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ON THE

CASTLE CLAIM GROUP

CASTLE 2, CAS 1, CAS 2, CAS 3, CAS 4 (90 UNITS)

RECORD NOS. 1232(3), 4110(7), 4111(7), 4112(7), 4113(7)

CASTLE ROCK - TSAZIA MTN - KLASTLINE PLATEAU AREA

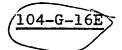
CASSIAR LAND DISTRICT

LIARD MINING DIVISION

ISKUT, BRITISH COLUMBIA

N. Lat. 57°48'30"

W. Long. 130°12'00"



for

KAPPA RESOURCE CORPORATION
Suite 2660
650 West Georgia Street
Vancouver, British Columbia
V6B 4N8

by

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September 21, 1987

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1.0

INTRODUCTION

- 1.1 This report was prepared pursuant to a request from the Directors of Kappa Resource Corporation, Suite 2660, 650 West Georgia Street, Vancouver, British Columbia V6B 4N8.
- 1.2 The purpose of this report is to summarize the results of the development work done on the ground held by the CASTLE Claim Group and assess the mine-making potential of the property.
- 1.3 This report is based on an examination of the CASTLE 2 claim area on August 14, 1987 in company with W. Meyer, P.Eng. and Peter Folk, P.Eng. Valuable assistance is gratefully acknowledged to Mr. Meyer and Teck Corporation for the information provided to construct this report.
- 1.4 A program of mineral exploration is recommended.

2.0 SUMMARY AND CONCLUSIONS

- 2.1 The CASTLE Claim Group consists of five mineral claims comprising ninety claim units located some fifteen kilometres due west of the town of Iskut on the Stewart-Cassiar Hwy No. 37 and about fifty-five km east of the hamlet of Telegraph Creek on the Stikine River in North-western British Columbia.
- 2.2 Access to the property is best by helicopter.
- 2.3 The CASTLE Claim Group covers an area of $\pm 2,250$ hectares ($\pm 5,560$ acres) subject to survey.

- 2.4 The property was originally staked as the "JO" group of mineral claims in 1970 by the Sumitomo Metal Mining Canada Company. The "JO" claims were allowed to lapse and the ground was later staked by Teck Explorations Limited in 1980 as the Castle #1 and Castle #2 claims (21 units). The Castle #1 claim was lapsed and the CAS 1-4 claims were staked adjoining the Castle #2 claim in 1987. Programs of mineral exploration were carried out on the property in 1980, 1985 and 1987 by Teck Explorations Limited and the results have been rewarding.
- 2.5 Upper Triassic volcanics and volcaniclastic sediments underlie the claim area. The structures trend northwesterly and dip steeply to the south. A system of shearing
 and faulting trends sub-parallel to the volcanic horizons
 and is accompanied by a pattern of north-trending crossfaults.
- Hand-trenching and prospecting has indicated values in gold ranging from 0.001 0.309 opt (oz/st) over a north-west strike length of some 1,200 metres and a breadth of about 200 metres. For the purpose of this report this zone has been designated the <u>CASTLE 2 Zone</u>. Geochemical soil sampling has indicated anomalous results in gold and silver over and beyond the limits of the hand-trenching rock sampling results to extend the potential zone to some 2.4 km along a northwest strike. An induced polarization survey has outlined a strong zone of percent frequency effect (PFE) more or less coincident with the anomalous geochemical results over a strike length of about 900 metres. The size and extent of the anomalous zones suggest the possibility of open pit potential.
- 2.7 It is concluded the CASTLE Claim Group is an excellent exploration bet in a favourable geological environment to discover gold mineralization of economic potential.

DON TULLY ENGINEERING LTD. SUITE 1202, 355-13TH STREET WEST VANCOUVER, BRITISH COLUMBIA The property warrants further mineral development.

2.8 A three-phase program of mineral exploration, of which the first phase has been essentially completed, is recommended at a total estimated cost of \$350,000.

PROPERTY - LOCATION, ACCESS, PHYSIOGRAPHY AND ENVIRONMENTAL CONSIDERATIONS

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3.1 The CASTLE property comprises five contiguous mineral claims named the CASTLE 2, CAS 1, CAS 2, CAS 3 and CAS 4 containing a total of ninety claim units.

3.0

- 3.2 The latitude of the CASTLE Claim Group is $57^{\circ}48^{\circ}$ 30" and the longitude is $130^{\circ}12'00$ ". The area is covered by NTS map sheet 104-G-16.
- The CASTLE Claim Group is located on the southwest slope of Tsazia Mountain on the Klastline Plateau,
 at the northern extremity of the Skeena Mountain Range, in
 northwestern British Columbia. Dease Lake, the largest
 town in this part of British Columbia, is located on the
 Stewart-Cassiar Hwy some 70 km to the north and the hamlet
 of Telegraph Creek is situated about 55 km to the west of
 the property.
- Mount Edziza Provincial Park is located about 15 km to the west of the CASTLE Claim Group (Figure 2).
- Access to the property is best by helicopter from the airstrip near the town of Iskut, a highway maintenance depot on the Stewart-Cassiar Hwy near the north end of Eddontenajon Lake, some 15 km due east of the CASTLE Claim Group.

MINERALIZATION - ASSAYS

In the <u>Castle 2 Zone</u>, gold appears to be distributed in quartz veins, veinlets and silicified zones with accompanying pyrite, in metamorphosed volcanics. The volcanic host rocks have been epidotized and carbonatized resulting in a greenish coloration. Peter Felk, P. Eng., has described the environment of mineralization and related alteration and structure on page 4 of his report dated March, 1986, as follows:

A linear band of highly pyritized volcanics runs through the center of the property and is associated with a multi-element geochemical anomaly. In addition, small zones of highly bleached, pyritic material internal to the pyrite zone are associated with thin felsite dykes, quartz stringers and chalcopyrite mineralization. A character sample of fairly massive pyrite-chalcopyrite from 2275 west, 50 south assayed 10.80% Cu, 0.90 oz Ag/T. 0.004 oz Au/T.

9.2

Visible gold was found in grey to smokey quartz veinlets near 17+15W, 100S. This zone is exposed in a shallow hand-trench on the west-facing slope of a north-trending creek valley. Remnants of snow occur nearby. The writer chipped a rock sample across one metre of this zone of quartz veinlets and silicified, carbonatized greenish colored volcanics mineralized with fine pyrite and discrete grains of arsenopyrite. No visible gold was noted in the hand examination of this sample, which assayed as follows:

Sample No.	$\frac{\texttt{Gold}}{\texttt{(opt)}}$	Silver (opt)	Copper (%)	Arsenic (%)	Width (m)
64	0.226	0.97	0.011	0.98	1.0

The ICP analysis of this sample indicated substantial amounts of barium (Ba) and magnesium (Mg) and only nominal

amounts of lead (Pb), zinc (Zn) and molybdenum (Mo). Limonite is present in fracture planes. The zone of veins trends northwest and dips steeply south.

- 9.3 Limonite is present on the surface of the few exposed rock outcrops in the map-grid area.
- Values of rock chip and grab samples taken from the hand-trenchings on the <u>Castle 2 Zone</u> range between 0.001 and 0.309 opt (ozs/st) as shown on Figures 7 and 11.
- 9.5 Values obtained from the geochemical soil sampling program range from 1 13,656 (1.156 opt) parts per billion in gold, from 0.1 25.4 parts per million in silver and from 14 5,593 parts per million in copper. Peter Folk, P. Eng., has suggested the reason for some of the higher values of the several elements could be due in part to scavenging by the omnipresent limonite.

10.0 <u>RECOMMENDATIONS</u>

- 10.1 A three-phase program of mineral exploration is proposed.
- The first phase of recommended prospecting, handtrenching, geochemical soil sampling and induced polarization surveying has essentially been completed on the <u>Castle</u> 2 Zone.
- A second phase of diamond drill testing is recommended for the area of anomalous PFE values outlined by the induced polarization survey between Lines 20W and 23W (300 metres). Additional diamond drill testing is also proposed for the zone of anomalous PFE values indicated between Lines 13W and 20W (700 metres).

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