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GEOLOGICAL REPORT

ON THE

MAROON PROPERTY

Skeena/Omineca Mining Divisions
British Columbia

Latitude 54 49' North
Longitude 128 36' West
NTS 1031/15E

FOR

KALAHARI RESOURCES INC.

BY

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September 23, 1996

INTRODUCTION

Kalahari Resources Inc. holds an option on the MAROON property which consists of six 4-post mineral claims (120 mineral claim units) situated north of Terrace in west-central British Columbia.

This report, prepared at the request of Kalahari Resources Inc., is based on several examinations of the property over the past 25 years, the most recent being in May of 1996. The report summarizes results of past work on within the current property area supplemented by results of limited work conducted in May of this year.

Various published and unpublished reports and maps pertaining to the geological setting of the property area and known mineral deposits and occurrences have been reviewed and these are listed in the References section of this report.

LOCATION AND ACCESS

The MAROON property is situated 35 km due north of Terrace in west-central British Columbia (Figure 1). The claims, 10 km northeast of Kitsumkalum Lake, cover the north slope of Maroon Mountain and the southeastern slope of Wesach Mountain and include the headwaters area between Wesach Creek on the west and Hampson Creek on the east (Figure 2). The geographic centre of the six mineral claims is at latitude 54 49' North and longitude 128 36' West in NTS map-area 103I/15E.

Access is by helicopter from Terrace. Logging roads extending up the south side of Wesach Creek provide access to the extreme western part of the property.

MINERAL PROPERTY

The MAROON property consists of six 4-post mineral claims (120 mineral claim units) which straddle the boundary between the Omineca and Skeena Mining Divisions and are registered in the name of Richard T. Heard (Figure 3). Details of the mineral claims are as follows:

<u>Claim Name</u>	<u>Units</u>	<u>Record Number</u>	<u>Date of Record</u>
MAROON #1	20	336863	June 1, 1995
MAROON #2	20	336864	June 1, 1995
MAROON #3	20	336865	June 1, 1995
MAROON #4	20	336866	June 1, 1995
MAROON #5	20	336867	June 2, 1995
MAROON #6	20	336868	June 2, 1995

PREVIOUS WORK

Placer gold along Douglas and Lorne Creeks, both of which drain the northern part of the present property (Figure 2), was discovered and worked prior to 1900. Lode deposits and occurrences at Kitsumkalum Lake and Maroon and Wesach Mountains were initially investigated prior to 1920 and significant development work was undertaken on several vein deposits on Maroon Mountain in the 1920's. Exploration work has continued in the general area of the present claims to the present time.

More recent work has included limited drilling by Newmont of molybdenum mineralization near the headwaters of South Lorne Creek (Visagie, 1982) in the northwestern part of the current MAROON #6 claim and the investigation of vein gold mineralization northeast of the summit of Maroon Mountain (northeast part of MAROON #1 claim) by Skeena Resources in 1990 and 1991 (Jamieson, 1991). The latter work included air photo interpretation, geochemical and geophysical surveys and detailed trenching and sampling.

The present MAROON mineral claims, located by Richard T. Heard June 1 and 2, 1995, are essentially a relocation of the Berma claim group on which preliminary work was undertaken by Skeena Resources.

An investigation of the claims area was carried out by the writer and R.T. Heard, P.Eng. between May 27 and 30, 1986. The comprehensive sampling program planned for the claims was severely hampered by unprecedented, extensive snow cover throughout the Smithers - Terrace area. Work completed consisted of the collection of a several rock and stream sediment samples and 17 soil samples, all collected from the few areas of the property that were clear of snow.

PHYSICAL FEATURES

The MAROON mineral claims, within the Nass Ranges of the Skeena Mountains, cover relatively subdued to locally steep alpine and sub-alpine terrain incised by deep valleys occupied by the principal drainages. Elevations within the claims area range from 2,300 ft. above sea level along Hampson Creek on the MAROON #5 claim to more than 6,900 ft. on a peak east of Wesach Mountain (Figure 3). Forest cover, with locally dense underbrush, extends up the steep valleys of Wesach, Hampson and South Lorne Creeks to elevations of about 4,000 ft. Bedrock is well exposed along major water courses and throughout most of the area above tree line.

REGIONAL GEOLOGICAL SETTING

The MAROON property is situated at the boundary between the Coast Plutonic Complex on the west and south and the Intermontane tectonic belt to the north and east. Granitic rocks of the Coast Plutonic Complex in this area intrude Stikine terrane of the Intermontane belt which is comprised principally of late Jurassic Bowser Assemblage clastic sedimentary rocks. A few remnants of mid-Cretaceous Skeena Group sediments have been noted overlying Bowser rocks in the general area (Woodsworth et al, 1985). Bowser sedimentary rocks are also intruded by a number of late Cretaceous and Tertiary granitic stocks.

This area north of Terrace is noted for a number of porphyry molybdenum (+copper) deposits associated with late Cretaceous and Eocene granitic plugs and stocks and for polymetallic, precious metals bearing vein deposits which are widespread throughout the general area.

PROPERTY GEOLOGY AND MINERALIZATION

The MAROON property is mainly underlain by Bowser Assemblage greywackes, pebble conglomerates and argillaceous siltstones which strike northeasterly with moderate to steep dips to the north and south. These are intruded by oval, 1 to 3 km diameter, Eocene granitic plugs near the summits of both Maroon and Wesach Mountains and immediately north of the headwaters of South Lorne Creek. A small remnant of mid-Cretaceous Skeena Group conglomerate overlies Bowser sediments west of the headwaters of South Lorne Creek (Woodsworth et al, 1985).

Several mineral occurrences known in the area of the present claims are indicated on Figure 3 and include the following:

- a - Black Wolf - Au, Ag, Cu, Pb, Zn
- b - Goat - Zn
- c - Bear - Au, Ag, Cu, Pb, Zn
- d - Gold, Gold Cap - Au, Ag, Cu, Pb, Zn
- e - Alice - Au
- f - Marmot - Ag, Pb, Zn
- g - Comstock - Au, Ag
- h - Hart - Mo

As noted, most of the foregoing are gold-bearing, polymetallic vein deposits hosted by greywackes and siltstones. The veins north of the summit of Maroon Mountain, within and adjacent to the existing Crown granted mineral claims, reportedly (Duffel and Souther, 1964) have widths of between 0.3 and 1 metre, strike northeasterly, parallel or

subparallel to bedding in the host rocks, and dip moderately to steeply southeast. Principal metallic minerals include galena, sphalerite, pyrite, pyrrhotite and chalcopyrite. Felsic dykes reportedly parallel and crosscut the quartz veins. Considerable development work was done on several of these prior to 1930. 25 tons from the Black Wolf vein yielded recovered grades of 1.45 oz/ton gold, 4.5 oz/ton silver, 4.8% lead and 8.3% zinc.

Of particular interest is the fact that virtually all of the known veins are developed immediately below a 100 to 200 ft. thick conglomerate bed, a feature first noted by Hanson(1923). As illustrated on Figure 3, the conglomerate horizon has been traced a considerable distance both east and west of Maroon Mountain. More recent work (Jamieson and Aussant,1991) suggests the controls for vein mineralization is a thrust sheet developed at the base of the conglomerate horizon which would represent the base of the upper plate. Quartz veining north of Maroon Mountain is known to extend in a northeasterly direction from a small tarn lake on one of the Crown granted claims over an apparent strike length of more than one mile.

Molybdenite mineralization associated with a granitic plug near the headwaters of South Lorne Creek (occurrence "h"- Figure 3) was tested by two diamond drill holes in 1981. Best values obtained included 12 metres grading 0.032% molybdenite and 4 metres of 0.51% (Visagie,1982).

The most attractive target indicated to date on the current claims is the extension of the precious metals-bearing "Gold" quartz vein structure in the northeastern part of the Maroon #1 claim (occurrence 'e' - Figure 3). Detailed trenching and sampling completed by Skeena Resources in 1991 in seven trenches over 1,200 ft. of vein strike length (Figure 4) returned the following results (Jamieson,1991):

<u>Trench</u>	<u>Width(ft.)</u>	<u>Gold(oz/ton)</u>	<u>Silver(oz/ton)</u>
A-1	2.3	0.42	0.74
T-1	4.9	0.25	0.49
T-2	1.6	0.37	1.19
T-3	- no significant values -		
T-4	9.8	0.30	0.26
T-4A	13.1	0.28	0.23
T-5	6.6	0.20	0.52
T-6	- no significant values -		

CONCLUSIONS AND RECOMMENDATIONS

Work to date within the area of the present MAROON claims indicates the presence of significant gold values in quartz veins developed marginal to a thrust fault of regional extent. Detailed surface sampling of one of these veins, exposed in seven trenches over a strike length of 1,200 ft., has yielded weighted average grades of 0.28 oz/ton gold and 0.39 oz/ton silver over an average width of 6.4 ft. Soil geochemistry indicates that this structure is open along strike to the northeast.

This vein structure is the most immediate target on the MAROON property and a first phase program of diamond drilling is warranted to establish continuity of grade both along strike and to depth. Six inclined holes, each of 500 ft. depth, are proposed. The drilling program should be preceded by a limited mapping program to locate proper drill sites at regular intervals along the exposed vein strike length.

A comprehensive exploratory program is required to adequately assess the potential for the discovery of additional precious metals-bearing vein structures within the large property area.

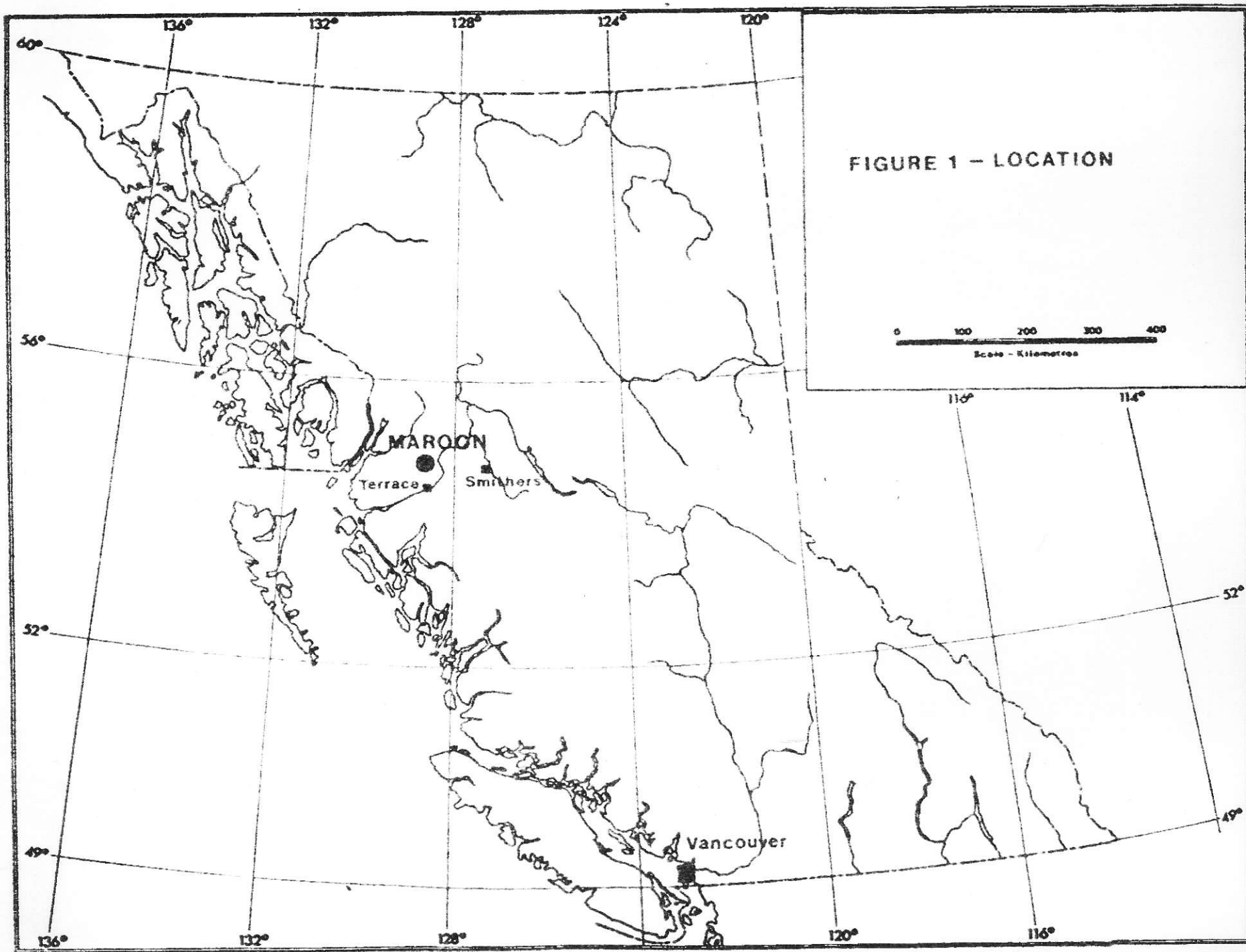
COST ESTIMATE**Phase I**

Diamond Drilling - 3,000 ft. @ \$60/ft. (all-inclusive)	\$180,000.00
Preliminary mapping, supervision, etc. \$17,000.00	
Sample analyses	<u>\$3,000.00</u>
Total	\$200,000.00

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REFERENCES

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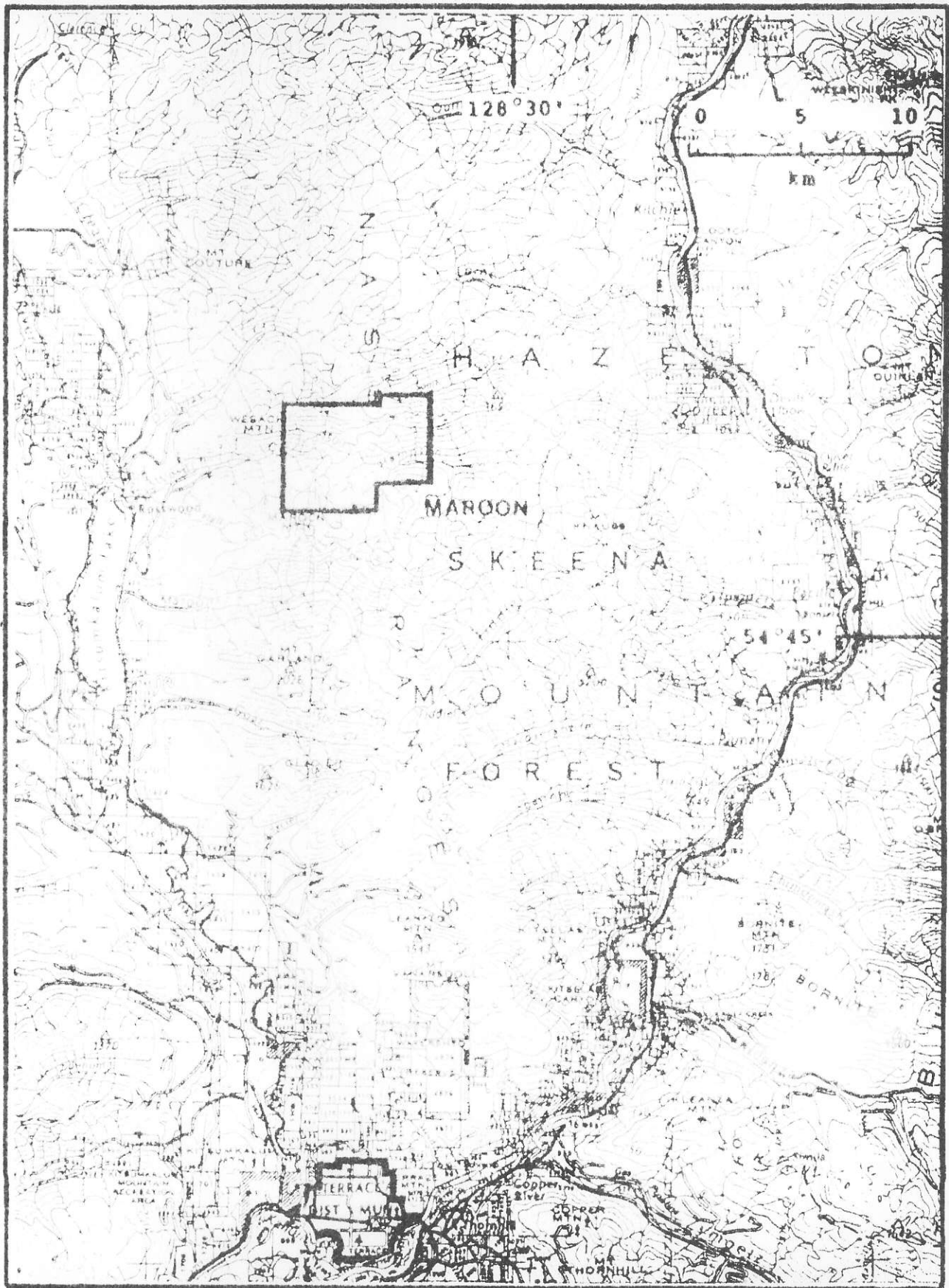


FIGURE 2 - LOCATION - MAROON PROPERTY