

Kalum (Au, Ag)

The **Kalum Au-Ag Project** is located about 35 kilometers northwest of Terrace British Columbia, is comprised of 20762 hectares of contiguous claim units. It is 100% owned by Eagle Plains Resources Ltd., subject to a 1% NSR.

Eagle Plains Camp at the Kalum



The Property is centered upon a Cretaceous-age granodioritic stock of the Coast Crystalline Complex that has intruded Jurassic to Cretaceous-age sedimentary rocks of the Bowser Lake Group. A number of high-grade, vein-type gold occurrences are associated with the contact zone and magnetic signature of the intrusive stock. These occurrences

have been explored by various operators and to various degrees over the past 80 years. All previous exploration efforts have been directed toward the discovery of high-grade stand-alone mineralization. The current Eagle Plains tenure represents the first time the gold occurrences have been consolidated by a single company.

2003 - 2005 Work Programs

Eagle Plains Resources Ltd. initiated property acquisition in the Kalum area in 2003 and completed significant exploration programs on the property in 2003 and 2004. The programs included a VTEM airborne survey, extensive geochemical programs, geologic mapping, and a 19 hole diamond drill program. In addition, many of the historical showings on the property were located, sampled and surveyed. The program was very successful in consolidating and evaluating all historic showings, discovering new high-grade Au-Ag occurrences, and developing new exploration models to help focus exploration in new directions. This work confirmed that the Kalum property is highly prospective for economically viable, Au-Ag epithermal vein-type deposits.

Drilling resulted in high-grade Au intersections at all targets, including hole KRC04001, drilled at the Rico showing (discovered by Eagle Plains personnel in late 2003), which

returned **35g/t Au over 2.5m** from 101.8m to 104.3m; **including a 0.5m interval that assayed 107g/t Au.**

Analysis of data collected from the previous two field seasons identified the Hat area of the Kalum property as the most likely area to host high-grade Au-Ag veins and bulk-tonnage, low-grade Au mineralization.

Fieldwork continued on the property in 2005, with a fly camp established near the Hat showing area. Geological work included geochemical sampling with 319 soil samples, 82 silt samples, 70 vein samples and 55 rock samples collected. Concurrent with this work, a comprehensive 1:5000 geological mapping program was undertaken for the surrounding area and a modest 3 hole, 568.75m, diamond drill program was completed to test the nature of the Hat vein mineralization.

Exploration in the Hat area lead to the discovery of 3 new high-grade Au-Ag showings;

- the BABIT (**6.0m @ 7.3 g/T Au-Channel**),
- the Upper Hat (**9.9 g/T Au + 1500 g/T Ag-Grab**);
- and the TTT (**12.2 g/T Au-Grab**).

Mineralization in the Hat area can be classified into two main styles:

- A series of stacked NW-dipping, shear-hosted, high-grade Au-Ag ± Zn ± Pb quartz veins which strike up to 350 meters in length, range in thickness from 15cm to 2.5 meters, and are additionally associated with Fe-Carbonate alteration halos up to 4 meters in thickness. Fieldwork in 2005 has shown that these alteration zones have the potential to host disseminated and fracture controlled Aspy and Au grading up to 0.5 g/T Au.
- Massive Aspy veins, grading up to 20 g/T Au (grab from float).

Geologic mapping has shown that these flat lying shear zones form an anastomosing / ramp – flat structure that sets the stage for structurally repeated mineralized zones. It has been interpreted that the majority of showings in the area, known as the Hat Structural Zone, are structurally linked and represent a single large-scale mineralized system over 1 km² in size. The area is attractive because these zones are structurally repeated on a scale of 50m, over a thickness of 300m, making it an excellent target for a bulk-tonnage, low-grade, open pit operation.

The results from the 2005 program continue to support the potential for the Kalum Property to host both high-grade Au - Ag deposits and lower-grade bulk-tonnage type Au mineralization.

Recommendations for Future Work

Eagle Plains Resource Ltd. has successfully focused its exploration program towards the Hat structural zone which has the potential for hosting high-grade Au-Ag mineralization and bulk tonnage, low-grade Au mineralization. Management recommends that further detailed work be performed on this portion of the property. This includes:

1. continued mapping, prospecting, and geochemical surveys in the along strike of the Hat structural zone to the south of Mayo Creek;
2. a detailed structural study of the Hat structural zone to better understand the relationships between intrusion, thrusting, mineralization and subsequent deformation;
3. an aggressive diamond drill program targeted at structurally / tectonically repeated high-grade Au zones with potential to host bulk tonnage, low-grade Au mineralization. The drill program should involve 6 – 8 holes, with at least two deeper holes to test the nature of the structures at depth;

As previously stated, there remains a wide variety of targets other than the Hat structural zone. The Tuppie Zone (Figure 7) boasts very similar geologic characteristics as that of the Hat structural zone. Significant work has been completed in this area, including drill hole targeting. It is also recommended that a diamond drill hole program, consisting of 6 to 9 holes, totaling 2000m be completed. Other recommendations include continued grass roots exploration within previously unexplored structural zones.

It is estimated that the 2006 exploration program would involve 2 months work and require \$500,000 to complete.

The total expenditure on the property by Eagle Plains Resources in 2005 was C\$327,086.87, bringing the total expenditures on the property since acquisition to C\$1,495,551.87.

2008 Exploration

In December 2007, Mountain Capital Inc. optioned the Kalum project from Eagle Plains and proceeded to conduct an exploration program in the summer of 2008. The exploration program by Mountain Capital Inc. was directed towards exploring and attempting to define a broad zone of gold mineralization in a satellite granodiorite “stock” located on Tenure #399745 in the SE corner of the property. The work program consisted of 7.75 line km of grid establishment, collection of 55 soil samples, 8 rock samples, 4.1 line km of I.P. survey and the drilling of 11 NQ diamond drill holes.

J.W. Murton and Associates conducted the program on behalf of Mountain Capital Inc.

The results from the 2008 exploration program revealed that the granodiorite “stock” that was the focus of exploration is in fact a thrust emplaced granodiorite mass overlying a

sequence of argillite / greywacke. Weak but pervasive gold mineralization associated with pyritic quartz stringers and veinlets is widespread in the stock.

The total expenditure on the property by Mountain Capital Inc. in 2008 was \$311,282.16. \$305,252.56 of this amount was filed for assessment purposes and resulted in the extension of the valid dates for all tenures listed to November 30, 2010. In early 2009, Mountain Capital Inc. decided to terminate the option agreement due to a change in their business model.

Total expenditures on the Kalum project to the end of 2008 is \$1,806,834.03

This Project is currently available for option and represents a project of merit that can be used as a qualifying transaction.