

PROPERTY FOR OPTION

(Knob Claims)

LOCATION: Northern Vancouver Island, (Island Copper Belt)
TARGET: High-level porphyry-related copper-gold deposit (Lepanto type)

Background:

The Bonanza volcanic rocks north of Holberg Inlet on northern Vancouver Island host the 55,000 tpd Island Copper mine. They also host the large Hushamu copper-gold deposit (over 191 million tons, 0.30 Cu, 0.010 opt Au), and the Hep and Red Dog porphyry copper deposits.

BHP Minerals Canada Ltd. control the majority of the eastern end of the copper belt, with claims that date back to the mid 1960's. In 1989 Placer Dome staked the extension of the belt following a regional reconnaissance programme. Placer staked the well known Knob Hill property (previously the Elk claims of Chevron and Cities Services), because of high concentrations of gold in the creeks draining the area (eg. Oblong Creek - 50 colours).

Placer conducted a very limited programme on the claims in the three years they held them. Two reconnaissance soil sample lines of two kilometre length were carried out northeast of Knob Hill, along with some reconnaissance mapping. The gold from the reconnaissance sampling programme was also microprobed to determine its source.

The current claims were staked by Kamaka Resources to cover the previously recognised copper anomalies (Chevron 1975), and a coincident area of NW trending magnetics anomalies. The gold anomalies identified by Placer Dome (150, 105 ppb Au) are within the copper rich zone south of Knob Hill. An arsenic anomaly (100 ppm) was also identified by Placer Dome in this area.

The Knob Hill area is recognized as being on the south side of a strongly deformed 4000 gamma airborne magnetics anomaly. Locally there appears to be significant offset of the geology because of a NE trending structure. There is strong silicification in the volcanics and in the (Parsons Bay) sediments. Pyrrhotite is very common in the altered rocks, along with pyrite, and some chalcopyrite and sphalerite. There are eleven drill sites scattered

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across the property. The holes (AQ) are from 20 to 150 metres deep. There is ample evidence of a porphyry copper-gold related environment such as at Hushamu or Island Copper, however copper mineralization was only encountered in one hole. Coarse calcite-arsenopyrite veining was noted in one hole, associated with elevated gold values, (7200 ppm As, 410 ppb Au). Mapping has shown that there is significantly more quartz veining in the volcanics than in the areas to the east.

The whole area forms a gently rolling plateau at 400-500 metres elevation, only locally bush covered, but mainly marked by small ponds and swamps. Generally there is little outcrop in the area, however the geology appears to be a continuation of the Bonanza Volcanic belt.

Exploration targets:

The most obvious exploration target on the property is the strong geochemical anomaly (200 ppm-400 ppm Cu), which trends NW-SE across the south side of Knob Hill. The rocks in this area show strong biotite-chlorite-magnetite alteration, typical of the other porphyry copper targets in the belt. This first target area has two zones of 1,200 metres X 400 metres within a broad area approximately 5000 metres X 1000 metres in extent.

The Lepanto style gold target is strongly indicated by the arsenic-antimony-gold association. Similar style high-level (epithermal) gold mineralization exists at Hushamu. Erosion has probably removed this zone from the Island Copper deposit, locally erosion has removed some of the zone at Hushamu. At Knob Hill the area is topographically higher, and probably will have more of the upper portion of the porphyry system intact. The extremely high number of gold particles reported from Placer Dome's sampling indicates that a significant gold source is present locally. (A reasonable target for this style of deposit would be 1-30 million tonnes of 1-3 gram/tonne gold).

There has been no previous exploration for gold in this area, although dredges are reported to have operated on the northwest coast at the turn of the century. The two most significant drainages in this area, the Stranby, and Nahwitti rivers have placed gold at their mouths. The Knob Hill area is a credible source for this gold.

Option:

The property is available for option under reasonable terms, which are to be negotiated. A comprehensive, staged exploration proposal has been prepared by Kamaka Resources. Please contact Peter Dasler at the address above if you require further information.