

Report

- on the -

KUSK # 1-11 MINERAL CLAIMS

McKusky Creek Area

Cariboo Mining Division, British Columbia

- for -

RODDY RESOURCES INC.

- and -

NIRVANA OIL AND GAS LTD.

93A 7E

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Prepared by:

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Box 795, Vernon, B.C.

January 6, 1983

K.L. Daughtry, P.Eng.

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K. L. Daughtry & Associates Ltd.

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INTRODUCTION

Roddy Resources Inc., of RR 3, Yellowhead Highway, Kamloops, B.C. and Nirvana Oil and Gas Ltd., 1015-837 W. Hastings St., Vancouver, B.C., operating as a joint venture, have acquired an option to purchase the KUSK # 1-11 located mineral claims in the Cariboo Mining Division, B.C. These claims cover an area of geologically favourable ground adjacent to the Frasergold gold property of Keron Holdings Ltd.

This report describes the KUSK property and its potential for exploration for gold deposits, and presents recommendations for an exploration programme. The report is based upon a visit by the writer to the KUSK and Frasergold properties on October 2 and 3, 1982, and an examination of exploration data on the KUSK and Frasergold properties in December, 1982. In particular, the November 16, 1981 report by G.D. Belik, MSc., on the Frasergold property was most useful.

This report has been prepared at the request of the Directors of Roddy Resources Inc. and Nirvana Oil and Gas Ltd.

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LOCATION, ACCESS, TOPOGRAPHY

The KUSK claims are on the height of land between the headwaters of McKusky Creek and MacKay River in the Horsefly district of the Cariboo Mining Division, British Columbia (Figures 1,2). The nearest settlement is the village of Horsefly, 62 kilometres to the west, and the nearest major supply centre is Williams Lake, 95 km to the west. The centre of the property is at 52 15' North latitude and 120 30' West longitude. The National Topographical System reference is 93A/7 East.

At present, access to the claims is by helicopter or on foot from logging roads 5 km to the northwest along MacKay River. MacKay River is accessible by road from Horsefly by driving east along the main Horsefly River road for about 45 km.

The claims are on the west flank of the Cariboo Mountains near the west boundary of Wells Gray Provincial Park. A series of steep-flanked northwesterly-trending ridges with rounded tops traverse the property. Elevations vary from 1300 metres above sea level at the northern boundary of the claims in MacKay River to over 2000 m a.s.l. on the ridges.

Treeline is about 1900 m a.s.l., above which are alpine meadows and swamps. Below treeline slopes are heavily forested with mature fir, spruce, balsam and cedar.

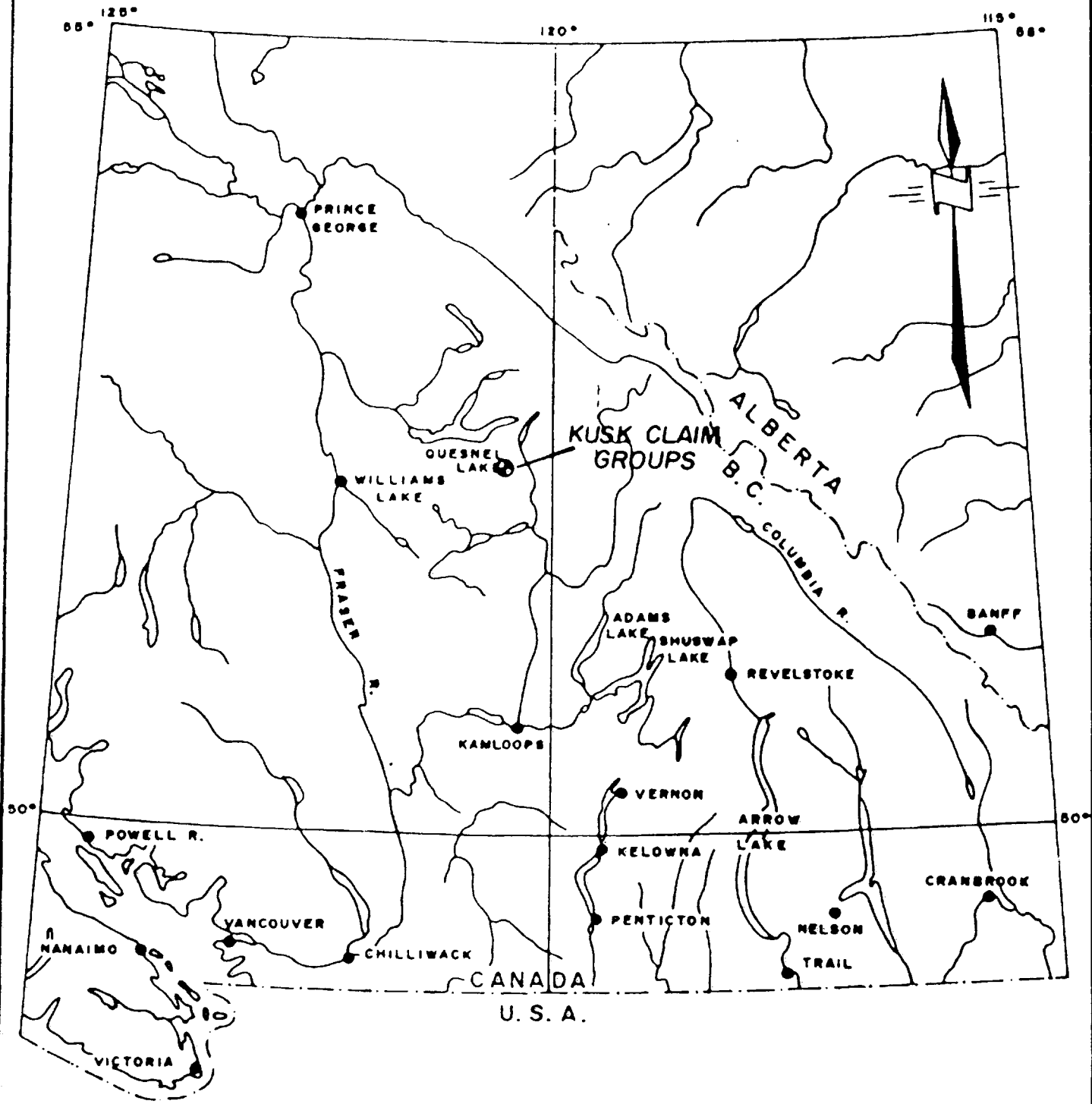
PROPERTY

The KUSK property comprises 11 contiguous metric grid located claims, totalling 154 units, in the Cariboo Mining Division. The pertinent claim data is as follows:

<u>Claim Name</u>	<u>No. of Units</u>	<u>Record No.</u>	<u>Expiry Date</u>
Kusk # 1	9	4141	Nov. 20/83 (assessment credit
Kusk # 2	12	4142	" pending)
Kusk # 3	20	4143	"
Kusk # 4	16	4144	"
Kusk # 5	9	4145	"
Kusk # 6	20	4146	"
Kusk # 7	20	4147	"
Kusk # 8	20	4148	"
Kusk # 9	4	4149	"
Kusk #10	4	4150	"
Kusk #11	20	4151	"

The owner of record at the date of writing is J.M. Dawson. An option agreement between Mr. Dawson and a joint venture of Roddy Resources Inc. and Nirvana Oil and Gas Ltd. has reportedly been negotiated.

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RODDY RESOURCES INC. - NIRVANA OIL & GAS LTD.	
LOCATION MAP	
KUSK CLAIM GROUPS	
CARIBOO MINING DIVISION, BRITISH COLUMBIA.	
Date: Nov. 1982.	Scale: 1" = 64 Miles

HISTORY

The Cariboo area of British Columbia has been one of North America's major gold-producing districts since the middle of the 19th century. The Horsefly River drainage has been a significant producer of placer gold, with more than 15,000 ounces reported.

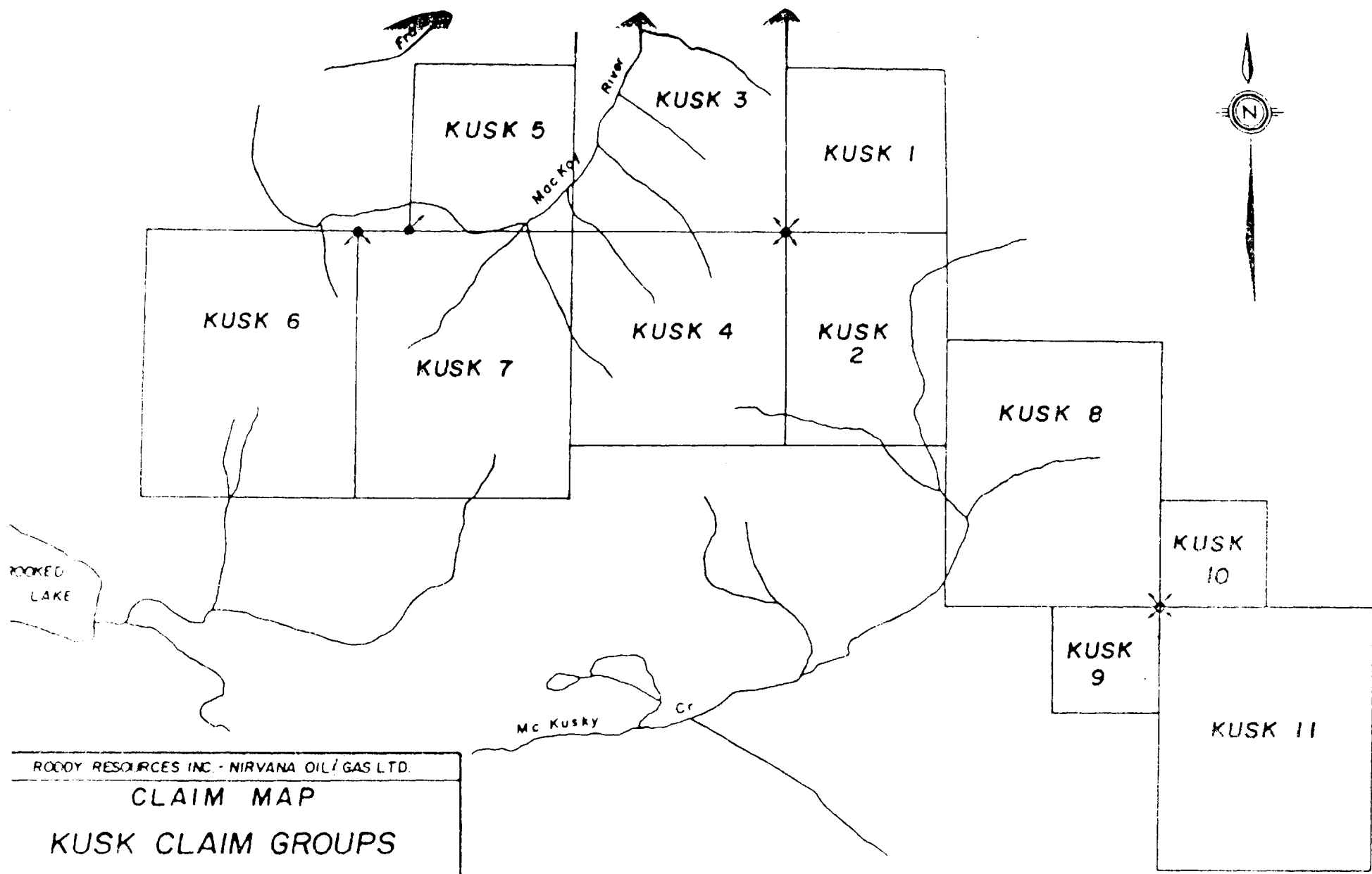
The earliest recorded mining activity in the area of the KUSK property was the discovery of placer gold in the tributaries of the MacKay River in the early 1900's. In particular, minor production was reported from Frasergold Creek (immediately north of KUSK #5 claim) in 1902.

In 1966 an extensive exploration programme was carried out by Helicon Explorations Ltd. on the EN property at Eureka Peak, 6 km northwest of the KUSK property. Porphyry copper mineralization occurs in a mafic alkalic sill. Exploration by various operators continued on this occurrence until 1974.

In 1978, Mr. C. Gunn staked the ALPHA 1 claim in the northern part of the MacKay River area after discovering numerous mineralized quartz boulders. In 1979, Mr. Gunn staked the KAY 1-8 claims at Frasergold Creek after finding anomalous gold values in silt and soil samples in that area.

Keron Holdings Ltd. optioned the KAY claims in 1979 and began an intensive exploration programme, followed by the staking of a large claim block, in 1980. A large-scale exploration programme continued in 1981. This work resulted in the discovery of a large stratabound zone of gold mineralization near the southeastern boundary of the Frasergold property.

The release of regional reconnaissance geochemical data by the British Columbia Government in 1980 resulted in extensive prospecting activity, and a



ROODY RESOURCES INC. - NIRVANA OIL/GAS LTD.

CLAIM MAP

KUSK CLAIM GROUPS

CARIBOO MINING DIVISION, BRITISH COLUMBIA

Work By
Kerr, Dawson & Assoc. Ltd.
Date
Nov 1982
Drawn By
J.M. Dawson, P. Eng.

Scale 1:50,000.
Drawn By W.G.
Fig. No 264-2

To accompany a report by J.M. Dawson, P. Eng.

similar gold occurrence was discovered northwest of Crooked Lake.

The two discoveries on the flanks of a major fold structure indicated the possible presence of a gold-bearing horizon of regional extent. This horizon should be exposed around the nose of the fold. On the basis of this hypothesis, James M. Dawson staked the KUSK claims in the autumn of 1981 to cover the geologically favourable target area.

In early October 1982, a reconnaissance geochemical exploration programme was begun to evaluate the potential of the KUSK property. This work was terminated after a few days due to the early onset of winter conditions. Resumption of exploration is planned as soon as conditions permit in the spring of 1983.

GEOLOGY AND MINERALIZATION

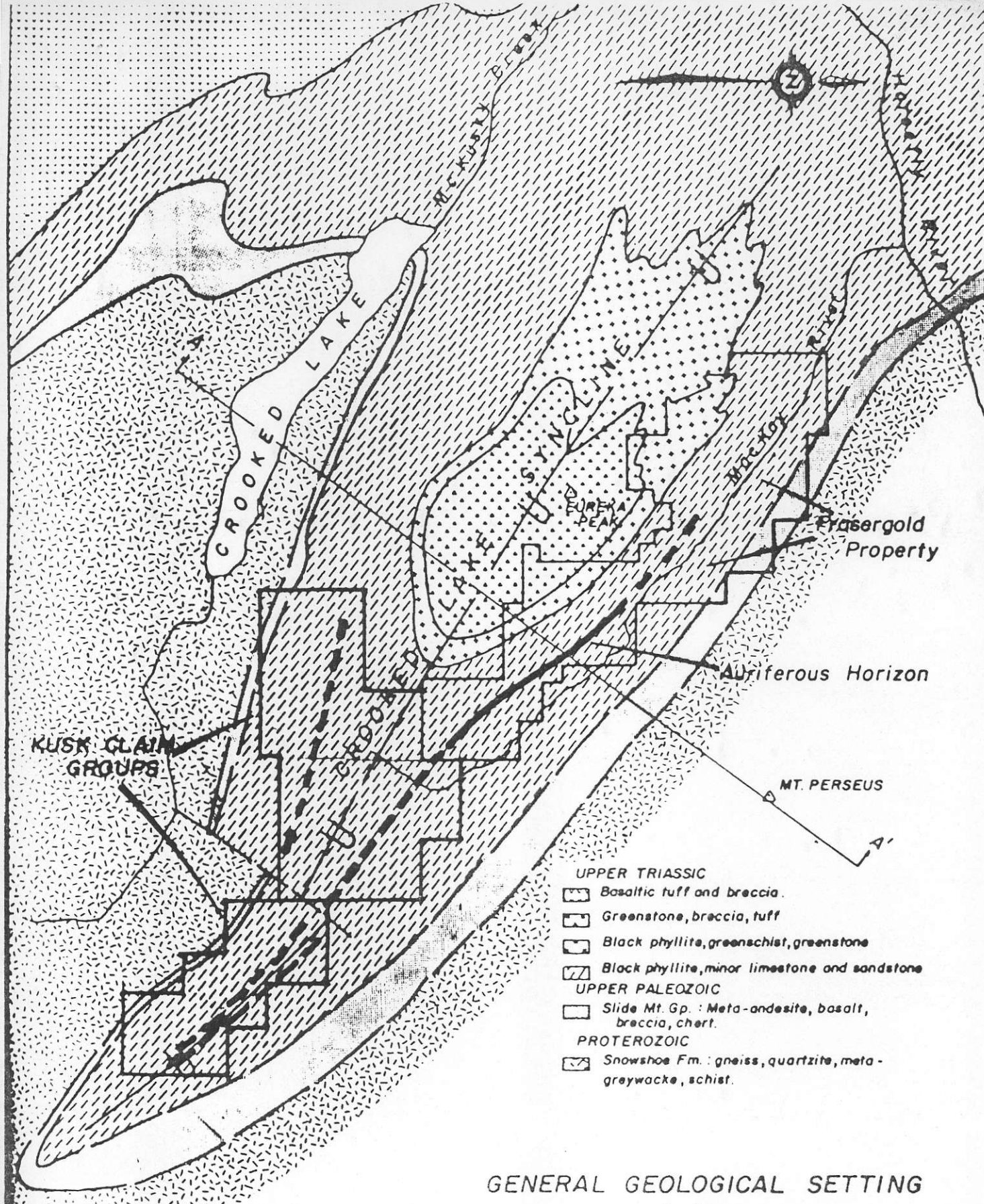
The KUSK property is in the easternmost part of the Intermontane Belt near its boundary with the Omineca Crystalline Belt. In the McKusky Creek - MacKay River area, the Omineca rocks belong to the Proterozoic Snowshoe Formation, a sequence of paragneiss, leucocratic feldspar augen gneiss, schist, and an upper greenschist unit (Figure 3). The Snowshoe Formation is overlain with angular discontinuity by the Upper Paleozoic Slide Mountain Group, represented in the area of the KUSK property by the Antler Formation, a 100 metre thick sequence of dark green recrystallized and foliated andesitic to basaltic greenstone.

Conformably overlying the Slide Mountain Group is a thick sequence of Upper Triassic volcanic and sedimentary rocks of the Takla Group. A basal unit of dark grey to black phyllite is overlain by greenschist, greenstone, augite porphyry breccia and tuff.

Numerous plugs, stocks and batholiths of Mesozoic age intrude all of the above rocks. The main lithologies include granodiorite, syenite, monzonite, diorite, granite, and quartz monzonite. Also, hypabyssal dykes, sills and plugs of alkaline composition, genetically equivalent to the Triassic extrusive rocks, are common.

Tertiary plateau and valley basalt is common throughout the region. In the MacKay River valley, a small remnant of valley basalt is present which might preserve part of a Tertiary paleo-valley.

All volcanic and sedimentary rocks, except those of Tertiary age, have suffered regional metamorphism of varying degrees. Above the highly metamorphosed Snowshoe Formation the Paleozoic and Mesozoic rocks have been

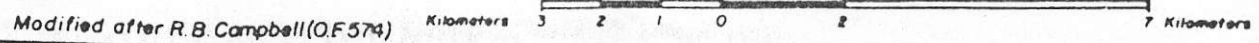


- UPPER TRIASSIC
 - Basaltic tuff and breccia.
 - Greenstone, breccia, tuff
 - Black phyllite, greenschist, greenstone
 - Black phyllite, minor limestone and sandstone
- UPPER PALEOZOIC
 - Slide Mt. Gp. : Meta-andesite, basalt, breccia, chert.
- PROTEROZOIC
 - Snowshoe Fm. : gneiss, quartzite, meta-greywacke, schist.

GENERAL GEOLOGICAL SETTING
of the
KUSK CLAIM GROUPS

(FIG. NO. 264-3A)

Scale 1:125,000



metamorphosed to greenschist facies. The biotite isograd approximately follows the Triassic lower phyllite sequence.

The major regional structure in the area of the KUSK claims is the Crooked Lake Syncline, a northwest-trending overturned structure plunging to the northwest. Most of the nose of the Crooked Lake Syncline has been covered by the KUSK claims.

Near the contact with the Omineca rocks, the basal Triassic phyllite is strongly foliated and tightly folded as a result of uplift of the crystalline rocks during the lower Jurassic.

Major mineral deposits in the Cariboo region fall into four main categories: placer gold, lode gold, alkali porphyry copper/gold and porphyry molybdenum deposits. The Cariboo has historically been one of North America's major placer gold camps. The peak activity was centred on Barkerville during the gold rush of the 1860's, and at least 800,000 ounces of gold has been produced to date. In the region of the KUSK property, the Horsefly River drainage has produced over 15,000 ounces. Most of the Cariboo placer gold is associated with old Tertiary channels.

Lode gold production from the Wells area has totalled over 1,200,000 ounces to date. At present parts of the mines are being operated on a small scale by Mosquito Creek Gold Mines Ltd. The Wells deposits are near the contact between the Proterozoic metamorphic rocks and the overlying Paleozoic and Triassic units. The regional setting at the KUSK property is similar.

Major porphyry molybdenum, copper-molybdenum, and copper gold deposits occur at several places in the Cariboo. Examples include the Gibraltar mine, the Boss Mountain mine, and the Cariboo-Bell deposit. Alkali porphyry copper

mineralization occurs on the EN property at Eureka peak, 9 km northwest of the KUSK claims.

The geology of the KUSK property is shown on Figure 3. Almost all of the claims are underlain by the Upper Triassic basal black phyllite unit, with small areas on the southwestern margin of the property underlain by the older Antler volcanic rocks and the Snowshoe metamorphic basement.

On the adjacent Frasergold property, the basal Triassic rocks have been subdivided by G.D. Belik into three members: the lower member, immediately above the Antler Formation, comprises greenschist, black phyllite and quartz-sericite schist; the middle member is characterized by dark grey to black lustrous phyllite with minor intercalated limestone lenses; the upper member represents a transition to the overlying volcanic rocks, and is composed of interbedded black phyllite, greenschist, and quartz-sericite-chlorite schist.

On the KUSK property, the entire phyllite unit is represented. The rocks in the tightly folded and overturned nose of the Crooked Lake Syncline have been crenulated and drag-folded. Abundant lenses, pods, irregular veins and swarms of milky quartz occur, commonly stained by limonite. The quartz bodies, which vary from a few centimetres to 2 metres wide, are both conformable and discordant to foliation. Bands and streaks of pyrite occur in the phyllite, and minor pyrite, galena and chalcopyrite have been noted in the quartz.

On the Frasergold property, an iron-carbonate rich facies within the middle member of the phyllite unit hosts low grade gold mineralization. The gold-bearing facies, termed the "knotted phyllite", is characterized by boudins, or knots, of rusty ankerite or siderite up to 8 mm in size. These knots were apparently formed by brittle deformation of originally continuous iron-carbonate

laminae in the phyllite. Genetically, this type of gold mineralization may belong to the class of gold deposits related to volcanogenic iron formations.

On the KUSK property, the significant stratigraphic interval, within which the gold-bearing "knotted phyllite" occurs on the Frasergold property, can be expected to be present over a total strike length of at least 20 kilometres along the flanks of the fold structure. Also, the extreme structural deformation, fracturing and faulting which is to be expected in the tightly folded core of the syncline presents an excellent environment for tectonic remobilization and concentration of any original syngenetic gold mineralization. One prominent northeasterly-striking normal fault is known to exist on the KUSK #2 and KUSK #8 claims and this structure should be explored.

GEOCHEMISTRY

In 1980, the British Columbia government released results of a regional reconnaissance geochemical stream sediment survey of the Cariboo region. Parts of the MacKay River - McKusky Creek drainage were found to be anomalous in silver, arsenic, copper and zinc content.

In 1981, Keron Holdings Ltd. carried out detailed geochemical soil surveys over the Frasergold property. The main gold-bearing "knotted phyllite" unit is reflected in a large zone of anomalous gold values in soils. This anomaly follows the trace of the stratigraphic unit and its southeast projection apparently continues on to KUSK property near the boundary between the KUSK # 3 and KUSK # 5 claims. Anomalous silver, lead and zinc values form a halo around the main gold anomaly. Arsenic values were not useful in defining the gold zone.

In 1982, a preliminary reconnaissance soil survey was begun on the KUSK property. The objective of this work was the testing of the southeastward projection of the gold anomaly on the Frasergold property and the preliminary exploration of that part of the property underlain by the favourable stratigraphic middle member of the phyllite unit where it wraps around the nose of the Crooked Lake Syncline.

Eight traverse lines, spaced from 600 to 2500 metres apart, and running across the trace of the stratigraphy, were sampled at 50-metre intervals. Samples were analyzed for gold and silver. The survey was terminated before completion by the early onset of winter and no exploration of the western limb of the fold structure was carried out.

The results of this work indicate that the gold anomaly on the Frasergold

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property continues southeasterly on to the KUSK # 5 and KUSK # 3 claims. A low-order gold anomaly occurs on the valley slope immediately north of the headwaters of the MacKay River on the boundary between the above claims.

A number of silver anomalies were discovered on the KUSK # 1, # 2, # 3, # 4, # 8, # 10 and # 11 claims. These anomalies may represent parts of halos around zones of gold mineralization.

Geochemistry has proved to be an effective prospecting tool in the area of the KUSK claims, and preliminary results seem to support the hypothesis of the presence of a widespread mineralized lithologic unit. The next stage of exploration should include a detailed geochemical survey, possibly based on soil sampling along topographic contour lines.

CONCLUSIONS AND RECOMMENDATIONS

The KUSK claims have been located to cover that part of the Crooked Lake Syncline which is underlain by the middle member of the lower phyllite unit of the Upper Triassic Takla Group in the MacKay River - McKusky Creek area of the Cariboo Mining Division.

This geological unit hosts a large zone of low-grade gold mineralization on the adjacent Frasergold property, and the favourable host rock apparently continues into the KUSK claims. At least 20 kilometres of strike length of the favourable unit may be present on the KUSK claims.

The nose of the Crooked Lake Syncline is an area of tight folding and accompanying structural deformation, fracturing and faulting. This setting is considered highly favourable for the remobilization of low-grade syngenetic gold mineralization and concentration in higher-grade structurally-controlled deposits.

Geochemistry has proved to be an effective exploration tool on the Frasergold property and initial results from the KUSK claims indicate the presence of gold and silver anomalies in several parts of the property.

A programme of further exploration is warranted. The initial phase of this programme should concentrate on geological mapping and geochemical silt and soil sampling. Mapping should be directed toward tracing the favourable stratigraphic unit through the property and to the identification of potentially favourable structural traps. The possible existence of ancient Tertiary channels with potential placer gold deposits should be kept in mind.

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Contingent upon favourable results from the initial phase of exploration, a programme of trenching of geochemical targets should be conducted. Such a programme will entail some road construction.

Mineralized zones discovered by the trenching programme should be tested by drilling.

A proposed budget for the above three-phase programme is recommended below.

PROPOSED BUDGETPhase 1: Geological mapping and geochemical survey.

Geological personnel, supervision	\$16,000	
Geochemical survey personnel	11,000	
Camp costs	6,500	
Ground transport	1,000	
Helicopter support	9,000	
Analytical services	<u>16,000</u>	
	59,500	\$59,500

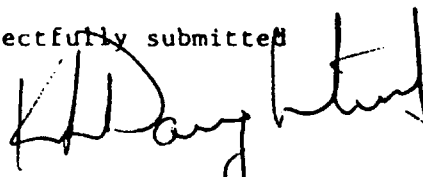
Phase 2: Road building, trenching, sampling
Contingent upon favourable results from Phase 1

Road work 10 km @\$1700/km	\$17,000	
Trenching with backhoe	20,000	
Supervision, sampling	5,000	
Camp costs	1,000	
Ground transport	1,500	
Analytical services	<u>8,000</u>	
	52,500	52,500

Phase 3: Drilling
Contingent upon favourable results from Phase 2

Percussion drilling 2500 metres @\$30/m	\$75,000	
Diamond drilling 750 metres @\$60/m	<u>45,000</u>	
	120,000	120,000
Allowance for Contingencies @10%		<u>23,000</u>
Total Proposed Budget		\$255,000

Respectfully submitted



K.L. Daughtry, P.Eng.

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