

REPORT

ON THE

830614

Skylark/Ranger Property

NTS: 82F/11W

SLOCAN MINING DIVISION

Latitude 49° 44' N

Longitude 117° 25' W

For

KILO GOLD MINES LTD.

210 Burnes House

26 Bastion Square

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BY

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Vernon, B.C. V1T 3X7

November 25, 1986

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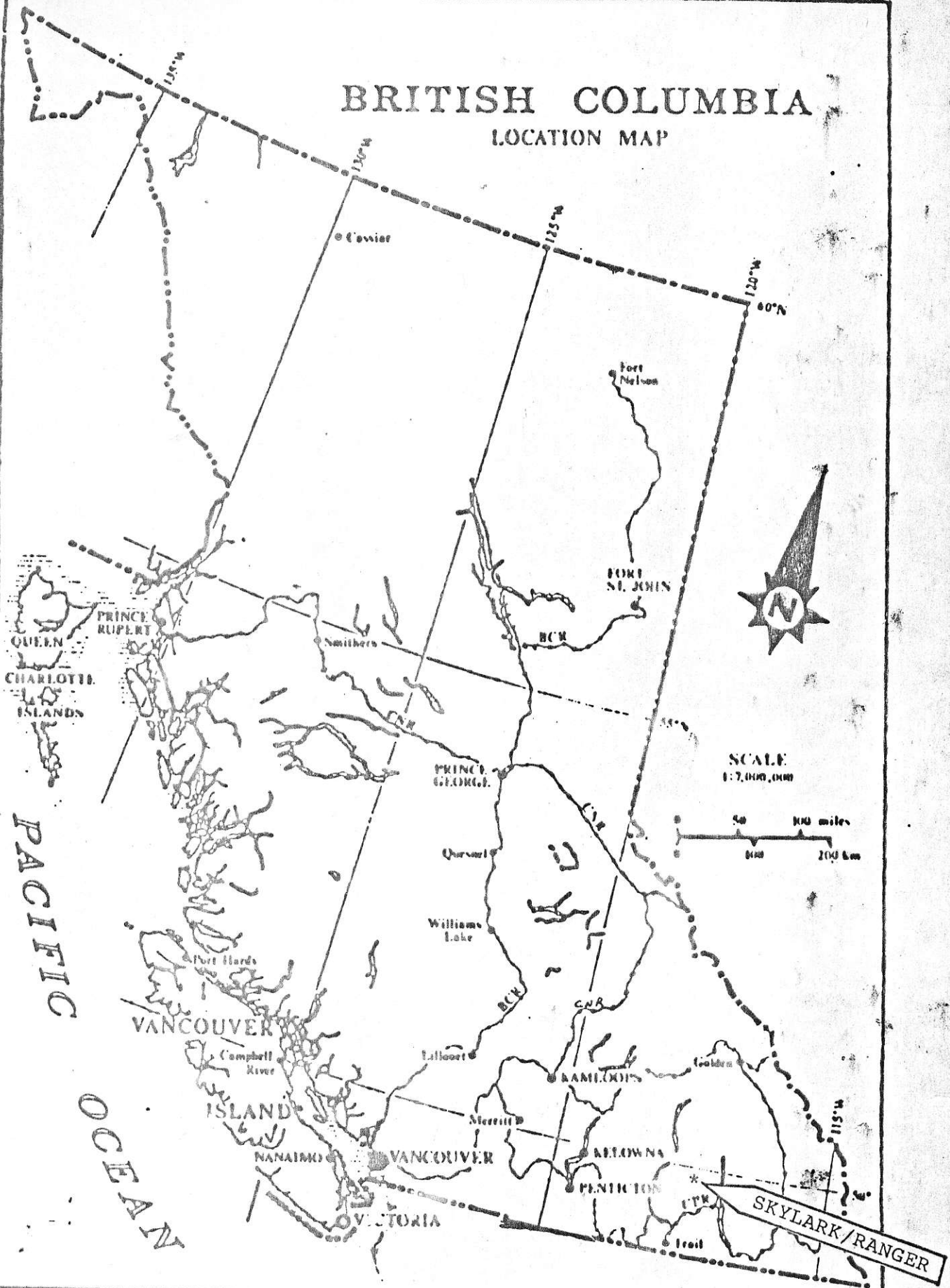
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BRITISH COLUMBIA

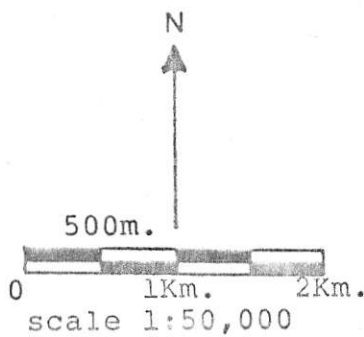
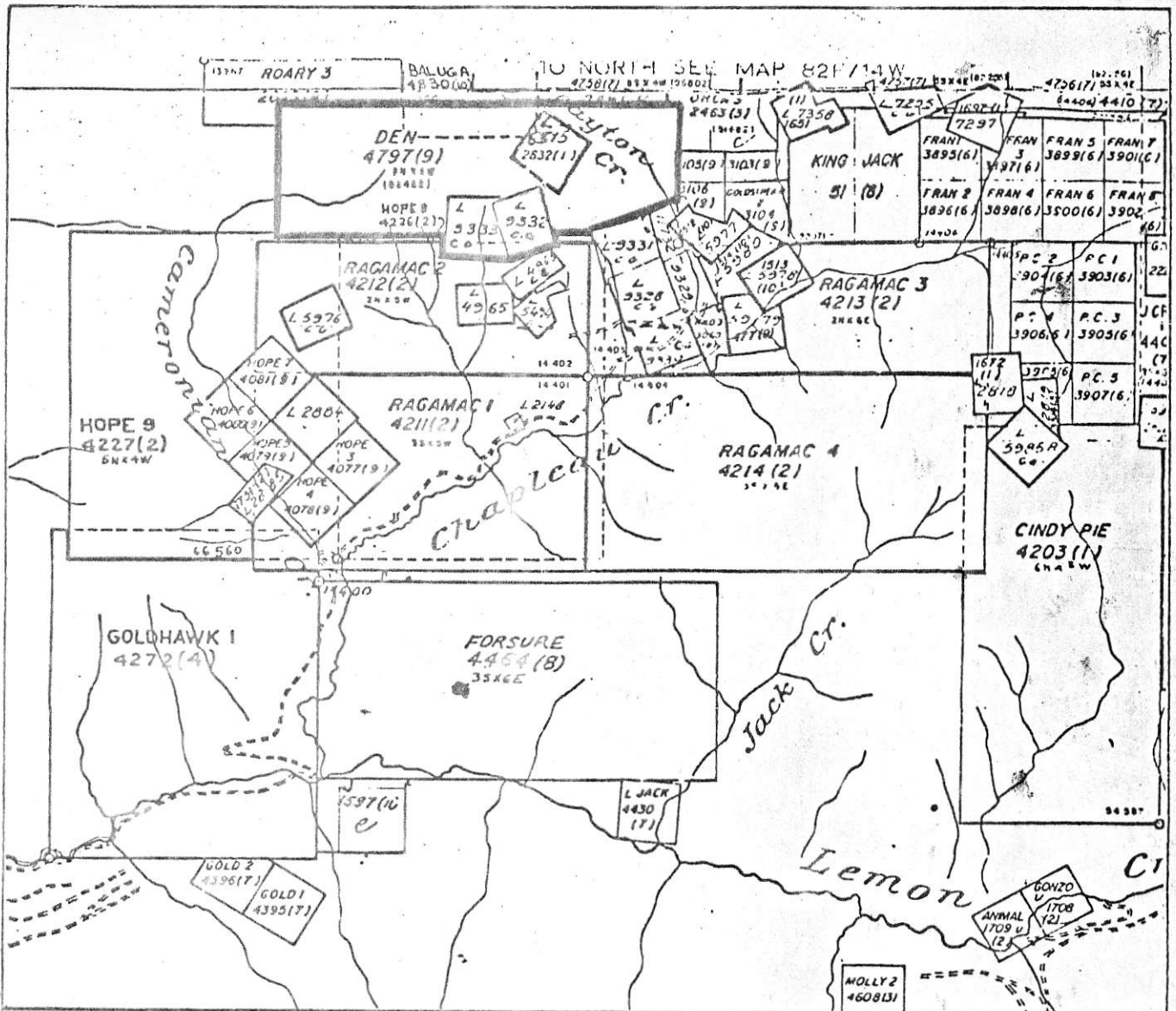
LOCATION MAP



Monashee
Geological
Services

SKYLARK/RANGER PROPERTY - SLOCAN M.D.
KILO GOLD MINES LTD.

DATE Nov. 25/86
FIG. No. 1



SKYLARK/RANGER PROPERTY - SLOCAN M.D.

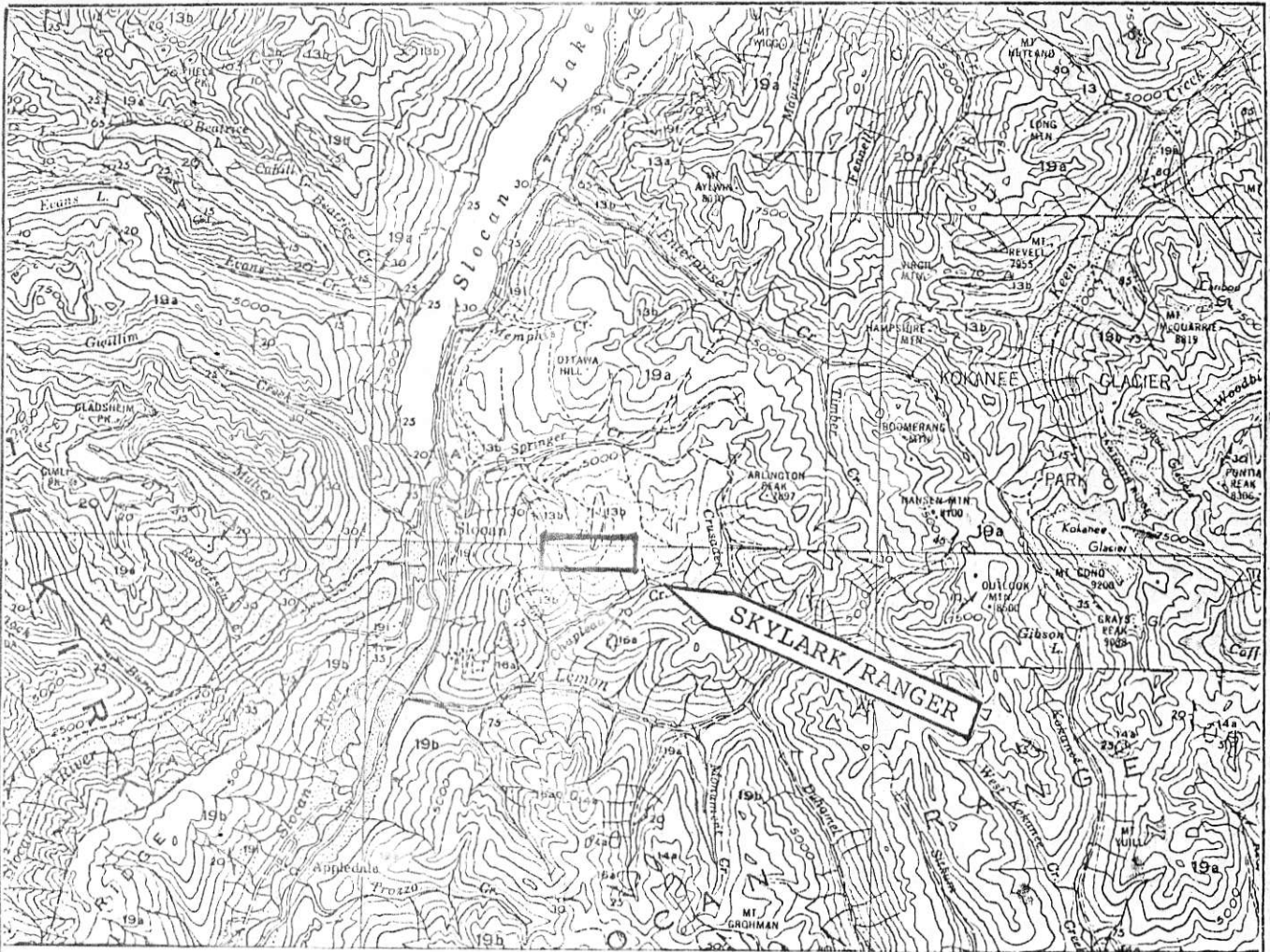
KILO GOLD MINES LTD.

CLAIM LOCATION MAP.

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nts:82F/11W
Nov.25/86

Fig. no. 2



CRETACEOUS

19

NELSON PLUTONIC ROCKS: 19a, mainly porphyritic granite;

TRIASSIC

13

13. SLOCAN GROUP: slate, argillite, quartzite, limestone, 13b, paragneiss

After H.W.Little : MAP 1090A

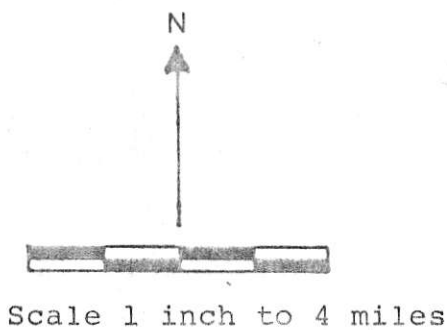
Geology NELSON (West Half)

G.S.C. Memoir 308

SKYLARK/RANGER PROPERTY - SLOCAN M.D.

KILO GOLD MINES LTD.

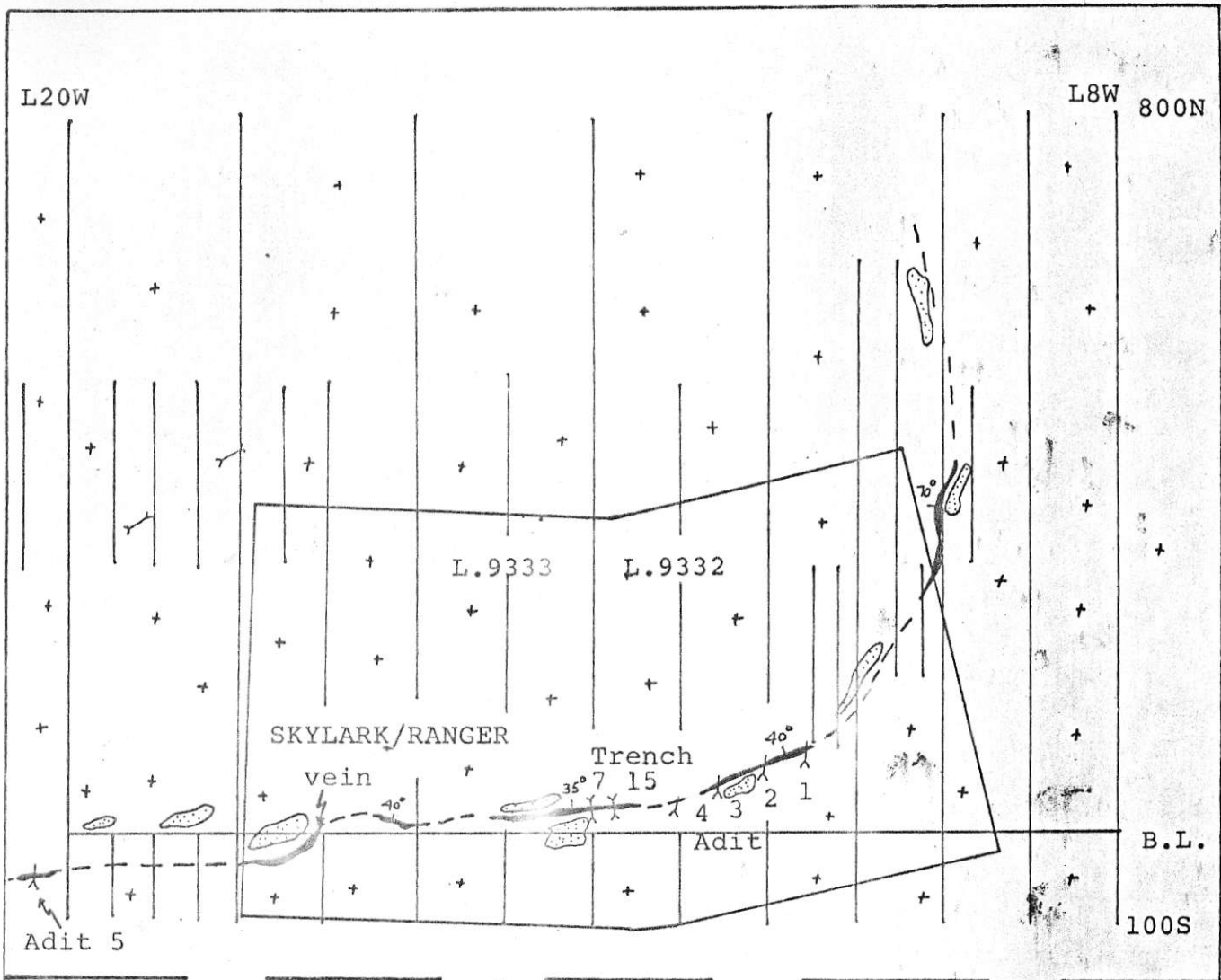
PROPERTY GEOLOGY



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Fig. no. 3



'DEN' South Claim Boundry (approximate)

CRETACEOUS

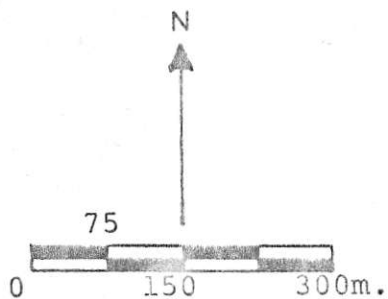
NELSON PLUTONIC ROCKS

+ + - Porphyritic Granite

TRIASSIC

SLOKAN GROUP

•••• - Paragneiss



scale 1:7500

SKYLARK/RANGER PROPERTY - SLOKAN M.D.

KILO GOLD MINES LTD.

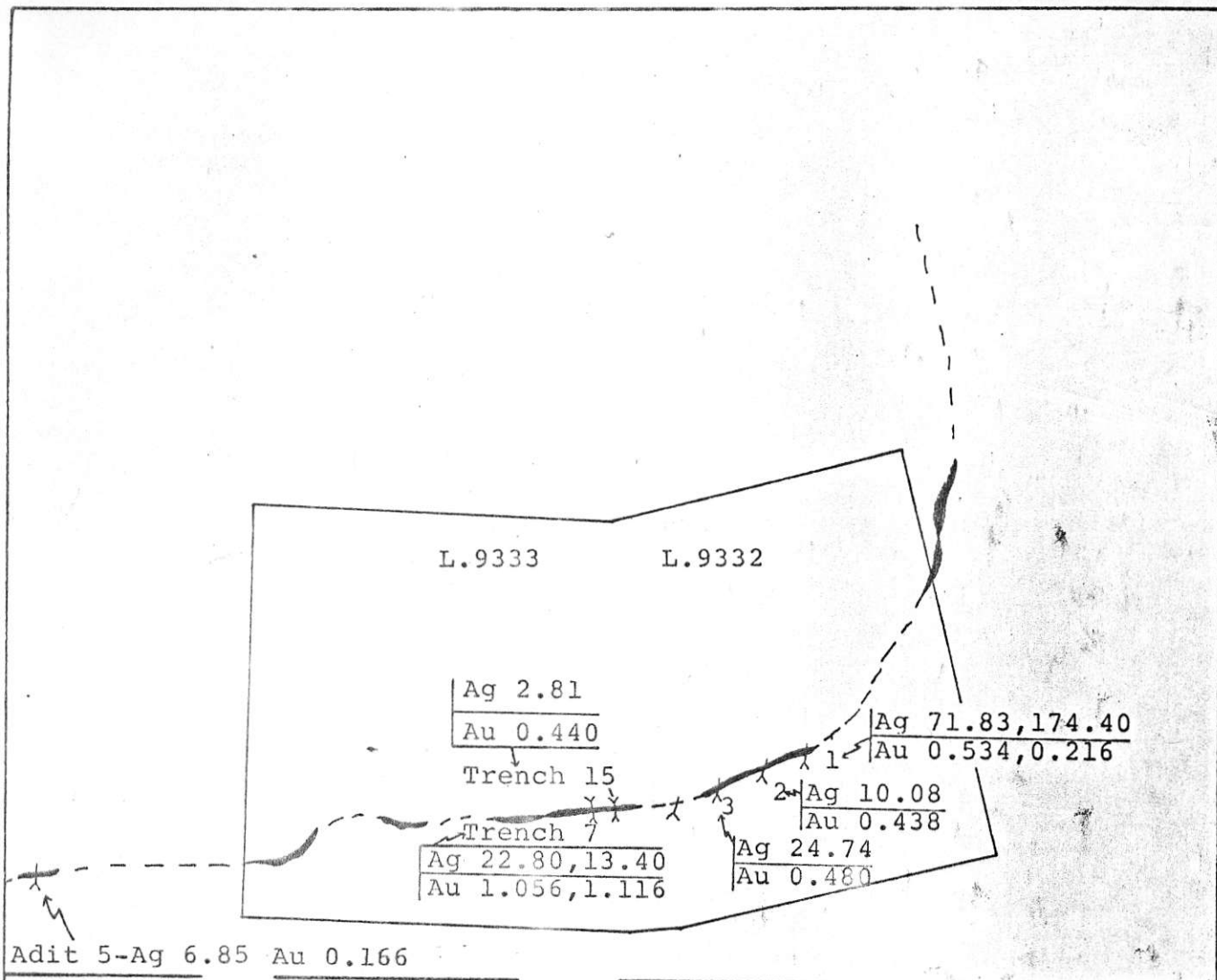
GEOLOGICAL SURVEY

-GENERALIZED-

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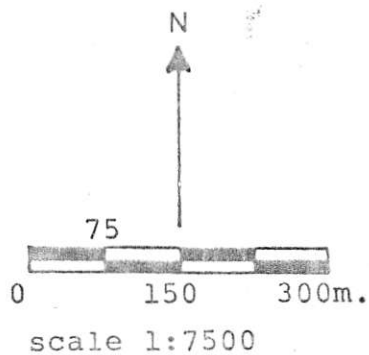
nts:82F/11W
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Fig. no. 4

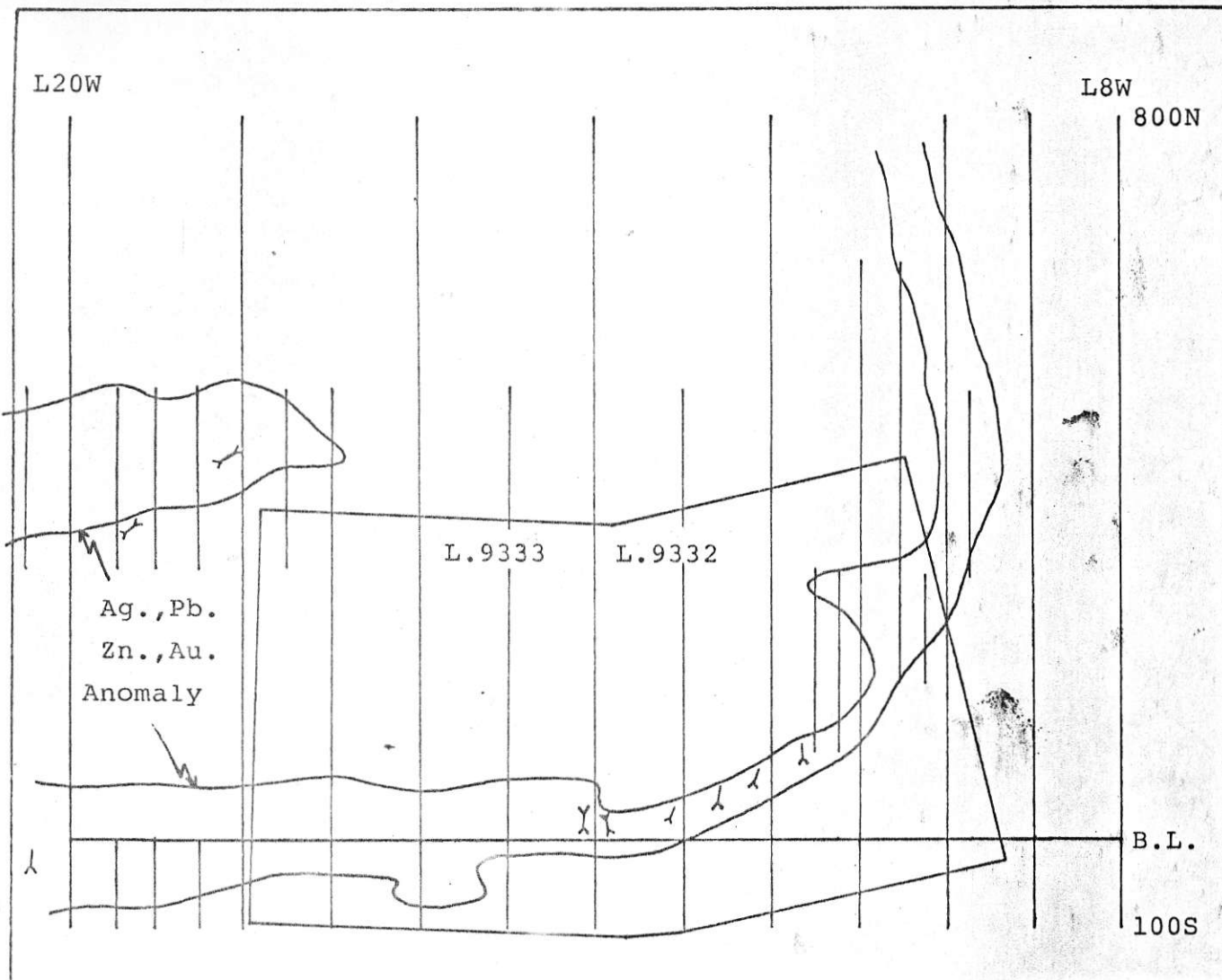


Adit 5-Ag 6.85 Au 0.166

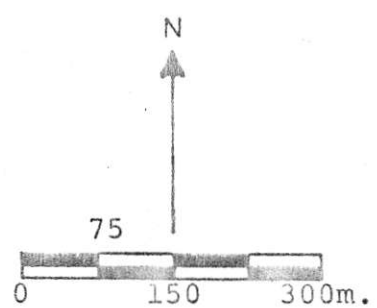
'DEN' South Claim Boundry (approximate)



SKYLARK/RANGER PROPERTY - SLOCAN M.D.		
KILO GOLD MINES LTD.		
Assay Plan		
Values in oz./ton		
Monashee Geological Services	nts:82F/11W Nov.25/86	Fig. no. 5



'DEN' South Claim Boundry (approximate)



scale 1:7500

SKYLARK/RANGER PROPERTY - SLOCAN M.D.		
KILO GOLD MINES LTD.		
GEOCHEMICAL SURVEY		
-GENERALIZED-		
Monashee Geological Services	nts:82F/11W Nov.25/86	Fig. no.6

SUMMARY

The Skylark/Ranger property, located in the Slocan Mining Division, is comprised of two Crown granted mineral claims belonging to Kilo Gold Mines Ltd. An adjoining claim consists of 12 units and is registered to Mr. T. E. Kirk, President of Kilo Gold Mines.

The property, situated near Slocan, has a history of limited development and some high grade ore production.

Recent geological surveys by Kilo Gold Mines ^{have} ~~has~~ confirmed the significance of this precious metal prospect. Values as high as 174.4 oz./ton-silver and 1.116 oz./ton-gold have been obtained.

Geochemical surveys ^{have} ~~has~~ traced the Skylark/Ranger vein for a distance of 1500 meters. This geochemical anomaly remains open to the west and north.

In addition, accessory geochemical anomalies have been delineated in other areas of the claims.

Based on these favourable results, a two phase program is recommended for the Skylark/Ranger property.

Phase I is to consist of a Pulse Electro-Magnetic (P.E.M.) Survey to test for dip extensions of the vein. Phase I is estimated to cost \$45,701.00.

Phase II consists of access road construction and an extensive diamond drill program at an estimated cost of \$316,250.00.

INTRODUCTION

Kilo Gold Mines is the registered owner of two Crown ^{granted} Grant (C.G.) mineral claims (L.9333-Skylark and L.9332-Ranger) situated near Slocan in the Slocan Mining Division of British Columbia. A third located claim called the 'Den' (record number 4797) forms a contiguous portion of the property and is registered to Mr. T. E. Kirk, President of Kilo Gold Mines Ltd.

This report, prepared at the request of Mr. Kirk, is based on extensive field observations made on the property during geochemical and geological exploration programs carried out by the author in 1985 and 1986. This report is also based on the research of various published and unpublished accounts of the property.

LOCATION AND ACCESS

The Skylark/Ranger property is situated approximately 6 kilometers southeast of Slocan, B.C. (fig. 1) in the Slocan Mining Division. Limited access is gained via B.C. Highway #6, 8 kilometers south of Slocan and hence, an additional 20 kilometers northeast along the Lemon Creek-Chapleau Creek Forestry roads. This access road presently terminates at the Chapleau (L4963) C.G. immediately south of the property. From this point an old trail leads northward into the property.

PHYSIOGRAPHY

The Skylark/Ranger property is located in the Slocan Ranges of the Selkirk Mountains.

The claims occupy the height of land between the Dayton-Springer Creek drainage to the north and the Chapleau-Lemon Creek drainage to the south. Topography is moderate to steep, especially on southerly exposures, with elevations ranging from 1700 meters to more than 2000 meters near the height of land.

The property is forested by mixed coniferous and deciduous trees. Some of the steeper slopes are open and carpeted with a variety of field grasses and wild flowers. Water resources are minimal with one year-round spring flowing in the central portion of the Skylark C.C.

PROPERTY HISTORY

The Skylark/Ranger property (fig.2) is comprised of three contiguous claims totalling 14 units as outlined below:

<u>Claim</u>	<u>Lot-Record #</u>	<u>Record Date</u>	<u>Expiry Date</u>	<u>Units</u>
Skylark	L9333		-	1
Ranger	L9332		-	1
Den	4797	Sept.17/85	Sept.17/88	<u>12</u>
			Total	14

The Skylark and Ranger claims were Crown Granted on June 28, 1909. The first mention of development work on the property appears in the B.C. Ministry of Mines Annual Report for 1899: "The mine is being developed by drift tunnels; No. 1 is in about 140 feet; No. 2 is about 250 feet and No. 3 about 80 feet. The character of the ore is quartz with silver sulphides and gold values. This is one of the most persistent ledges in the District, having been traced for over two full claims. Very good results have been met with in development".

In 1934, 3 tons of ore were shipped and treated, yielding 4 oz. of gold and 332 oz. of silver.

PROPERTY GEOLOGY

According to H. W. Little's Geology Map 1090A (fig.3), Nelson (west half), the Skylark/Ranger property is underlain by phases of granitic rock belonging to the Cretaceous Nelson Batholith. In the immediate claim area, the predominant phase is a porphyritic granite which is a coarse grained, grey rock that generally contains numerous white to pink coloured phenocrysts of twinned alkali feldspar. Locally, the granite is cut by numerous leucocratic aplite dikes.

Within the granites, remanent masses of Triassic metasedimentary rocks belonging to the Slocan Group occur. The

Slocan Group consists predominantly of argillaceous rocks but fine-grained quartzite and limestone are fairly abundant. Little (1960) states that: "... impure quartzites of the Slocan Group have been largely altered to paragneiss ... in the core of the Nelson Batholith" on the Skylark/Ranger claims.

Mineral deposits of the Slocan area are principally developed in the metasedimentary sequence of the Slocan Group rocks.

Little (1960) has classified the Skylark/Ranger property as being a silver and gold deposit. He states that: "the silver-gold deposits are truly 'dry ores' (occurring as) fissure-filled lodes (with) the gangue mineral invariably being quartz (in which) pyrite is the most widespread metallic mineral. The deposit is in porphyritic granite or partly in gneiss".

GEOLOGICAL AND GEOCHEMICAL SURVEYS

During the 1985 and 1986 exploration seasons, Kilo Gold Mines conducted extensive geological and geochemical programs (fig.4-6) on the Skylark/Ranger property.

The geological survey (fig.4) outlined a long, narrow roof pendant of paragneiss within the core of the porphyritic granite. This paragneiss consists predominantly of graphitic argillaceous rocks with some quartzite and isolated calc-silicate pods.

The paragneiss has been mapped across the entire length (approximately 1300 meters) of the Skylark and Ranger Crown Grants and extends into the 'Den' claim.

It is this metasedimentary sequence which has provided the structural weakness for the emplacement of the Skylark/Ranger vein. The vein which is from 15 cm to more than 1 meter in width has the distinctive black, graphitic argillite as the footwall. The hanging wall consists of quartzite though locally, the vein has been observed to occur entirely within the granites of the Nelson Batholith.

The vein has an easterly trend with moderate dips to the northwest. This attitude is also parallel to the gneissosity of the metasedimentary rocks. Approximately 30 meters east of adit 1 (fig. 4 & 5), a major structural deformation has altered the attitude of the vein. At this site, the easterly striking vein has been changed to a northerly trend with steep dips to the west.

The Skylark/Ranger vein has been exposed by a series of trenches and adits. The principal workings are at an elevation of approximately 1900 meters and consist of three adits (now collapsed) as referred to in the Annual Report of the B. C. Ministry of Mines.

One chip sample (fig.5) collected across 30 cm of the vein at Adit 1 assayed, silver - 174.4 oz./ton and gold - 0.216 oz./ton. A sample from the dump at this location returned silver - 71.83 oz./ton and gold - 0.534 oz./ton.

Adit 2 is located 75 meters west of Adit 1 and 25 meters lower in elevation. A sample (fig. 5) obtained from the dump ran 10.08 oz./ton and 0.438 oz./ton, silver and gold respectfully.

Further west and some 20 meters below Adit 2 is located Adit 3. A sample (fig. 5) from the ore dump at this site assayed, silver - 24.74 oz./ton and gold - 0.480 oz./ton.

A series of trenches 150 meters west of Adit 3 have given good exposure to the Skylark/Ranger vein. Widths vary from 20-60 cm. and have yielded good precious metal values. Two samples (fig.5) from trench 7 assayed 22.80 and 13.40 oz./ton silver with gold values of 1.056 and 1.116 oz./ton.

The geochemical surveys (fig.6) have effectively traced the known extend of the Skylark/Ranger vein. This multi-element anomaly is 1500 meters long and open to the west and north. Anomalous lead values commence at 40 parts per million (p.p.m.) with values of up to 282 p.p.m. having been obtained. Zinc values are anomalous at 322 p.p.m. and results slightly

less than ten times (3170 p.p.m.) that number have been encountered. Silver values commence being anomalous at 1.0 p.p.m. but values up to 17.2 p.p.m. have been located. Gold in the soils have analyzed as high as 315 parts per billion.

In addition to the main Skylark/Ranger geochemical anomaly, an accessory zone (fig.6) has been located in the north central portion of the claims. Anomalous values obtained are as follows: silver - 5.6 p.p.m., lead - 124 p.p.m., zinc - 630 p.p.m. and gold - 60 p.p.b. This anomaly is presently 400 meters long and open to the west. A series of old sloughed trenches is know to occur in this area.

CONCLUSIONS AND RECOMMENDATIONS

1. The Skylark/Ranger property is situated in the Slocan Mining Camp an area that has a well documented and proven history of high grade ore production.
2. Historical production records of the Skylark and Ranger C.G. indicate the potential of this high grade precious metal deposit.
3. Geological surveys have outlined the structural and lithological relationships of the Skylark/Ranger vein. Assays of samples taken during the survey has confirmed the significance of this prospect.
4. The geochemical survey has outlined the main skylark/Ranger vein. This anomaly is, at present, approximately 1500 meters long and open to the west and north. In addition, an accessory anomalous zone has been defined in the north central portion of the claims. It is currently 400 meters long and open to the west.
5. The Skylark/Ranger property is at an advanced stage of mineral exploration. On-going surface development has indicated the significance of this deposit and it is recommended that funds be made available for extensive sub-surface investigation.

6. Due to the somewhat inaccessible nature, the steep topography and the high cost of access construction, it is recommended that a small loop Pulse Electro-magnetic (P.E.M.) Survey be conducted over the property. This Phase I program would test the dip extensions of the structure.

7. Contingent upon the results of Phase I, a Phase II program of road construction and diamond drilling is recommended for the Skylark/Ranger property.

COST STATEMENT

PHASE I

1. P.E.M. Survey (6.6 line kilometers)

line cutting and preparation \$ 2,000.00

P.E.M. Survey

@ \$920.00/day, assume 30 days 27,600.00

Mobilization & demobilization @ 15% . 4,140.00

General Engineering & Supervision ... 6,000.00

Contingencies @ 15% 5,961.00

Sub-Total \$45,701.00 45,701.00

PHASE II

1. Road Construction

estimate 5 km. @ \$8,000.00/km 40,000.00

2. NQ D.D.H

2000 meters @ \$100.00/meter 200,000.00

3. Assaying 10,000.00

4. General engineering, supervision,

report and map preparation 25,000.00

5. Contingencies @ 15% 1,250.00Sub-Total \$316,250.00 316,250.00

TOTAL \$361,951.00

BIBLIOGRAPHY

B. C. Ministry of Mines Reports

1899 p. 689

1934 p. 214

Little, H. W. (1960)

Nelson Map Area, West Half, British Columbia

G.S.C. Memoir 308

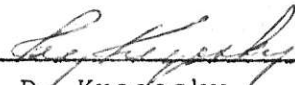
CERTIFICATE

I, Roy D. Kregosky of Vernon, British Columbia, do hereby certify that:

1. I am a consulting geologist with a business address at 3501 - 16th Street, Vernon, B.C. V1T 3X7
2. I am a graduate of the University of Calgary where I obtained a B.Sc. degree in Geology in 1970.
3. I am a Fellow of the Geological Association of Canada.
4. I have practiced my profession for the past 16 years.
5. This report dated November 25, 1986 is based on personal field examinations of the Skylark/Ranger property as well as information gathered from available maps and published reports.
6. I have no interest, direct or indirect, in the securities or properties of Kilo Gold Mines Ltd.
7. Permission is hereby granted to submit this report in support of a prospectus or statement of Material Facts.

Dated at Vernon, British Columbia, this 25th day of November, 1986.





Roy D. Kregosky
B.Sc., F.G.A.C.