MAP NO.	ASSESSMENT REPORT	X	DOCUMENT NO.:	092556
	PROSPECTUS		MINING DISTRICT:	MAYO
106 D 16	CONFIDENTIAL	X	TYPE OF WORK:	DIAMOND DRILLING
	OPEN FILE			

REPORT FILED UNDER: Pacific Grant Steel Ores Ltd

DATE PERFORMED: May 25, 1967 DATE FILED: August 15, 1967

LOCATION: LAT.: 64°50'N AREA: Bear River

LONG.: 134°15'W VALUE $:

CLAIM NAME & NO.: 18 CLAIMS

WORK DONE BY: D.C. Findlay, A. D. Oliver

WORK DONE FOR: Geological Survey of Canada

DATE TO GOOD STANDING		REMARKS: # 37 PAGISTEEL
		9 DDH - 975.4 m

64° 50' N, 134° 17' W

CONFIDENTIAL

092556

PACIFIC GIANT STEEL ORES LIMITED

Property:

18 claims, Bear River Area, Yukon; NTS 106 D - Nash Creek; about 64-50-134-15.

History:

Original showing staked by A. Jellinek and P. Runer, 1962. Showing was reportedly found previously (about 1957) by British Yukon Exploration Company. Between 1962 and 1966 some surface exploration, including minor trenching and geophysical work (magnetic) was done, mainly for representation purposes. In April 1967 equipment was moved to the property by cat train via the old Wind River trail for a drilling program. An airstrip was constructed about 2 miles from the showing. Cost of mobilization and airstrip was about $20,000. Diamond drilling on an initial 5,000 foot contract was commenced in May, 1967. The drilling program is currently being managed by Colorado School of Mines Research Foundation, Golden Colorado.

Geology and Mineral Occurrence

The following observations are based on a visit to the property on 25 May, 1967. The visit was made in the company of Mr. A.D. Oliver, then Mining Inspector, Department of Indian Affairs and Northern Development.

The Pacific Giant Steel hematite showing lies at an elevation of about 3,800 feet on the northeast side of Bear River valley, about 15 miles southeast of the junction of Wind and Bear Rivers. It occurs along the southwest side of a small knoll (referred to locally as "Iron Hill") rising above the valley floor in front of the higher peaks (to 6,000 feet) of the valley wall proper. (Plate 1).

Along the flank of "Iron Hill" massive hematite outcrops discontinuously over an area about 1,000 feet long (NW) by 500-600 feet wide. Within this area exposures range from virtually 100 per cent hematite to host rock containing 20-30 per cent hematite and locally minor chalcopyrite. The distribution of massive hematite appears patchy and irregular, and the ores show megascopic replacement characteristics. The hematite-bearing zone appears to trend northwest but this cannot be confirmed without drill hole data. It is bounded at both extremities by topographic lineaments (one containing Steel Creek) which are possibly fault expressions. Downslope (southwest) the extension of the zone is overburden-covered.

.../2

The hematite occurs in a dark, blocky-weathering argillite or argillaceous grit, in places conglomeritic, that contains small lenses and patches of pink carbonate (probably Fe-dolomite) and chert. Adjacent to the ore zone the rock typically contains 15-25 per cent hematite. This member is referred to locally as "Iron Formation". It is part of the Precambrian unit 1 assemblage (argillite, grey quartzite, slate, phyllite, dolomite and conglomerate) of G.S.C. Map 15-1962 (Green and Roddick, 1962). Underlying this member, and exposed uphill to the northeast is buff-weathering finely-laminated silty dolomite, appears conformable with the "Iron Formation". These units strike northeast and dip steeply northwest; thus the hematite-rich zone apparently trends approximately perpendicular to structures of the enclosing rocks, although this cannot be determined uniquely from surface data.

Conclusions

There is good, massive high grade hematite ore exposed on this property, but its distribution seems erratic and the probability of sufficient continuous mineralization at depth to make an orebody is marginal. The surface dimensions (about 1,000 by 500-600 feet) of the zone are not large, in terms of iron deposit dimensions, and considerable depth extension would be required to make the prospect economic. It should have been initially apparent to the company that the logical first stage in exploration of this type of occurrence would have been a drilling program. This is finally being done this year, but it is long overdue. The initial drill hole, collared in massive hematite, penetrated 95 feet of ore, but since the hole was angled (-45°) and the attitude of the zone is unknown, the significance of this intersection is debatable. The results of subsequent drilling (5 holes have now been completed) are not known, but judging by the absence of press releases on the subject, one can probably conclude that they have not been overly encouraging.

In summary, the Pacific Giant Steel property contains a prospect-type hematite occurrence that certainly warrants investigation through drilling. However, at this stage, it should be considered as no better than a "possible" economic iron ore deposit.

D.C. Findlay,
Geological Survey of Canada.

Whitehorse, July 5, 1967.

PACIFIC GIANT STEEL ORES LIMITED

Report No. 2 August 15, 1967

The following information on the field operations of this company at their Bear River, Y.T. iron property is based on a visit made July 19, 1967. Information on activities at the property previous to this date was contained in a report dated July 5, 1967.

Nine diamond drill holes, totalling 3,200 feet have been completed and drilling (in overburden) on D.D.H. 10 was in progress July 19. Following completion of D.D.H. 1, which was collared on ore outcrop and which penetrated massive hematite from 0 to 95 feet, 3 additional holes were drilled in the ore outcrop area. One of these (D.D.H. 5), located about 150 feet N.W. of the initial hole (and inclined generally toward D.D.H. 1) intersected ore-grade hematite reportedly comparable to D.D.H. 1. The core was boxed and stored at the time of my visit, and was not examined. The other holes did not intersect significant mineralization. Four holes were drilled in an area about 500 feet N.E. of D.D.H. 1, where ore had previously been exposed by a bulldozer trench. These holes did not intersect ore-grade hematite. Recent (mid-July) ground geophysical (magnetic and gravity) data compiled by the company includes a 1,500 gamma positive magnetic anomaly, located about 1,000 feet S.W. of the main ore outcrop. D.D.H. 9 was drilled to test this anomaly and penetrated charty argillite sections containing hematite in amounts up to 30% over local 10-50 foot zones. A 12-foot zone (209-221) contains up to 50% hematite and a 2-5 foot section within this zone is massive hematite. This hole reached a depth of 280 feet where it was lost due to excessive caving. D.D.H. 10 was collared about 100 feet south of D.D.H. 9 to further test the anomaly.

Comments

In question, the drilling carried out to date has proved [illegible] and the results have [illegible] the company's geophysical explorations. [illegible] the hole has reportedly intersected good ore, [illegible] D.D.H. 5, is probably close to the [illegible] the lack of success in the early drilling [illegible]

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the main surface showing led to a decision to move the drill and test the magnetic anomaly. The core from D.D.H. 9 (in the anomaly) is not obviously magnetic and it is unlikely that the near-surface mineralisation penetrated accounts for the anomaly. The erratic and patchy nature of the hematite (with minor chalcopyrite) mineralisation, its general replacement character, and the shape of the anomaly (oval) suggest that the feature could be an expression of a buried intrusion, and that the Fe-Cu mineralization is contact metasomatic in origin. I think that the prospects of a major iron ore deposit on this property are slim.

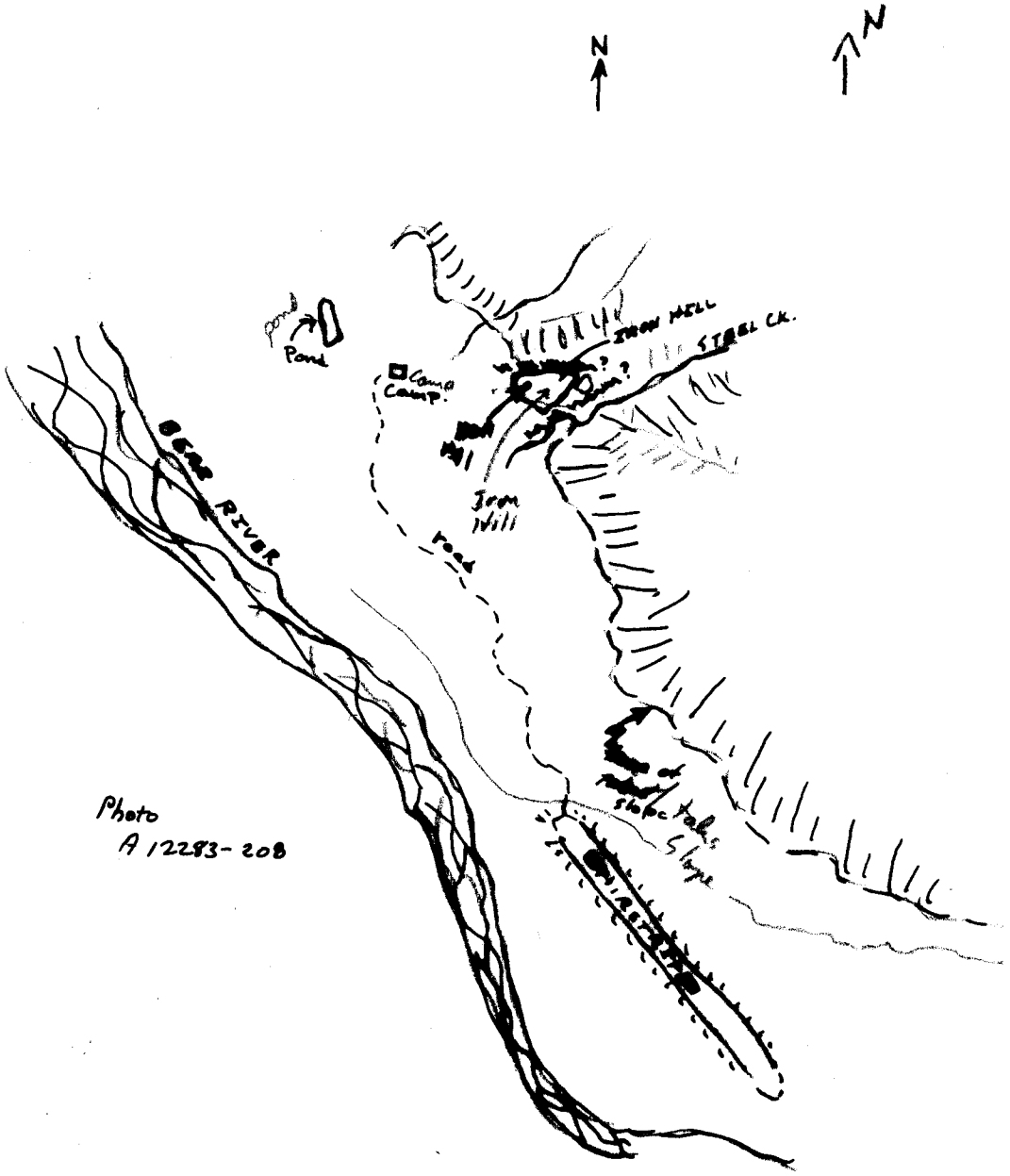
In my opinion, the field operations on this property have been poorly directed and erratically executed. The fault probably lies in large part with the organization formerly consulting on the project - Colorado School of Mines Research Foundation. This organization is no longer concerned, and consultant duties have been assumed by Mr. Ernie Black, formerly of Quebec Cartier Mining Corporation and Watts, Griffis and McQuat Limited. Mr. Black has had considerable experience with iron properties and should be able to direct the field operations more efficiently.

Whitehorse
August 15, 1967.

D.C. Findlay,
Geological Survey of Canada.

Appendum

The affairs of this company have recently become clouded due to the sudden disappearance of Mr. A. Jellinek, its Managing Director. Various bits of evidence have apparently led the R.C.M.P. to the conclusion that he has committed suicide.



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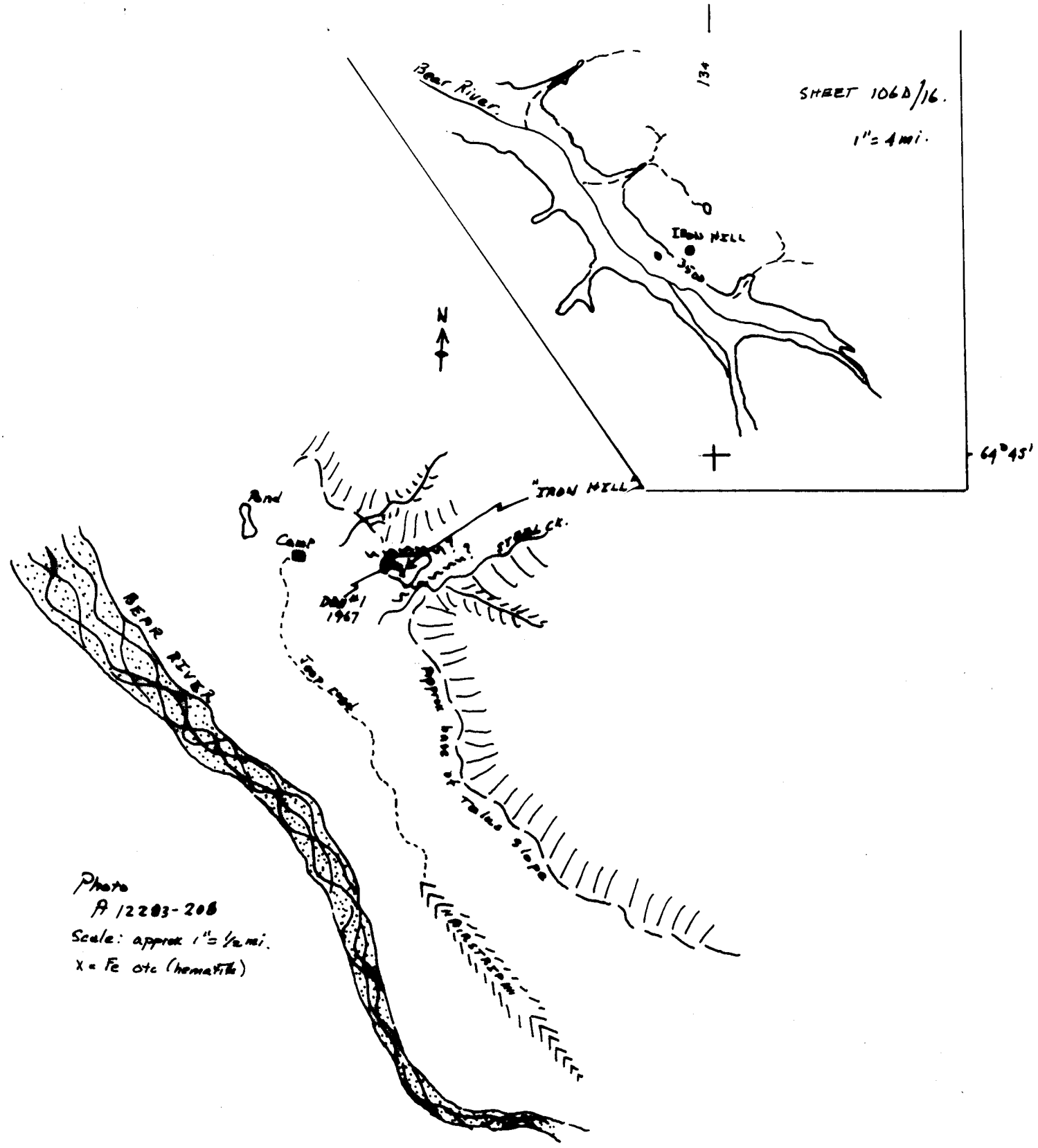

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PACIFIC BEAUT STEEL ORES LTD.
Sketch of property elements and locations

D.C.F. Aug 1/67.

View looking NE from Pacific Giant Steel Ores camp toward "Iron Hill" Drill is visible in right background, drilling DDH #9 to test magnetic anomaly.

July 19, 1967.