

082FNW130

- PART OF KING JACK RESOURCES LTD
MAY 28 1987 PROSPECTS

002358

GEOLOGICAL REPORT

ON THE

CHAPLEAU MINE

SLOCAN MINING DIVISION

BRITISH COLUMBIA

49° 44' NORTH LATITUDE

117° 23' WEST LONGITUDE

FOR

KING JACK RESOURCES LTD.

JUNE 27, 1986

W. G. STEVENSON & ASSOCIATES LIMITED
CONSULTING GEOLOGISTS

TABLE OF CONTENTS

	Page
INTRODUCTION	1
PROPERTY AND TITLE	1
LOCATION AND ACCESS	2
HISTORY	2
GEOLOGY	3
MINERALIZATION	4
CONCLUSIONS	4
RECOMMENDATIONS	5
COST ESTIMATE FOR THE PROPOSED PROGRAM	7

APPENDIX

- A. PROPERTY MAP
- B. GEOLOGICAL SAMPLE AND ASSAY MAP
- C. REFERENCES
- D. CERTIFICATE, W.G. STEVENSON, P.ENG.

INTRODUCTION

In June, 1986 officers of King Jack Resources Ltd. commissioned W.G. Stevenson & Associates Ltd. to appraise the potential and to recommend a program of exploration to test the potential of three Crown Granted mineral claims, (the Chapleau, Seattle and Corker #2), which encompass the Chapleau Mine in the Slocan Mining Division of British Columbia.

King Jack Resources Ltd. holds title to the mineral rights to 9 claims (95 claim units) surrounding the Chapleau Mine property and have entered into negotiations for a lease and option to the Chapleau, Seattle and Corker #2 claims.

To accomplish this assignment I have had discussions with Dr. Ross Gorrell, the vendor of the three Crown Granted claims, and with officers of King Jack Resources Ltd. In addition I have reviewed, published and unpublished reports, the most recent, dated May 12, 1986 by P.J. Santos, P.Eng., written for King Jack Resources Ltd., pertains to the claim units surrounding the Chapleau Mine property.

My report is based on examinations I conducted on February 7, 1980 when I visited the Chapleau property and the underground workings. Based on my recent discussions and the contents of the Santos report of May 12, 1986, I am satisfied that conditions remain such that the recommendations made in my reports of February 22, 1980 and October 26, 1984 remain valid today. These recommendations were that an exploration program be conducted on the Chapleau Mine property and an effort be made to expand the size of the property.

PROPERTY AND TITLE

On July 16, 1984 Dr. A. Ross Gorrell acquired title to the Chapleau, lot number 4963, Seattle, lot number 4965 and the Corker #2, lot number 5494. These 3 Crown Granted mineral claims, encompass the Chapleau Mine workings.

Under date of November 25, 1985, Dr. Ross Gorrell sold all of his interest in the Chapleau, Seattle and Corker #2 claims to Epic Resources (B.C.) Ltd.

King Jack Resources Ltd. hold the mineral rights to 9 claims (95 claim units) which

surround the Chapleau Mine property and have entered into negotiations for a lease and option to the Chapleau, Seattle and Corker #2 claims.

The attached map marked Appendix "A" shows the position of the 3 Chapleau Crown Granted mineral claims and their position relative to the 95 claim unit property, held by King Jack Resources Ltd.

LOCATION AND ACCESS

The Chapleau, Seattle and Corker #2 claims are in the Slocan Mining Division, located about 7 kilometers southeast of Slocan City and 24 kilometers northwest of Nelson, British Columbia. The claims are centered at 49° 44' North Latitude and 117° 23' West Longitude.

Access can be gained from a turn off on the Castlegar Slocan Road, easterly up Lemon Creek, a distance of 5 kilometers, thence northeasterly on the northwest side of Chapleau Creek, a distance of 4.5 kilometers to the property.

Alternately, a helicopter landing can be made on the dump at the portal of the lower workings of the Chapleau Mine.

HISTORY

In 1896, mineralization was discovered and staked on the northwest side of Chapleau Creek. A stamp mill was erected approximately 1/2 mile south of the mine and a tram line erected to transport ore from the mine to the mill. This operation continued until about 1905 when mining was suspended. In about 1932 the mine was operated by lessees who made periodic shipments to the Trail Smelter until 1941.

On February 7, 1980 I made an examination of the Chapleau Mine property and recommended a program of exploration.

In 1981, Julia Resources Corp., Agean Resources Corp. and Galilean Resources Corp.,

formed a joint venture and optioned the 3 claim Chapleau property. The joint venture financed a modest program of exploration which included the drilling of a vertical drill hole to a depth of 152 meters.

On July 16, 1984 Dr. A. Ross Gorrell acquired title to the Chapleau, Seattle and the Corker #2 claims.

In about 1984, King Jack Resources Ltd., a private company, acquired a lease option on the claims surrounding the Chateau Mine property and initiated a modest program of exploration.

Under the date of November 25, 1985, Dr. Ross Gorrell sold all of his interest in the Chapleau, Seattle and Corker #2 claims to Epic Resources (B.C.) Ltd.

In 1986, King Jack Resources Ltd. entered into negotiations with Epic Resources (B.C.) Ltd. pertaining to the 3 Chapleau mine claims. W.G. Stevenson was commissioned to appraise the potential of the property and to prepare a report.

GEOLOGY

The oldest rocks in this area are quartzites, gneiss and calc-silicates, part of the Milford Series of Permian and Pennsylvanian age. This formation is overlain by black argillites, slates and limestones, part of the Slocan Formation of Triassic age. Each of these formations form isolated roof pendants overlying, and enclosed by, the Nelson Batholith.

The Chapleau property is underlain by granitic rocks, part of the Nelson Batholith. A pronounced northwesterly trending northeasterly dipping fault structure has been exposed in the underground workings of the Chapleau Mine. Pegmatite and lamphyrophyre dikes and quartz veins were observed in the underground workings.

MINERALIZATION

Within the Chapleau mine, a northwesterly-trending northeasterly dipping-quartz vein has been exposed over an area with a diameter of approximately 65 meters in the plane of the vein and a vein thickness of possibly 65 centimeters. The average dip is about 30 degrees. Records in the B.C. Department of Mines show production from this mine over the period 1896 to 1941 has been approximately 326 tons with an average grade of 2.90 oz. gold and 40.1 oz. silver per ton.

In 1934, Dr. Alexander Smith, then Chief Geologist for Falconbridge Nickle Mines, examined the property and collected 47 channel samples across the vein. Based on his report of January 15, 1935, I have calculated the weighted average grade of the samples he collected as 0.32 oz. gold and 8.0 oz. silver per ton over an average width of 65 centimeters.

While I was on the property on February 7, 1980, I collected three Channel samples. Two of these samples contained only minor gold and silver values. The third, collected from the vein over a width of 30 centimeters, assayed 0.158 oz. gold and 2.39 oz. silver per ton.

The attached map marked Appendix "B" based on Dr. Smith's report and my own observations, shows the stope outline and the location of the samples which have been collected.

Other vein systems have been reported on the adjoining properties; King Jack, Rita, Goldstream, Joan and the Duplex. These are mineralized shear zones which trend northwesterly and are bordered by alteration halos consisting of silicification, sericitization and propylitization.

CONCLUSIONS

1. King Jack Resources Ltd. is considering initiating an exploration program over a large block of claims which include the Chapleau Mine and other veins.

2. The Chapleau Mine has produced 326 tons of ore with an average grade of 2.90 oz. gold per ton and 40.1 oz. silver per ton.
3. This production has come from a northwesterly trending quartz vein which dips northeasterly at about 30 degrees and which has a thickness of about 65 centimeters.
4. Extensions of the Chapleau quartz vein toward the east on strike and toward the north a depth has not been tested.
5. Production has been attained from other quartz veins on adjacent properties.
6. The consolidation of the several mining properties now under the control of King Jack Resources Ltd. will enhance the effectiveness of exploration programs in the vicinity of the Chapleau Mine.

RECOMMENDATIONS

Phase No. 1

1. Compile a topographic map of the property from existing aerial photography.
2. Establish a baseline with picket lines put in at 100 meter intervals across the property.
3. Map the geology over the surface of the property and prospect for new veins and for extensions of known veins.
4. Map and sample the underground workings.
5. Sample the dumps and estimate their tonnages.

6. Initiate a program of diamond drilling from surface.

Phase No. 2

Contingent on receiving favourable results from the Phase 1 program:

1. Prepare drill sites and initiate a diamond drilling program.

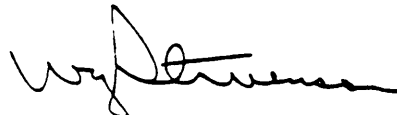
COST ESTIMATE FOR THE PROPOSED PROGRAM**Phase No. 1**

1. Compilation of a topographic map	\$ 1,500.00
2. Establish base line and 100 meter grid	2,500.00
3. Prospecting, mapping, sampling and assaying	6,000.00
4. Diamond drilling from surface	
125 meters at \$100.00/meter	12,500.00
5. Contingencies at 20%	4,500.00
	<hr/>
Total Phase No. 1	\$ 27,000.00

Phase No. 2

1. Diamond Drilling 8 holes each 100 meters	
(800 meters at \$100.00/meter)	\$ 80,000.00
2. Contingencies at 20%	16,000.00
	<hr/>
Total Phase No. 2	\$ 96,000.00
Total Phases 1 and 2	\$ 123,000.00
	=====

Respectfully submitted

W.G. STEVENSON & ASSOCIATES LTD.


W.G. Stevenson, P.Eng.

Vancouver, B.C.
June 27, 1986



APPENDIX A

KING JACK RESOURCES LTD.

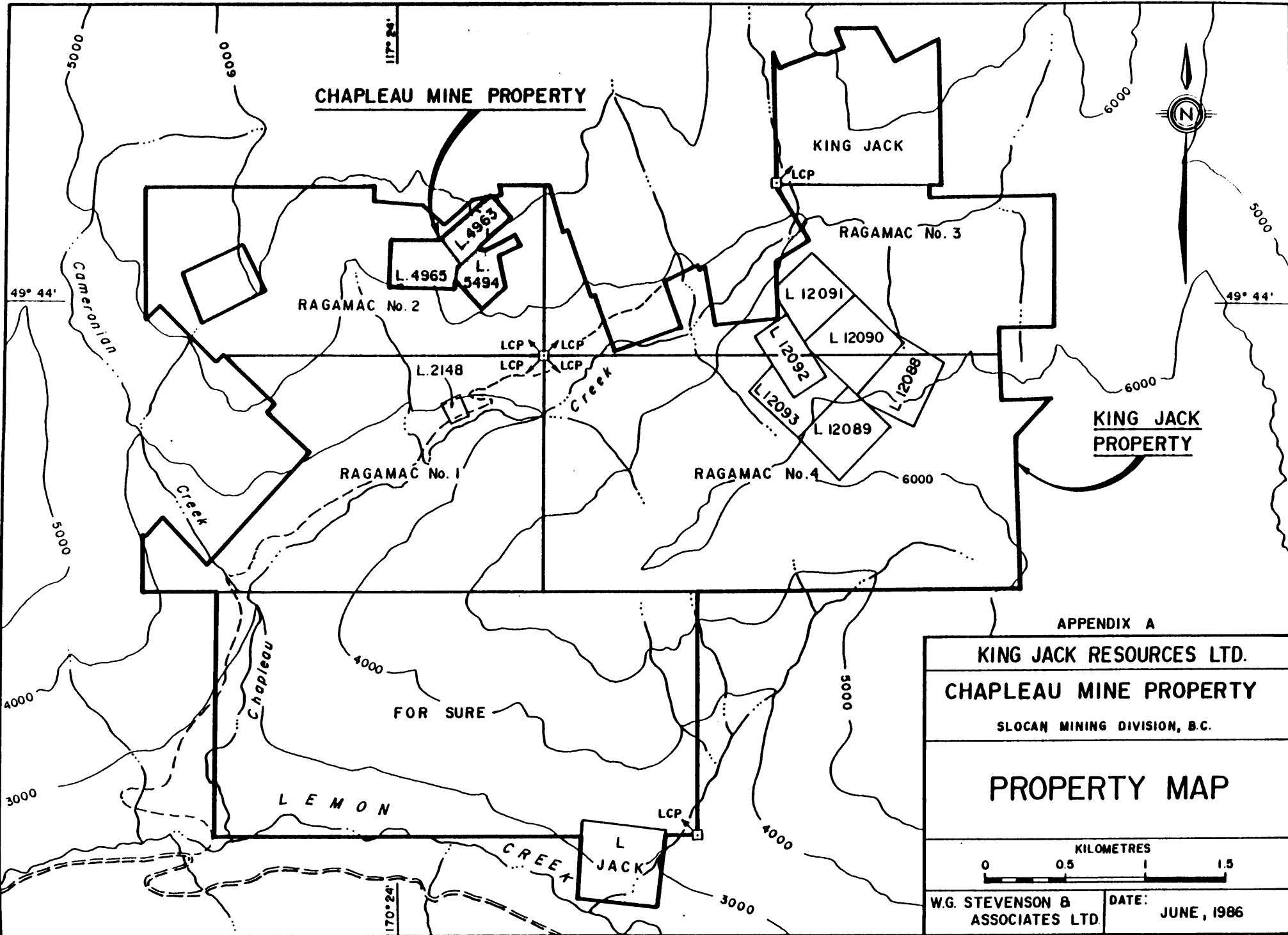
CHAPLEAU MINE PROPERTY

SLOCAN MINING DIVISION, B.C.

INDEX MAP

W.G. STEVENSON & ASSOCIATES LTD.

DATE: JUNE, 1966



APPENDIX A

KING JACK RESOURCES LTD.

CHAPLEAU MINE PROPERTY

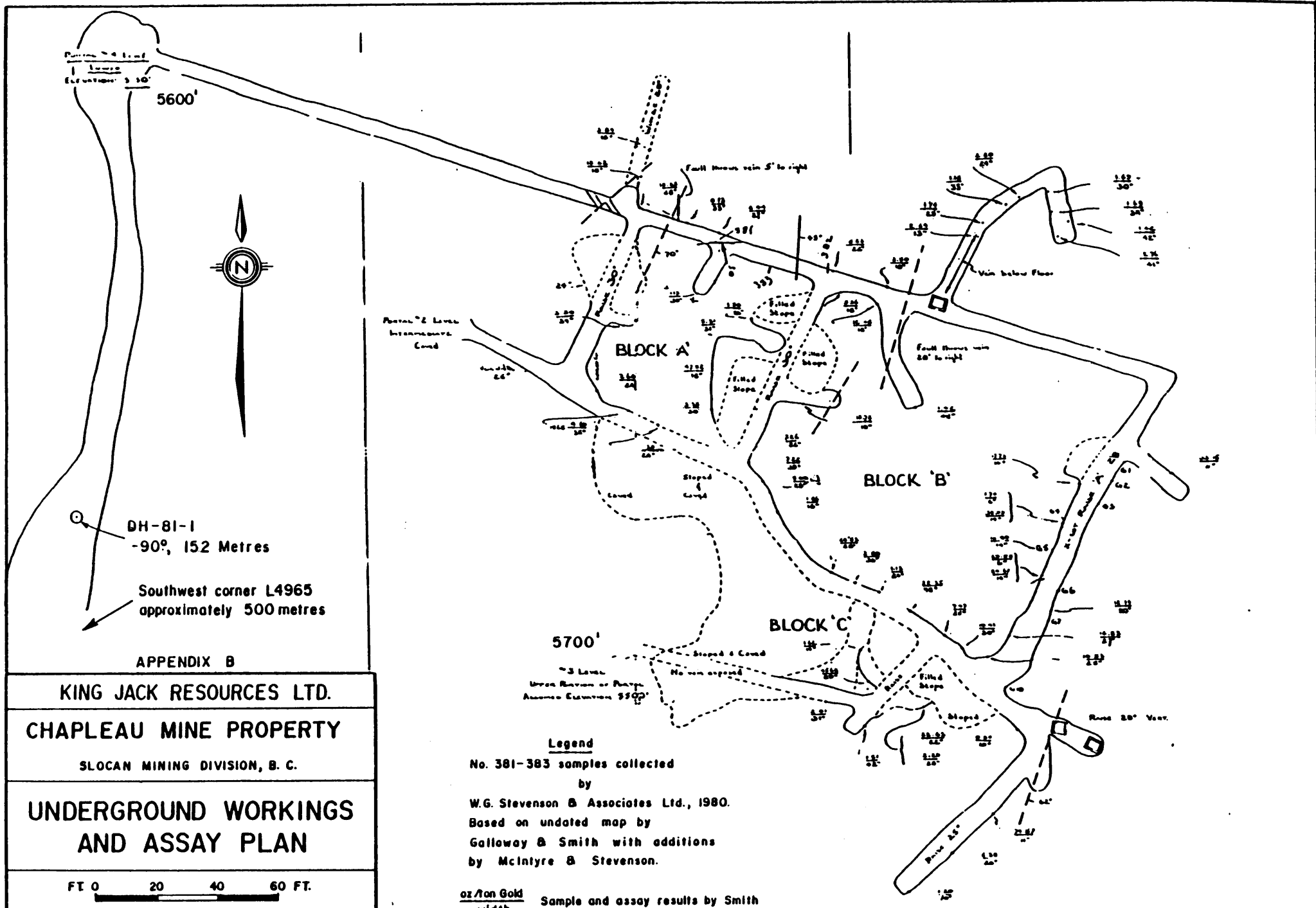
SLOCAN MINING DIVISION, B.C.

PROPERTY MAP

KILOMETRES

0 0.5 1 1.5

W.G. STEVENSON & ASSOCIATES LTD.	DATE: JUNE, 1986
----------------------------------	------------------



APPENDIX B

KING JACK RESOURCES LTD.

CHAPLEAU MINE PROPERTY

SLOCAN MINING DIVISION, B. C.

UNDERGROUND WORKINGS
AND ASSAY PLAN

FT 0 20 40 60 FT.

WG STEVENSON & ASSOCIATES

DATE: JUNE, 1986

Legend

No. 381-383 samples collected
by
W.G. Stevenson & Associates Ltd., 1980.
Based on undated map by
Galloway & Smith with additions
by McIntyre & Stevenson.

oz/ton Gold width Sample and assay results by Smith

REFERENCES

To Accompany Geological Report
dated June 27, 1986
by W.G. Stevenson & Associates Ltd.

Report on Chapleau Mine, Alexander Smith, January 15, 1935.

B.C. Minister of Mines Annual Report, 1938.

The Chapleau Mine, Robert R. Steiner October 15, 1966.

Geological Report on The Chapleau Mine, W.G. Stevenson, P.Eng., February 22, 1980.

Diamond Drilling Report Brian 1-3 Mineral Claims, Chapleau Group, Jack McIntyre, P.Eng., February 23, 1983.

Engineering Report Chapleau Gold Mines, Jack McIntyre, P.Eng., March 24, 1983.

Geological Report on the Chapleau Mine in the Slocan Mining Division, W.G. Stevenson, P.Eng., October 26, 1984.

Geological Report on the King Jack Property, dated May 12, 1986 by P.J. Santos, P.Eng.

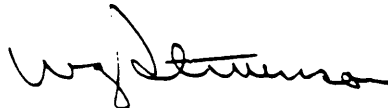
APPENDIX "C"

CERTIFICATE

I, WILLIAM G. STEVENSON, do hereby certify:

1. That I am a Consulting Geological Engineer with offices at 609, Crown Trust Building, 475 Howe Street, Vancouver, British Columbia.
2. That I am a graduate of the University of Utah, 1946, with a Bachelor of Science Degree.
3. That I am a registered Professional Engineer in the Association of British Columbia.
4. That I have practised my profession for over 30 years.
5. That I have no direct, indirect or contingent interest in the mineral claims in the Slocan Mining Division over Chapleau Creek which are held by Dr. Ross Gorrell, Epic Resources Ltd. or King Jack Resources Ltd., nor in the securities of any of these companies, nor do I intend to receive any such interest.
6. That the report dated June 27, 1986 is based on an examination I conducted on February 7, 1980 and on a study of published and unpublished maps and reports, and on discussions with engineers and geologists familiar with this area.
7. This certificate will serve as my consent for the inclusion of the subject report pertaining to the Chapleau Mine Property in British Columbia, in the statement of Material Facts or the Prospectus being prepared for King Jack Resources Ltd.

DATED at Vancouver, British Columbia, this 27th day of June, 1986.



W.G. Stevenson, P. Eng.

APPENDIX "D"