partnership, joint venture or other relationship whereby the parties hereto may be liable for the acts or debts of the other party hereto.
23. Nothing in this Memorandum
 - a) shall be construed so as to abrogate or derogate from, or define the content of any aboriginal rights, titles and interests in or to the Kaska Traditional Territory or in any part thereof;
 - b) and shall be construed so as to abrogate or derogate from, or define the content of any fiduciary duties or other obligations owed by the Crown or the Government of the Yukon to any aboriginal peoples in respect of their aboriginal rights, titles and interests.
24. This Memorandum will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. The Companies agrees it will not dispose of the Property or any interest therein either in whole or in part unless the acquirer agrees with Ross River that such acquirer will be bound this Memorandum and any renewal, to the same extent as if it had been an original signatory.
25. This Memorandum supersedes any other agreements.

The parties have signed this Memorandum on the date set forth at the head of this Memorandum.

YGC RESOURCES LTD.

By: Graham C. Dickson, President and CEO

KETZA RIVER HOLDINGS LTD.

By: Graham C. Dickson, President and CEO

ROSS RIVER DENA COUNCIL

By: Chief Jack Caesar

SCHEDULE "A"

The Yukon *Quartz Mining Act* mineral claims and leases of the Companies situated in the Watson Lake Mining District comprising the Property are listed below:

Claim Name & Number	Grant No.	Expiry Date	Claims
Ketza 103	YB00958	14-Apr-04	1
Kon 16 - 18	YA56488 - 490	21-Mar-05	3
Kon 19 - 20	YB45994 - 995	28-Jul-05	2
Kon 21	YA56493	21-Mar-05	1
Kon 27 - 34	YA70938 - 945	21-Mar-05	8
Kon 45 - 58	YA70956 - 969	21-Mar-05	14
Kon 59 - 60	YA70970 - 971	21-Mar-06	2
Kon 61 - 70	YA70972 - 981	21-Mar-05	10
Kon 71 - 80	YA71526 - 535	21-Mar-05	10
Kon 82	YA71537	21-Mar-05	1
Kon 84 - 96	YA71539 - 551	21-Mar-05	13
Kon 97 - 98	YA72106 - 107	4-Oct-04	2
Kon 105	YA90405	8-Oct-05	1
Kon 109 - 110	YA90409 - 410	8-Oct-05	2
Kon 111	YA90411	8-Oct-04	1
Kon 131	YA90431	21-Mar-06	1
Kon 132	YA90432	21-Mar-05	1
Kon 133	YA91388	15-Aug-05	1
Kon 134	YA90825	14-Apr-05	1
	YA91389	15-Aug-05	1
Kon 135	YA90826	14-Apr-05	1
	YB45996	28-Jul-05	1
Kon 136	YA90827	14-Apr-05	1
	YA91391	15-Aug-05	1
Kon 137	YA90828	14-Apr-05	1
	YA91392	15-Aug-04	1
Kon 138 - 152	YA90829 - 843	14-Apr-05	15
Kon 153	YA90844	14-Apr-04	1
Kon 154 - 162	YA90845 - 853	14-Apr-05	9
Kon 163	YA90854	14-Apr-04	1
Kon 164	YA90855	14-Apr-05	1
Kon 165	YA90856	14-Apr-04	1
Kon 166 - 172	YA90857 - 863	14-Apr-05	7
Kon 173 - 174	YA90864 - 865	14-Apr-04	2
Kon 175	YA90866	14-Apr-06	1
Kon 176	YA90867	14-Apr-04	1
Kon 177	YA90868	14-Apr-06	1
Kon 179	YA90870	14-Apr-06	1
Kon 180	YA90871	14-Apr-05	1
Kon 181 - 183	YA90872 - 874	14-Apr-06	3
Kon 184 - 186	YA90875 - 877	14-Apr-05	3
Kon 187	YA90878	14-Apr-04	1
Kon 188 - 190	YA90879 - 881	14-Apr-05	3
Kon 191 - 193	YA90882 - 884	14-Apr-04	3
Kon 194 - 199	YA90885 - 890	14-Apr-05	6

Claim Name & Number	Grant No.	Expiry Date	Claims
Kon 200 - 209	YA90965 - 974	14-Apr-05	10
Kon 210 - 213	YA90891 - 894	14-Apr-05	4
Kon 246 - 261	YA99325 - 340	14-Apr-05	16
Kon 262	YB00679	21-Mar-05	1
Kon 263 - 264	YB00680 - 681	21-Mar-06	2
Kon 265 - 271	YB00682 - 688	21-Mar-05	7
Kon 305 - 320	YB34222 - 237	23-Aug-05	16
Kon 321 - 322	YB34238 - 239	23-Aug-05	2
Kon 3231 - 339	YB34240 - 256	23-Aug-05	9
Total			234

Claim Name & Number	Grant No.	Lease No.	Expiry Date	Acres	Units
Ann 2	71527	3417	14-Dec-09	45.62	1
Fred No. 1	Y16372	3420	14-Dec-09	1.50	1
Fred No. 2	Y16373	3421	14-Dec-09	3.13	1
Fred No. 3	Y16895	3422	14-Dec-09	0.36	1
Fred No. 4	Y16896	3423	14-Dec-09	11.10	1
Fury No. 1	71077	3412	14-Dec-09	53.18	1
Fury No. 25	69833	3405	14-Dec-09	33.49	1
Fury No. 26	69834	3406	14-Dec-09	51.62	1
Fury No. 27	69835	3407	14-Dec-09	40.67	1
Fury No. 28	69836	3408	14-Dec-09	27.93	1
Fury No. 29	69837	3409	14-Dec-09	29.03	1
Fury No. 30	69838	3410	14-Dec-09	35.56	1
Fury No 32	69839	3411	14-Dec-09	40.00	1
Jan No. 3	71424	3413	14-Dec-09	45.45	1
Jan No. 4	71425	3414	14-Dec-09	20.90	1
Jan No. 5	71426	3415	14-Dec-09	48.83	1
Jan No. 6	71427	3416	14-Dec-09	51.65	1
Kon 1	YA56473	3462	2-Dec-11	46.01	1
Kon 2	YA56474	3463	2-Dec-11	10.60	1
Kon 3	YA56475	3464	2-Dec-11	50.03	1
Kon 4	YA56476	3465	2-Dec-11	43.60	1
Kon 5	YA56477	3466	2-Dec-11	51.50	1
Kon 6	YA56478	3467	2-Dec-11	51.65	1
Kon 7	YA56479	3468	2-Dec-11	45.70	1
Kon 8	YA56480	3469	2-Dec-11	44.10	1
Kon 9	YA56481	3470	2-Dec-11	42.20	1
Kon 10	YA56482	3471	2-Dec-11	41.10	1
Kon 11	YA56483	3472	2-Dec-11	52.10	1
Kon 12	YA56484	3473	2-Dec-11	47.70	1
Kon 13	YA56485	3474	2-Dec-11	51.70	1
Kon 14	YA56486	3475	2-Dec-11	51.70	1
Kon 15	YA56487	3476	2-Dec-11	50.50	1
Kon 22 Fr	YA56498	3477	12-Feb-11	15.20	1
Kon 23	YA70934	3478	12-Feb-11	28.60	1
Kon 24	YA70935	3479	12-Feb-11	3.08	1
Kon 25	YA70936	3480	12-Feb-11	30.40	1
Kon 26	YA70937	3481	12-Feb-11	19.40	1
Kon 81	YA71536	3482	21-Feb-11	11.20	1
Kon 83	YA71538	3483	12-Feb-11	52.00	1
Kon 99 Fr	YA90399	3484	12-Feb-11	23.10	1
Kon 100 Fr	YA90400	3485	12-Feb-11	0.80	1
Kon 102	YA90402	3486	12-Feb-11	38.80	1
Kon 103	YA90403	3487	12-Feb-11	48.80	1
Kon 104 Fr	YA90404	3488	12-Feb-11	22.00	1
Kon 107 Fr	YA90407	3489	12-Feb-11	0.68	1

Claim Name & Number	Grant No.	Lease No.	Expiry Date	Acres	Units
Kon 108 Fr	YA90408	3490	12-Feb-11	0.74	1
Kon 113 Fr	YA90413	3491	12-Feb-11	3.76	1
Kon 114 Fr	YA90414	3492	14-Feb-11	0.59	1
Kon 116 Fr	YA90416	3493	12-Feb-11	1.65	1
Kon 117 Fr	YA90417	3494	12-Feb-11	1.06	1
Kon 118 Fr	YA90418	3495	12-Feb-11	6.61	1
Kon 127 Fr	YA90427	3496	12-Feb-11	14.60	1
Kon 128 Fr	YA90428	3497	12-Feb-11	11.00	1
Kon 130 Fr	YA90430	3498	12-Feb-11	0.75	1
Peel No.1	69368	3396	14-Dec-09	50.12	1
Peel No. 2	69369	3397	14-Dec-09	50.12	1
Peel No. 3	69370	3398	14-Dec-09	46.96	1
Peel No. 4	69371	3399	14-Dec-09	46.97	1
Peel No. 5	69372	3400	14-Dec-09	51.92	1
Peel No. 6	69373	3401	14-Dec-09	50.38	1
Peg No. 17	69488	3403	14-Dec-09	47.40	1
Peg No. 18	69489	3404	14-Dec-09	47.40	1
Penguin No. 10	72784	3418	14-Dec-09	31.17	1
Penguin No. 4	69367	3395	14-Dec-09	51.65	1
Penguin No. 7	69489	3418	14-Dec-09	29.30	1
Pioneer No. 4	69377	3402	14-Dec-09	51.65	1
Total				2110.07	66