

SUMMARY REPORT
AND
ORE RESERVE STUDIES
FOR
GIANT BAY RESOURCES LTD.
GOLD PROPERTY
GORDON LAKE, N.W.T.

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INTRODUCTION

During the summer of 1983 and 1984, Giant Bay Resources Ltd. has conducted a major exploration program on their claims at Gordon Lake, Northwest Territories. The property is located 50 miles north of the City of Yellowknife, the Territorial capital.

The 1983 program consisted of diamond drilling on the No. 1 Zone as well as surface exploration on closely related surface showings. This program was done under the supervision of Mr. Walter J. Humphries.

The 1984 program was expanded considerably with more diamond drilling on the No. 1 Zone as well as numerous other gold-bearing targets in the near vicinity of the No. 1 Zone. Percussion drilling and sampling was done on the No. 2 and No. 3 Zones. Surface geological mapping and detailed prospecting was done on the southern half of the claim group.

A reconnaissance magnetic survey was done on the southern half of the claim group which is covered by a cut-line grid, and trenching and sampling was done on all showings of consequence. This year's program was done under the supervision of the writer, who wishes to thank Mr. James D. Mason, P.Eng. for his guidance, advice and encouraging attitude towards the property and the gold mining business in general. I also wish to thank the geological crew who worked with me on the property, namely Mr. Juan C. Caelles and Mr. William Love. Both men are very devoted to their profession and put in long hours and days to make the job a success.

This report is being done at the request of Mr. Ross Glanville, the company's new president, whom I thank for the opportunity to be of assistance.

Giant Bay Resources Ltd. have discovered several major gold-bearing zones on their Gordon Lake, N.W.T. property which the writer feels will soon see production. These discoveries require a great deal more exploration and development to put the ore into the proven category, as well as a favorable, steady gold price that would make production profitable.

GEOLOGY

Results of surface trenching, sampling, prospecting, geophysical surveys, and both reconnaissance and detailed geological mapping are summarized and reported on in a separate report by William Love, B.Sc., M.B.A. dated November 25th, 1984, entitled:

Report on the Geological Mapping and
Prospecting Work
Conducted on the Giant Bay Resources Ltd.
Gordon Lake Claim Group
Northwest Territories
Summer Season 1984

Juan C. Caelles, Ph.D. was directly responsible for all diamond and percussion drilling done on the property during the past summer as well as supervision of the surface work done by Love. He will be producing a separate report describing in detail the sub-surface geology, structure and mineralization as encountered in the drill holes on the various zones, with particular emphasis on the No. 1 Zone which shows the best promise of economic production at this time. His report was still in the making at the time of this report, however, Mr. Caelles and the writer are in agreement on the requirements of future exploration on the property.

DIAMOND DRILLING

To date the 1983 and 1984 diamond drill programs on the property have produced 23,332 feet of BQ core in 64 separate holes. A total of seven separate zones have been tested as follows:

No. 1 Zone	39 holes	in	17,462 feet
No. 2 Zone	7 holes	in	2,363 feet
No. 3 Zone	3 holes	in	559 feet
No. 4 Zone	7 holes	in	1,511 feet
Bulge Vein	4 holes	in	718 feet
VIV 15 Zone	3 holes	in	602 feet
VIV 8 Zone	<u>1 hole</u>	in	<u>117 feet</u>
TOTALS:	64 holes	in	<u>23,332 feet</u>

The 1983 drilling and holes 84-10 through 84-21 were done by Carrol Exploration Ltd. of Yellowknife. This company's contract was terminated in June, 1984 due to poor production and Midwest Drilling Ltd. of Yellowknife continued and completed this year's program using a large drill on the No. 1 Zone and a helicopter fly drill on the other zones tested.

A complete summary of all diamond drill hole intersections of economic interest follows. In order to determine intersections of economic interest, an anomalous gold cut-off value of 0.050 ounces per ton was used. The reporting summary for each hole in many instances shows the longest intersection of interest first, followed by shorter, higher grade intersections that are contained in the overall intersection. As one can see from the summary, there are many combinations of widths and grades one could use in determining ore reserves, however, time being a factor, the writer's efforts were confined to only two such reserve calculations, namely a total overall reserve encompassing all anomalous gold values within which is contained a smaller high grade reserve where values show continuity from drill hole to drill hole in the vertical plane.

A large number of the drill holes intersected visible gold and in the majority of cases the assays returned coincided with the sightings. All holes containing visible gold sightings are appropriately marked in the summary by the letters V.G. after the assay reported.

SUMMARY OF 1983 AND 1984 DIAMOND DRILLING BY ZONESNO. 1 ZONE

DDH 83-01	310 Feet
83-02	280
83-03	321
83-04	400
83-05	454
83-06	307
83-07	410
83-08	118
83-09	<u>195</u>

1983 TOTAL: 9 Holes for 2,795 Feet

84-10	388 Feet
84-11	565
84-12	452
84-13	540
84-14	518
84-15	570
84-16	625
84-17	460
84-18	500
84-19	111 (Lost)
84-20	429
84-21	499
84-22	554
84-23	695
84-24	706
84-25	765
84-26	561
84-27	720
84-28	737
84-29	739
84-30	844
84-31	577

NO. 1 ZONE

(continued)

DDH	84-60	408 Feet	
	84-68	367	
	84-69	250	
	84-70	404	
	84-71	27 (Lost)	
	84-72	44 (Lost)	
	84-73	296	
	84-74	<u>316</u>	
1984 TOTAL:	30 Holes	for	14,667 Feet
No. 1 ZONE TOTAL:	39 Holes	for	17,462 Feet

NO. 2 ZONE

DDH	84-61	437 Feet	
	84-62	297	
	84-63	407	
	84-64	287	
	84-65	430	
	84-66	255	
	84-67	<u>250</u>	
1984 TOTAL:	7 Holes	for	2,363 Feet

BULGE VEIN

DDH	84-75	230 Feet	
	84-76	236	
	84-77	96	
	84-78	<u>156</u>	
1984 TOTAL:	4 Holes	for	718 Feet

VIV 8 SHOWING

DDH	84-79	<u>117</u> Feet	
1984 TOTAL:	1 Hole	for	117 Feet

VIV 15 SHOWING

DDH	84-80	206 Feet	
	84-81	200	
	84-82	<u>196</u>	
1984 TOTAL:	3 Holes	for	602 Feet

<u>NO. 3 ZONE (SKULL)</u>	DDH	84-85	116 Feet	
		84-86	316	
		84-92	<u>127</u>	
	1984 TOTAL:	3 Holes	for	559 Feet
<u>NO. 4 ZONE</u>	DDH	84-83	250 Feet	
		84-84	320	
		84-87	163	
		84-88	147	
		84-89	197	
		84-90	227	
		84-91	<u>207</u>	
	1984 TOTAL:	7 Holes	for	1,511 Feet
	TOTAL 1984 DRILLING:	(55 Holes)		20,537 Feet
	TOTAL 1983 DRILLING:	(9 Holes)		2,795 Feet
	TOTAL DIAMOND DRILLING TODATE:	64 Holes		23,332 Feet

SUMMARY OF DIAMOND DRILL CORE GOLD INTERSECTIONS

<u>DDH NO.</u>	<u>FROM</u> (ft)	<u>TO</u>	<u>CORE LENGTH</u> (ft)	<u>GOLD OZ/TON</u>
<u>NO. 1 ZONE</u>				
83-01	64.8	176.0	111.2	0.070
	which includes			
	64.8	97.5	32.7	0.130 V.G.
	64.8	79.1	14.3	0.240 V.G.
	64.8	69.6	4.8	0.530 V.G.
83-02	156.7	217.1	60.4	0.130
	which includes			
	156.7	174.7	18.0	0.230
	156.7	160.7	4.0	0.700

<u>DDH NO.</u>	<u>FROM</u>	<u>TO</u>	<u>CORE LENGTH</u>	<u>GOLD OZ/TON</u>
83-02 (continued)	202.5	217.1	4.6	0.350
	207.8	217.1	9.3	0.260
83-03	191.5	198.1	6.6	0.270
	which includes			
	191.5	191.8	0.3	5.830 V.G.
	237.6	269.7	32.1	0.060
83-04	which includes			
	237.6	260.6	22.0	0.070
	162.1	266.7	104.6	0.100 V.G.
	which includes			
83-05	162.1	230.8	68.7	0.110
	162.1	197.7	35.6	0.160
	162.1	180.8	18.7	0.210
	166.8	176.1	9.3	0.370
	242.1	358.8	146.7	0.140
83-06	which includes			
	242.1	304.1	62.0	0.200 V.G.
	344.5	358.8	14.3	0.210
	282.3	304.1	21.8	0.480 V.G.
83-07	No Gold Values of Significance Drilled parallel to No. 1 Zone			
83-07	236.0	281.0	45.0	0.270
	which includes			
	236.0	254.0	18.0	0.310 V.G.
	245.0	254.0	9.0	0.410 V.G.
	275.0	281.0	6.0	0.990 V.G.

<u>DDH NO.</u>	<u>FROM</u>	<u>TO</u>	<u>CORE LENGTH</u>	<u>GOLD OZ/TON</u>
83-08	105.0	107.5	2.5	0.530
	Drilled parallel to No. 1 Zone			
83-09	6.0	20.0	14.0	0.110 V.G.
	108.4	122.3	13.9	0.080
	136.3	154.8	17.5	0.200
	178.1	192.0	13.9	0.080
84-10	No Zone Intersected			
84-11	325.5	335.0	9.5	0.128
	422.2	449.1	26.9	0.078
	which includes			
	431.6	449.1	17.5	0.100
84-12	78.5	85.0	6.5	0.173
	108.3	119.2	10.9	0.298
	which includes			
	108.3	112.5	4.2	0.712
	326.1	334.9	8.8	0.061
	356.8	414.2	57.4	0.126
	which includes			
	356.8	374.1	17.3	0.266 V.G.
	which includes			
	372.8	374.1	1.3	2.642 V.G.
84-13	120.2	121.7	1.5	0.142
	434.3	437.1	2.8	0.062
	487.8	495.6	7.8	0.240
	which includes			
	491.3	494.8	3.5	0.500

<u>DDH NO.</u>	<u>FROM</u>	<u>TO</u>	<u>CORE LENGTH</u>	<u>GOLD OZ/TON</u>
84-14	458.3	510.1	51.8	0.170
	which includes			
	469.0	494.8	25.8	0.297
	493.4	494.8	1.4	3.992 V.G.
84-15	351.4	429.4	78.0	0.095
	which includes			
	351.4	364.1	12.7	0.119 V.G.
	408.4	429.4	21.0	0.239 V.G.
84-16	531.2	540.5	9.3	0.084
	which includes			
	531.2	533.6	2.4	0.203
84-17	No Gold Values of Significance			
84-18	336.9	347.2	10.3	0.087
	which includes			
	336.9	338.7	1.8	0.303
84-19	LOST due to extreme deviation			
84-20	408.7	423.7	15.0	0.141
	which includes			
	408.7	414.7	6.0	0.301
84-21	362.7	412.5	49.8	0.132
	which includes			
	386.0	397.5	11.5	0.143 V.G.
	362.7	377.5	14.8	0.259 V.G.
84-22	356.8	359.8	3.0	0.116

<u>DDH NO.</u>	<u>FROM</u>	<u>TO</u>	<u>CORE LENGTH</u>	<u>GOLD OZ/TON</u>	
84-23	432.9	447.5	14.6	0.345	
	which includes				
	432.9	437.1	4.2	1.137	
	505.3	508.2	2.9	0.119	
	601.5	631.5	30.0	0.121	
	which includes				
	601.5	604.0	2.5	1.200	
	629.7	631.5	1.8	0.225	
84-24	587.6	589.5	1.9	0.082	
	631.9	634.0	2.1	0.083	
84-25	548.3	575.7	27.4	0.125	
	which includes				
	548.3	557.9	9.6	0.194	V.G.
	639.4	649.2	9.8	0.166	
	675.3	693.6	18.3	0.083	
84-26	417.9	434.0	16.1	0.097	
	which includes				
	419.9	425.0	7.1	0.139	
	477.2	489.7	12.5	0.120	
	which includes				
	477.2	482.9	5.7	0.222	V.G.
84-27	415.3	430.2	14.9	2.113	
	which includes				
	419.7	428.0	8.3	3.724	V.G.
	419.7	421.0	1.3	13.436	V.G.
	512.0	520.5	8.5	0.182	
	which includes				
	512.0	514.7	2.7	0.397	

<u>DDH NO.</u>	<u>FROM</u>	<u>TO</u>	<u>CORE LENGTH</u>	<u>GOLD OZ/TON</u>	
84-27 (continued)	518.3	520.5	2.2	0.411	V.G.
	608.6	616.3	7.7	0.142	
	which includes				
	610.8	613.9	3.1	0.258	V.G.
	666.8	674.2	7.4	0.071	
84-28	455.2	457.2	2.0	0.296	
	586.5	592.7	6.2	0.100	
	which includes				
	589.0	591.9	2.9	0.166	
84-29	628.6	647.9	19.3	0.215	
	which includes				
	628.6	636.2	7.6	0.262	
	628.6	630.9	2.3	0.766	V.G.
	640.9	647.9	7.0	0.292	
	643.6	646.2	2.6	0.698	V.G.
84-30	No Gold Values of Significance				
84-31	457.8	472.3	14.5	0.163	
	which includes				
	469.1	472.3	3.2	0.599	
84-60	309.9	311.8	1.9	0.058	
	338.5	339.9	1.4	0.064	
84-68	252.6	279.0	26.4	0.208	
	which includes				
	252.6	266.7	14.1	0.355	
	252.6	255.1	2.5	1.855	
84-69	160.7	162.6	1.9	0.059	

<u>DDH NO.</u>	<u>FROM</u>	<u>TO</u>	<u>CORE LENGTH</u>	<u>GOLD OZ/TON</u>
84-70	275.8	278.0	2.2	0.084
84-71	Not complete due to cave			
84-72	Not complete due to cave			
84-73	No Gold Values of Significance			
84-74	No Gold Values of Significance			

NO. 2 ZONE

84-60	No Gold Values of Significance			
84-61	69.6	76.1	6.5	0.131
	which includes			
	74.8	76.1	1.3	0.591 V.G.
84-62	32.7	40.1	7.4	0.491
	which includes			
	38.3	40.1	1.8	1.804 V.G.
	86.3	105.2	18.9	0.812
	which includes			
	86.3	97.8	11.5	0.962 V.G.
	95.6	97.8	2.2	2.667 V.G.
	102.7	105.2	2.5	1.665 V.G.
84-63	No Gold Values of Significance			
84-64	133.1	136.2	3.1	0.047
84-65	245.6	246.7	1.1	0.231
84-66	116.5	119.8	3.3	1.063 V.G.

<u>DDH NO.</u>	<u>FROM</u>	<u>TO</u>	<u>CORE LENGTH</u>	<u>GOLD OZ/TON</u>	
84-67	36.9	38.1	1.2	0.169	
	128.4	131.0	2.6	0.308	
<u>BULGE VEIN</u>					
84-75	156.0	157.6	1.6	0.057	
84-76	147.1	149.7	2.6	0.070	
84-77	42.7	68.3	25.6	0.826	
	which includes				
	47.6	49.6	2.0	1.183	V.G.
	66.2	68.3	2.1	8.326	V.G.
84-78	No Gold Values of Significance				
<u>VIV 8 SHOWING</u>					
84-79	36.0	40.1	4.1	0.045	
<u>VIV 15 SHOWING</u>					
84-80	40.5	42.6	2.1	0.051	
	89.1	93.5	4.4	0.085	V.G.
	124.7	133.4	8.7	0.182	
	which includes				
	124.7	127.3	2.6	0.303	
	132.0	133.4	1.4	0.475	
84-81	4.0	6.5	2.5	0.101	
	16.8	19.9	3.1	0.065	
	92.0	94.2	2.2	0.072	
	119.1	149.5	30.4	0.055	
	which includes				
	119.1	122.9	3.8	0.120	
	145.8	147.0	1.2	0.125	

<u>DDH NO.</u>	<u>FROM</u>	<u>TO</u>	<u>CORE LENGTH</u>	<u>GOLD OZ/TON</u>	
84-82	No Gold Values of Significance				
<u>NO. 3 ZONE (SKULL NORTH)</u>					
84-85	55.6	57.7	2.1	0.040	
84-86	98.0	99.6	1.6	0.054	
	130.0	136.0	6.0	0.065	
	which includes				
	130.0	131.1	1.1	0.165	
<u>NO. 3 ZONE (SKULL SOUTH)</u>					
84-92	No Gold Values of Significance				
<u>NO. 4 ZONE</u>					
84-83	64.0	88.2	24.2	0.091	
	which includes				
	64.0	86.6	22.6	0.093	V.G.
	78.7	88.2	9.5	0.157	V.G.
	78.7	86.6	7.9	0.177	V.G.
	81.0	86.6	5.7	0.212	V.G.
	81.0	82.4	1.4	0.338	V.G.
	107.4	111.2	3.8	0.053	
84-84	No Gold Values of Significance				
84-87	55.0	62.8	7.8	0.069	
	which includes				
	61.3	62.8	1.5	0.162	V.G.
	119.9	122.5	2.6	0.065	

<u>DDH NO.</u>	<u>FROM</u>	<u>TO</u>	<u>CORE LENGTH</u>	<u>GOLD OZ/TON</u>
84-88	81.3	83.9	2.6	0.047
84-89	97.5	99.1	1.6	0.039
84-90	37.0	41.5	4.5	0.082
	which includes			
	37.0	38.9	1.9	0.120
	155.0	156.6	1.6 est.	0.150 V.G.
84-91	No Gold Values of Significance			

No. 1 Zone

The No. 1 Zone contains the major gold discovery on the property and has received the most diamond drilling done to date. Because both diamond drill programs were done in the summer months and because the zone lies in a swamp and pond-filled depression, the drill setups had to be confined to the rock outcrop ridges on each side of the depression. For this reason, the top 150 to 200 feet of the central part of the ore zone remains untested. The No. 1 Zone has been tested to a depth of 650 feet vertically below surface and results show continuity at depth. The gold values have been delimited along strike in the part of the zone drilled, however, the favorable rock units are still present and one has to be optimistic that a favorable structural feature could repeat itself and cause another concentration of gold values. In this regard, the structure to the northwest of the No. 1 Zone holds the most promise for the discovery of a repeat fold structure similar to the No. 1 Zone.

No. 2 Zone

This zone was tested by seven drill holes along a strike length of 1,000 feet. Drill hole 84-62 produced two excellent intersections, 7.4 feet containing 0.491 ounces per ton and 18.9 feet containing 0.812 ounces per ton. Holes below Hole 62 failed to encounter the gold bearing zone, however, holes 65 and 66 on each side of hole 62 had good intersections over narrow widths which shows strike continuity of the zone but indicates that ore shoots within the zone will be short lenses, but with good grade. Plan No. 1 shows the results of both the diamond drilling and percussion drilling on this zone. The results of the percussion drilling will be summarized under a heading to follow.

No. 3 Zone

Two holes tested the south end of the zone and two holes tested the north end of the zone, all returning low gold values. Surface trenching and percussion drilling also returned disappointing results at the south end of the zone, however, trenches on the north end produced anomalous gold values. Results indicate that no further work on this zone is warranted at the present time.

No. 4 Zone

Drilling results were generally felt to be low considering the quality of zone material and mineralization that was encountered. Visible gold was seen in three of the seven holes, however was very fine and not concentrated, thus only low gold values were produced over narrow widths

except in hole 84-83 which produced good values. The zone is wide open to depth and along strike and because all the drilling thus far is very shallow, then it will be necessary to test the zone further at depth.

Bulge Vein

Drill hole No. 84-77, which was drilled directly below the trenched section of this short, wide quartz vein, returned an excellent intersection of 25.6 feet containing 0.826 ounces per ton, however, hole No. 84-75, which was drilled 70 feet deeper, only returned a narrow quartz intersection containing low values. Holes fanned out to test the strike continuity of the vein on each side failed to encounter the bulged section of the vein. Very closely-spaced drill holes will be required to follow the bulge vein to depth, however, vertical continuity has been indicated and a small tonnage, highgrade, oreshoot similar to the Camlaren "Hump" vein could be developed.

VIV 8 Showing

One hole here produced disappointing results although surface trenches showed good sulphide mineralization. Further drilling on this zone is not warranted.

VIV 15 Showing

Two of the three drill holes on this showing showed good widths of well-mineralized zone. The quartz content of the zone is much higher than the No. 1 Zone and correspondingly the gold values are lower. The three holes only tested the zone at a very shallow horizon, and thus further drill testing is warranted, both along strike and to depth.

PERCUSSION DRILLING

A total of 21 holes, producing 1,350 feet of cuttings and 270 samples, were drilled along a 500-foot strike length of the No. 2 Zone where it outcrops south of the No. 1 Zone and a total of 9 holes, producing 280 feet of cuttings and 56 samples, were drilled along a 500-foot strike length of the No. 3 Zone (Skull).

The results of the drilling on No. 2 Zone were very successful and encouraging, whereas the No. 3 Zone showed little in the way of good values.

The following summary shows the hole numbers, length of hole drilled and the sample results showing anomalous gold values and interval sampled. All cuttings were gathered from 5-foot sections of the hole drilled, which generally produced 25 pounds of cuttings. These cuttings were split down to about a two-pound sample which went for assay, and a small spoonful which went to the geologist for logging.

This method of drill hole sampling works very well on outcrop showings. Because of the shear weight of the drill and compressor, it cannot be moved through muskeg areas and thus becomes limited in its use.

SUMMARY OF 1984 CHURN DRILLING BY ZONES

<u>NO. 2 ZONE</u>		<u>NO. 3 ZONE (SKULL)</u>	
84-001	70 Feet	84-022	10 Feet
84-002	70	84-023	15
84-003	70	84-024	40
84-004	70	84-025	40
84-005	70	84-026	10
84-006	70	84-027	40
84-007	70	84-028	40
84-008	70	84-029	35
84-009	70	84-030	<u>50</u>
84-010	70	9 Holes	280 Feet
84-011	70		
84-012	70		
84-013	70		
84-014	60	TOTALS:	
84-015	70	30 Holes	1,630 Feet
84-016	70		
84-017	70		
84-018	30		
84-019	15		
84-020	65		
84-021	<u>60</u>		
21 Holes	1,350 Feet		

SUMMARY OF CHURN DRILL HOLE GOLD INTERSECTIONS

<u>HOLE NO.</u>	<u>FROM</u>	<u>(ft)</u>	<u>TO</u>	<u>SAMPLE LENGTH</u> <u>(ft)</u>	<u>GOLD</u> <u>OZ/TON</u>
<u>NO. 2 ZONE</u>					
84-001	15		20	5	0.100
	25		30	5	0.110
	40		45	5	0.134
	45		50	5	0.080
	60		65	5	0.180
	15		65	50	Avg: <u>0.064</u>
84-002	30		35	5	0.060
	35		40	5	0.156
	30		40	10	Avg: <u>0.108</u>
84-003	5		10	5	0.236
	10		15	5	0.096
	20		25	5	0.050
	5		25	20	Avg: <u>0.096</u>
84-004	0		5	5	0.372
84-005	0		5	5	0.544
	5		10	5	0.453
	0		10	10	Avg: <u>0.499</u>
84-006	No gold values of significance				
84-007	No gold values of significance				
84-008	No gold values of significance				
84-009	No gold values of significance				
84-010	20		25	5	0.132

<u>HOLE NO.</u>	<u>FROM</u>	<u>TO</u>	<u>SAMPLE LENGTH</u>	<u>GOLD OZ/TON</u>
84-011	10	15	5	0.170
	15	20	5	0.094
	10	20	10	Avg: <u>0.152</u>
84-012	5	10	5	0.062
	10	15	5	1.046
	5	15	10	Avg: <u>0.554</u>
84-013	20	25	5	0.240
84-014	No gold values of significance			
84-015	No gold values of significance			
84-016	No gold values of significance			
84-017	No gold values of significance			
84-018	15	20	5	5.548
84-019	5	10	5	0.170
84-020	No gold values of significance			
84-021	No gold values of significance			
<u>NO. 3 ZONE (SKULL)</u>				
84-022	No gold values of significance			
84-023	5	10	5	0.045
84-024	10	15	5	0.056
84-025	No gold values of significance			
84-026	No gold values of significance			

<u>HOLE NO.</u>	<u>FROM</u>	<u>TO</u>	<u>SAMPLE LENGTH</u>	<u>GOLD OZ/TON</u>
84-027	No gold values of significance			
84-028	No gold values of significance			
84-029	No gold values of significance			
84-030	No gold values of significance			

The percussion drilling on the No. 2 Zone produced three ore lenses of significance along a 500-foot of zone tested. A summary of these lenses follows, and they are outlined on Plan No. 1.

<u>LENS</u>	<u>HOLES</u>	<u>LENGTH</u>	<u>WIDTH</u>	<u>GRADE</u>
North	2	50'	5'	2.859
Centre	5	80'	6.4'	0.241
South	5	80'	11.3'	0.184
Total	12	210	7.9'	0.603

The centre lens calculation includes one diamond drill hole intersection from hole No. 84-61 which corresponds very well with the values obtained from the four percussion holes.

The diamond drill hole intersections obtained in Holes 84-62, 65 and 66 show the downward and strike continuity of the south lens.

It is fairly obvious from both the percussion and diamond drilling done to date on the No. 2 Zone that ore shoots are going to be

lenticular in shape and limited in size, however, the grade could be very good. It appears from results to date that ore shoots will probably be about 100 feet long and 100 feet deep, thus depending on width, could produce 4,000 to 10,000 tons per shoot. This type of ore could act as a nice sweetener to the lower grade ore from the No. 1 Zone. Much more closely-spaced diamond drilling will have to be done on the No. 2 Zone to prove up ore of this type.

ORE RESERVES

A preliminary ore reserve estimate of the No. 1 Zone has been done based on the available diamond drill hole data, and drill core sampling results.

In order to better understand the configuration of the mineralized zone and in order to obtain correct projection lengths of diamond drill hole intercepts, level plans were constructed showing the ore zone at the 100, 200, 300, 400 and 500-foot elevations below surface (see Plans 1 to 5). From these and the vertical cross sections (see Sections 1 to 9) showing the diamond drill holes, the height, length and true widths of the ore blocks were obtained. The ore blocks were made to conform to the geology of the overall favorable ore-bearing black siltstone, quartz-enriched zones.

The first ore reserve calculation done is an overall total reserve encompassing all anomalous gold values over 0.050 ounces of gold per ton. This reserve was done in 100-foot horizontal slices through the ore zone down to the 300-foot level so that various open pit designs could be worked up to provide various strip ratios. The remaining ore below the 300-foot level

was then worked up from a level plan at the 400 and 500-foot levels.

The second ore reserve calculation was done on the best grade of gold mineralization that occurred in the overall zone and showed vertical continuity from hole to hole. This reserve would have to be mined solely by underground methods and thus a 50-foot crown pillar was left at the surface which was not included in the reserve.

The other criteria used in the reserve calculations are as follows:

1. Minimum Mining Width: 3.5 feet
2. Minimum Average Grade: 0.050 ounces per ton over a 3.5-foot true width.
3. Mineralized Blocks: Vertical dimension - from mid-points between drill holes, maximum 50 feet below an open drill hole.
Horizontal dimension - from mid-points between adjacent drill holes and maximum 50 feet from an open drill hole or to a drill hole with no ore intersection.
4. Tonnage Factor: 12 cubic feet per short ton. (Apparoximate specific gravity = 2.8). Preliminary tests on small samples of waste and ore zone material show specific gravities between 2.745 and 2.961, however, more test work is necessary to arrive at a confident value.
5. Dilution: None applied.

6. Assay Cutting None employed, as the narrow sample widths of the individual high values when included in the wider zones of low grade material and then averaged should provide an adequate assay balance
7. Open Pit design: Based on an overall wall slope of -55° , which should be safe considering the competent nature and steep dips of the greywacke wall rock. A ramp width of 40 feet and -10° was used to gain access to the bottom of each pit.
8. Ore Category: All drill indicated only.

The ore reserves in the No. 1 Zone can be summarized as follows:
(See Addendums 1 to 6 for detailed calculations).

ORE BLOCK				
<u>From</u>	<u>To</u>	<u>TONS</u>	<u>GRADE</u>	<u>OUNCES</u>
Surface	to 9,900	141,171	0.128	18,066
9,900	to 9,800	167,843	0.136	22,760
9,800	to 9,700	137,848	0.128	17,631
9,700	to 9,500	175,696	0.223	39,114
Below	9,500	<u>77,605</u>	<u>0.132</u>	<u>10,255</u>
TOTAL:		700,163	0.154	107,826

The waste to be removed to mine the ore from surface to the 9,900-foot level by open pit mining would total approximately 426,002 tons, yielding 141,171 tons of ore grading 0.128 at a strip ratio of 3.02 to 1.

The waste to be removed to mine the ore from surface to the 9800-foot level totals 1,354,929 tons, yielding 309,014 tons of ore grading 0.132 at a strip ratio of 4.38 to 1.

The waste to be removed to mine the ore from surface to the 9,700-foot level totals 4,807,730 tons, yielding 446,862 tons of ore grading 0.131 at a strip ratio of 10.76 to 1.

What the optimum strip ratio for an ore body of this size and grade would be in this part of Canada would have to be determined after a careful feasibility study, however, Giant Yellowknife Gold Mines in Yellowknife, Northwest Territories, have been successfully mining lower grade, near surface, orebodies for the past seven years. They only employ the method during the seven or eight spring, summer and fall months because of the extreme cold in the winter, however they strip and mine ore to be stockpiled to feed the mill on a year-round basis.

Contained within the overall total reserve is 239,941 tons grading 0.330 ounces gold per ton to yield 79,149 ounces. This ore would all have to be mined by underground methods.

CONCLUSIONS

1. Diamond drill and percussion drilling have indicated two gold-bearing zones of economic interest on Giant Bay Resources Ltd. mineral claims at Gordon Lake, N.W.T.
2. Other gold-bearing zones have been found that require further exploration work to properly evaluate their potential.
3. The No. 1 Zone has been tested by 17,462 feet of diamond drilling in 39 holes and has produced a drill indicated ore reserve of 700,163 tons grading 0.154 ounces of gold per ton. Contained within this overall

reserve is a smaller higher grade reserve of 239,941 tons grading 0.330 ounces of gold per ton.

4. The No. 2 Zone which has been tested by 2,363 feet of diamond drilling in seven holes and 1,350 feet of percussion drilling in twenty-one holes, shows three near-surface ore lenses with a combined length of 210 feet grading 0.603 ounces of gold per ton across a width of 7.9 feet. This zone in all likelihood will not produce large ore shoots, however, the grade appears to be higher than the No. 1 Zone and thus the ore could act as a sweetener to the No. 1 Zone ore.
5. Much more diamond drilling in conjunction with detailed surface exploration is necessary on the Giant Bay Resources claims, in particular on the No. 1 Zone, the No. 2 Zone, the No. 4 Zone, and the Lynk Zone. Several exploration targets remain to be tested by one or two holes and the writer is sure that as surface work and geophysical surveys proceed on the north half of the property, several exploration targets will be found requiring at least one drill hole.

RECOMMENDATIONS

The following exploration work is recommended for the Giant Bay Resources Ltd. gold property at Gordon Lake, N.W.T. for the 1985 field season:

1. Sixty line miles of cut-line grid on the north half of the property.
2. Reconnaissance electromagnetic and magnetic surveys on this grid.
3. Detailed cut-line grid on the Lynk Zone.

4. Detailed electromagnetic and magnetic surveys on the Lynk Zone plus any other reconnaissance anomalies found.
5. Prospecting, trenching, sampling and geological mapping on the north half of the property.
6. Detailed geological mapping on the Lynk Zone.
7. Percussion drilling and sampling on the Lynk Zone.
8. Diamond drilling on the No. 1 Zone, No. 2 Zone, No. 4 Zone, Lynk Zone, and exploration targets found from surface work. The following amounts of drilling should be done:

No. 1 Zone: 10,000 feet; consisting of three deep holes down to the 1,000-foot level, and the balance as short holes into the top part of the zone down to the 300-foot level. The short holes will have to be done in March and early April when Kidney Pond is frozen.

No. 2 Zone: 5,000 feet of closely-spaced drill holes. This drilling should cover the 500-foot strike length of zone where surface work has indicated three gold bearing shoots. The drilling should be done on 33-foot centres horizontally and test the zone to the 150-foot level.

No. 4 Zone: 3,000 feet of deeper holes plus a few step out holes to test for continuity and possible grade improvement.

Lynk Zone: 5,000 feet of systematic drilling to test the entire strike length of the zone at the 100 and 200-foot levels.

Reconnaissance Targets: 2,000 feet. Probably ten holes will be required to test eight scattered targets on the new north grid plus two targets already outlined on the south grid.

ESTIMATED COSTS

1. Cut Line Grid			
(a) Reconnaissance Grid			
60 line miles @ \$500/mile (3-man crew)	\$	30,000	
(b) Lynk Grid plus other targets			
2 men, 1 month		<u>9,000</u>	\$ 39,000
2. Electromagnetic and Magnetic Surveys			
(a) Reconnaissance Grid			
2 men, 1 month		9,000	
Report writing and maps		5,000	
Equipment rentals		3,000	
(b) Detail follow-up Surveys			
1 man, 2 months (includes maps)		9,000	
Equipment rentals		<u>6,000</u>	32,000
3. Prospecting			
(a) 3 men, 4 months @ \$3,000/mo. ea.		36,000	
(b) Equipment rentals		8,000	
(c) Expendables (powder, fuse, etc.)		<u>2,000</u>	46,000

4. Geological Mapping

(a) Senior Geologist, 4 months @ \$5,000/mo.	\$ 20,000	
(b) Junior Geologist, 4 months @ \$3,000/mo.	12,000	
(c) Two trencher-samplers, 4 mos. @ \$3,000/mo. ea.	24,000	
(d) Equipment and supplies	<u>2,000</u>	\$ 58,000

5. Percussion Drilling

(a) Driller, 3 months @ \$3,000/mo.	9,000	
(b) Sampler, 3 months @ \$3,000/mo.	9,000	
(c) Fuel	10,000	
(d) Bits, steel, etc.	5,000	
(d) Equipment rentals	<u>3,000</u>	36,000

6. Diamond Drilling

(a) 25,000 feet @ \$17.00 per foot includes fuel, dip tests, moves, etc.	425,000	
(b) Helicopter moves	25,000	
(c) Mobe and demobe	<u>5,000</u>	455,000

7. Camp Costs, etc.

(a) Cook, 4 months @ \$4,000/mo.	16,000	
(b) Cookee, 4 months @ \$3,000/mo.	12,000	
(c) Handyman-Mechanic, 4 months @ \$3,000/mo.	12,000	
(d) Gopher, 4 months @ \$3,000/mo.	12,000	
(e) Food, 3,000 man days x \$15/day	45,000	
(f) Expendables: Fuel oil	10,000	
Propane	4,000	
Miscellaneous	5,000	

(g) Repairs and Maintenance	\$ 5,000	
(h) Rentals	8,000	
(i) Travel	<u>10,000</u>	139,000
8. Assaying		
2,000 samples @ \$11.00 each		22,000
9. Transportation		
(a) Single Otter: 30 x \$400	12,000	
(b) Cessna 185: 40 x \$200	8,000	
(c) Cessna 206: 60 hours @ \$100/hr.	6,000	
(d) Air Freight (PWA)	<u>6,000</u>	32,000
10. Engineering and Management		
(a) Chief Geologist, 5 months @ \$6,000/mo.	30,000	
(b) Supervising Engineer/Manager 4½ months @ \$7,500/mo.	<u>35,000</u>	<u>65,000</u>
TOTAL ESTIMATED 1985 EXPLORATION PROGRAM COST:		\$ <u>924,000</u>



Respectfully submitted,

PRECAMBRIAN MINING SERVICES LIMITED

W. G. Knutsen

William G. Knutsen, B.A.Sc., P.Eng.

Winfield, B.C.,
December 7th, 1984

Precambrian Mining Services Limited

ORE RESERVES

Date: Dec. 7th, 1984

Calc. by: W.G. Knutsen

Property: Giant Bay Resources Ltd.
NO. 1 ZONE

Checked by: _____

Section	D.D.H.#	Height	Length	Width	Tons	Grade	Ounces	Category
OPEN PIT ORE DOWN TO 9900-FOOT LEVEL:								
3	83-07	80'	55'	37.5'	13,750	0.270	3,713	
5	83-05	77'	85'	98.5'	53,724	0.140	7,521	
6	83-01	94'	93'	54'	39,339	0.070	2,754	
7	83-02	84'	78'	37'	20,202	0.130	2,626	
8	83-03	81'	88'	19'	11,286	0.060	677	
		89'	86'	4.5'	2,870	0.270	775	
					141,171	0.128	18,066	
WASTE TO BE REMOVED:								
3		92'	55'	10'	4,217			
		92'	55'	60'/2	12,650			
		92'	55'	10'	4,217			
		92'	55'	64'/2	13,493			
		37'	55'	41'	6,953			
					41,530			
5		89'	60'	10'	4,450			
		90'	60'	62'/2	13,950			
		80'	60'	10'	4,000			
		80'	60'	60'/2	12,000			
		50'	60'	40'	10,000			
					44,400			
6		102'	70'	30'	17,850			
		146'	70'	96'/2	40,880			
		55'	70'	110	35,292			
					94,022			

Precambrian Mining Services Limited

ORE RESERVES

Date: Dec. 7th, 1984

Calc. by: W.G. Knutsen

Property: Giant Bay Resources Ltd.

Checked by: _____

NO. 1 ZONE

Section	D.D.H.#	Height	Length	Width	Tons	Grade	Ounces	Category
OPEN PIT ORE DOWN TO 9800-FOOT LEVEL:								
ORE:	Surface	to	9900-foot	level:	141,171	0.128	18,066	
ORE:	9900-foot	Level to	9800-foot	Level:				
3	83-07	100'	55'	37'	16,958	0.270	4,579	
5	83-05	100'	75'	98'	61,250	0.140	8,575	
6	83-01	23'	84'	64'/2	5,152	0.070	361	
	83-04	96'	84'	57	38,304	0.100	3,830	
7	83-02	49'	81'	36.5'	12,072	0.130	1,569	
	83-02	55'	81'	41.5'	15,407	0.130	2,003	
8	83-03	104'	88'	4.5'	3,432	0.270	927	
	83-03	70'	88'	19'	9,753	0.060	585	
	83-03	32'	88'	28.5'	5,515	0.060	331	
					167,843	0.136	22,760	
TOTAL ORE:	Surface	to	9800-foot	level:	309,014	0.132	40,826	
WASTE TO BE REMOVED:								
3		200'	55'	148'/2	67,833			
		29'	55'	40'	5,317			
		200'	55'	146/2'	66,917			
		222'	55'	40'	40,700			
					180,767			
5		200'	60'	140'/2	70,000			
		41'	60'	40'	8,200			
		200'	60'	144'/2	72,000			
		200'	60'	40'	40,000			
					190,200			

Precambrian Mining Services Limited

ORE RESERVES

Date: Dec. 7th, 1984

Calc. by: W.G. Knutsen

Property: Giant Bay Resources Ltd.

Checked by: _____

NO. 1 ZONE

Section	D.D.H.#	Height	Length	Width	Tons	Grade	Ounces	Category
OPEN PIT ORE DOWN TO 9700-FOOT LEVEL:								
ORE:	Surface to 9800-Foot level:				309,014	0.132	40,826	
ORE:	9800-Foot Level to 9700-Foot Level:							
2	84-11	100'	84'	4.5'	3,150	0.128	403	
		62'	52'	12.5'	3,358	0.078	262	
	84-14	60'	25'	31'	3,875	0.170	659	
3	84-12	86'	60'	5.5'	2,365	0.061	144	
	83-07	54'	60'	39'	10,530	0.270	2,843	
	84-12	46'	60'	40'	9,200	0.126	1,159	
5	83-05	60'	61'	100'	30,500	0.140	4,270	
	84-15	46'	61'	80'	18,707	0.095	1,777	
6	84-18	44'	70'	80'/2	10,267	0.087	893	
	84-18	31'	70'	6'	1,085	0.087	94	
7	83-02	27'	82'	48'	8,856	0.130	1,151	
	84-26	76'	84'	12.5'	6,650	0.120	798	
	84-26	82'	82'	15'	8,405	0.097	815	
8	83-03	30'	88'	25'	5,500	0.060	330	
	84-21	75'	88'	28'	15,400	0.132	2,033	
					137,848	0.128	17,631	
TOTAL ORE: Surface to 9700-foot Level:					446,862	0.131	58,457	
WASTE TO BE REMOVED:								
2		300'	70'	240'/2	210,000			
		275'	70'	40'	64,167			
		20'	70'	40'	4,667			
		293'	70'	89'	141,733			
		152'	70'	360'/2	159,600			
		220'	70'	40'	51,333			
					631,500			

Precambrian Mining Services Limited

ORE RESERVESDate: Dec. 7th, 1984Calc. by: W.G. KnutsenProperty: Giant Bay Resources Ltd.
NO. 1 ZONE

Checked by: _____

Section	D.D.H.#	Height	Length	Width	Tons	Grade	Ounces	Category
3		222'	55'	290'/2	147,538			
		286'	55'	40'	52,433			
		60'	55'	40'	11,000			
		293'	52'	240'/2	152,360			
		200'	52'	40'	34,667			
					398,000			
5		180'	60'	260'/2	117,000			
		300'	60'	40'	60,000			
		82'	60'	40'	16,400			
		225'	60'	290'/2	163,125			
		220'	60'	40'	44,000			
					400,525			
6		325'	70'	310'/2	293,854			
		130'	70'	60'/2	22,750			
		318'	70'	40'	74,200			
		90'	70'	40'	21,000			
		103'	70'	400'/2	120,167			
		220'	70'	40'	51,333			
				583,304				
7		336'	82'	314'/2	360,472			
		330'	82'	40'	90,200			
		107'	82'	40'	29,247			
		118'	82'	390'/2	116,918			
		180'	82'	40'	49,200			
		78'	82'	32'	17,056			
				663,093				
8		270'	77'	300'/2	259,875			
		343'	77'	40'	88,037			
		140'	77'	40'	35,933			
		130'	77'	390'/2	162,663			
		180'	77'	40'	46,200			
				592,708				

Precambrian Mining Services Limited

ORE RESERVESDate: Dec. 7, 1984Calc. by: W.G. KnutsenProperty: Giant Bay Resources Ltd.

Checked by: _____

NO. 1 ZONE HIGH GRADE ORE

Section	D.D.H.#	Height	Length	Width	Tons	Grade	Ounces	Category
1	84-31	145'	98'	10'	11,842	0.163	1,930	
	84-11	200'	78'	4.5'	5,850	0.128	749	
2	84-11	262'	57'	8'	9,956	0.100	996	
	84-14	260'	25'	15'	8,125	0.297	2,413	
3	83-07	173'	55'	14'	11,101	0.310	3,441	
		200'	55'	6'	5,500	0.990	5,445	
	84-12	127'	60'	11'	6,985	0.266	1,858	
	84-13	115'	57'	6'	3,278	0.240	787	
		100'	70'	7.5'	4,375	0.262	1,146	
4	84-29	100'	70'	7'	4,083	0.292	1,192	
5	83-05	185'	75'	18'	20,813	0.480	9,990	
		210'	61'	13.5'	14,411	0.210	3,026	
	84-15	118'	65'	10.5'	6,711	0.119	799	
		140'	65'	16.5'	12,513	0.239	2,990	
	84-16	120'	50'	5'	2,500	0.096	240	
6	83-01	20'	87'	8'	1,160	0.240	278	
	83-04	110'	84'	10'	7,700	0.210	1,617	
	84-18	203'	70'	4.5'	5,329	0.095	506	
	84-28	150'	75'	3.5'	3,281	0.160	525	
7	83-02	165'	81'	11'	12,251	0.230	2,818	
		75'	81'	6.5'	3,291	0.260	856	
		93'	81'	6'	3,767	0.260	979	
	84-26	215'	83'	5'	7,435	0.222	1,651	
		169'	87'	6'	7,352	0.139	1,022	
	84-27	188'	84'	5.5'	7,238	0.142	1,028	
		158'	84'	6.5'	7,189	0.182	1,308	
		90'	90'	11'	7,425	2,113	15,689	

ENGINEER'S CERTIFICATE

I, WILLIAM G. KNUTSEN, of the Town of Winfield, in the Province of British Columbia, Canada,

HEREBY CERTIFY:

- (a) That my address is P.O. Box 188, Winfield, B.C. V0H 2C0, Canada, and my occupation is that of a Mining Engineer.
- (b) That I am a graduate of the University of British Columbia in Mining Engineering, 1960, with the degree of B.A.Sc.
- (c) That I have been a practising Mining Engineer in the Northwest Territories of Canada for the past 18 years and I am a member of the Association of Professional Engineers of the Northwest Territories.
- (d) That I have no interest either directly or indirectly nor do I expect to receive any interest in the properties covered in this report or in the shares or securities of Giant Bay Resources Ltd.
- (e) That the accompanying report is based on a personal knowledge of the property, gained from field examinations.
- (f) That I was present and worked on the property from the period April 25th to September 30th, 1984.

DATED this 7th day of December, 1984 at Winfield, B.C.



W. G. Knutsen

William G. Knutsen, B.A.Sc., P.Eng.,
Mining Engineer