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Gold Zones and

Potential Gold Zones

at the Bag Lake Property, Kenora District, of

Dunfrazier Gold Exploration Inc.

by Michael Ogden, B.A.Sc., P. Eng.

September 30, 1986

0M85-3-6-23H

THIS SUBMITTAL CONSISTED OF VARIOUS REPORTS, SOME OF WHICH HAVE BEEN CULLED FROM THIS FILE. THE CULLED MATERIAL HAD BEEN PREVIOUSLY SUBMITTED UNDER THE FOLLOWING RECORD SERIES (THE DOCUMENTS CAN BE VIEWED IN THESE SERIES):

- (2) Separt on Biogeochemical Eurusy	
- Los Gold, Dungaaguir Gold Englandie M. Ogden, October 186	on one; Report of World # 159 for 198
(3) Report on Magnetometer Survey,	2.9575 Per Report of Report of Work of 158 for 1986
(4) Summary of D. D. Holes 11. 18; Wangaagus Jald Exploration Inc. Jul	y 800 Report of Work # 511 for 1987

SUMMARY

Two drill programs involving 5,000 feet in 18 holes and 20 miles of very detailed geophysics have found two pods of 0.2 ± .05 ounces of gold over 1 to 3 feet in the "Gulf Zone" and six other clearly defined zones of potential gold mineralization. The two gold mineralized pods of the Gulf zone should be drilled in depth where they are intersected by recently recognized cross structures. Of the six magnetically anomalous zones - three of them can be partly examined in outcrop and should be seen and tested with the aid of hand-held electromagnetic gear to ascertain the probability and attitude of sulphide mineralization prior to drilling. The other three are in swamp, covered with clay, and will have to be tested by direct drilling.

A drilling program of about 5,000 feet in 15 holes is envisaged with associated costs as follows:

Examination and electromagnetic check	\$	3,500
Drilling and moving 5,000 ft. @ \$22		100,000
Engineering and assaying 5,000 ft. x 3.00		15,000
	\$	118,000

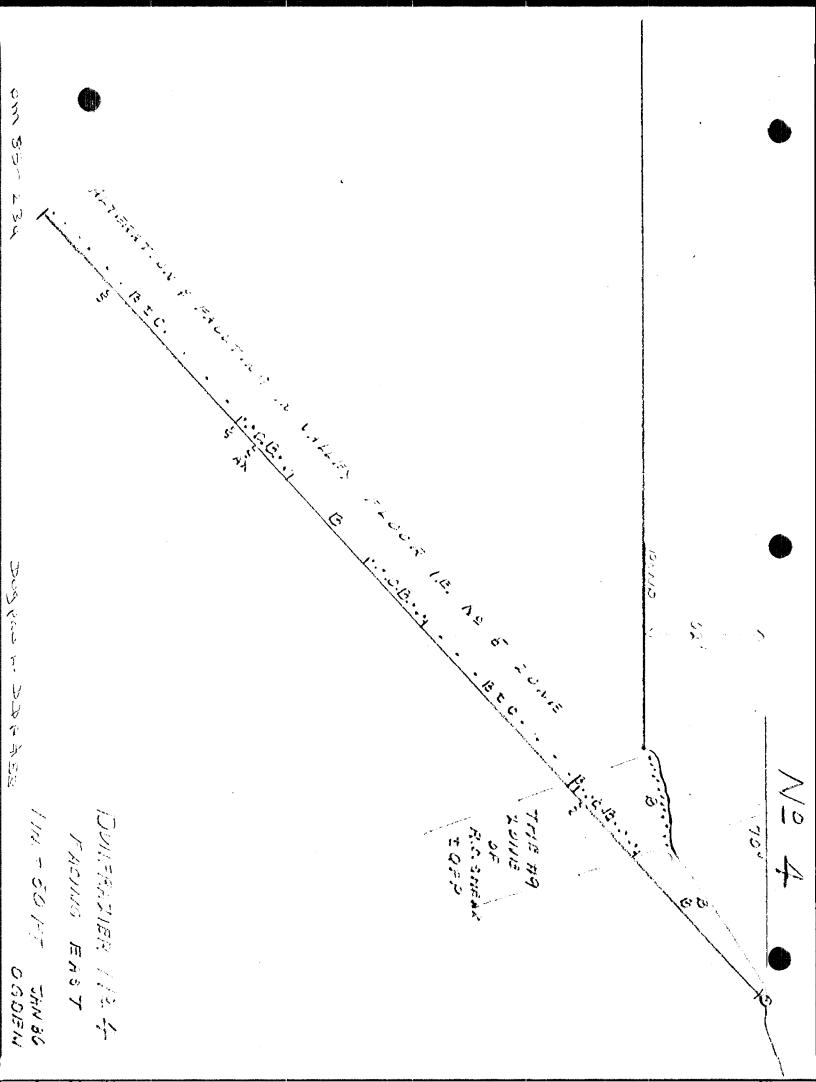
Allowing 15% for exigencies would require \$135,000 for the program which will take 5 to 6 weeks to complete.

THE GULF ZONE (See Map #4 and Contours West Grid)

Gulf Minerals Canada Limited drilled the gold mineralization at Bag Lake along a strike of length of 1200 feet in 1980. It seemed discontinuous but they did get 0.2 ounces of gold over 3 feet toward the east end and Dunfrazier duplicated that with a 0.2 over 2 1/2 feet some 100 feet west in 1985. The latter holes (85 - 7 & 8) were drilled because of a suspected north trending fault between the Dunfrazier and the Gulf (80 - 4 & 5) holes.

The new detailed magnetics clearly indicate a major northeast trending normal fault through this area, probably with north side down but that is still in some doubt. As this fault cuts between some of the best mineralization it should be drilled by a couple of short holes (a 75 & 150 foot) to establish a dip and detailed location. Then a couple of deep holes (400 to 500 feet) should probe the main zone in depth, near the fault.

The other good Gulf hole (No. 9 with 0.15 ounces over 4 feet) was at the western edge of their drilling, under the creek flowing into Bag Lake. Dunfrazier got the extension of this zone 200 feet further west in the hole 85-6 with 31 feet of low grade breecia. But holes 85-6 and 85-9 also seem to display the down dip extension of a rusty carbonated zone that outcrops on the shore of Bag Lake. The junction of this latter zone with Gulf zone should be drilled by at least one 500 foot hole to cut around 400 feet in depth about half way between the intersection of the Gulf hole and the Dunfrazier hole.



EXPLORATION OF THE PROPERTY

The drilling program of last December investigated seven different zones of rusty carbonatization that had been found by prospecting and geological survey. Most of them had some gold when panned.

Ten holes were drilled with almost 4,000 feet into these zones which varied in length from a quarter mile to many miles in length.

Most of the carbonate zones proved to be just that, 20 or 30 feet of intense carbonatization and iron carbonate with quartz stringers and veins and a little gold (60 to 160 parts per billion).

The East Valley fault zone proved to be a major structure. It crosses the road at kilometre 4.2 and extends northeast for a mile within the property, then trends easterly for another mile where it blends into the main Cameron-Pipestone fault system. Toward the south it extends for a mile within the property and a mile or so beyond that. It is clearly seen on the ground by a variable width valley with the occasional exposure of very rusty carbonate shearing along the edges. The odd exposure of an agglomerate or fragmental in the valley may indicate stratafication but the parallel glaciation direction has certainly enhanced the valley.

A very detailed magnetomer survey (150 ft. line interval and 10 ft. readings) was done during the winter over the main east valley and over the north arm of Bag Lake and the valley beyond, to the north. It's purpose was to detect minor magnetic lows which might reflect the diminished magnetite content of the basic lavas due to carbonatization and pyritization.

Another 2,000 feet has just been drilled (July) in 8 holes. The long zones of low magnetics as drilled by 11, 12, 13, 15 and 16 reflect quartz or feldspar porphyry dykes. The small intense lows of various orientation reflect highly carbonated and breeciated zones of near mineralization, like those drilled by holes 2, 3, 4, 10, 14, 17 and 18.

The detailed magnetics and drilling was examined by the writer in consultation with Dr. Norman Paterson of Paterson Grant & Watson, who have been the geophysical consultants from the start. See map "Carbonate Shear at Road" on a scale of 1 inch to 50 feet, and magnetic contour maps "Southeast Grid", at 1 inch = 100 feet.

Anomaly No. 1 at Road and Valley Intersection

This intense breccia drilled now by holes 2, 3, 14 and 18 shows clearly by the magnetics. The drilling indicates a dip into the quartz porphyry dyke. A couple of steep holes alongside the dyke a hundred feet apart should probe this near mineralization in depth. (400 feet each)

Anomaly No. 2 on Line 150 North of the Northeast Grid at 300 to 400 feet West

This low of 800 to 1,000 gammas (2,000 to 2,200 versus the norm of 3,000 or higher) overlies a highly sheared and rusty carbonate zone of quartz veins and stringers in felsitic rock striking about 135° and dipping steeply south at about 85. The surface exposure is limited due to a lot of rubble on the side hill. Assays were low (65 PPB).

Anomaly No. 2 (Cont'd)

The magnetics, which corroborate the plunge to the southwest, have a couple of high readings within the lows (13,000 and 11,000) which could indicate pyrrhotite mineralization. These seem close enough to the surface that a hand-held electromagnetic instrument could easily get a strike and perhaps a dip, prior to drilling. A hole of at least 150 feet will be required here.

Anomaly No. 3 lying 100 to 200 feet northwest of the northwest base line, between 500 and 800 north

The south end of this zone was probed by hole No. 10 last December. A zone of intense iron carbonate alterations and intermittent breecia was found. The next line, 150 feet north shows a pronounced double low (one of about 1,000 gammas and the other of almost 2,000) with a high in between (1,500 to 2,500 above the norm of 3,000) that again may reflect pyrrhotite mineralization.

This zone may outerop and should therefore be checked on the ground visually and by a hand-held electromagnetic before laying out a drill hole. The beaver pond alongside this zone would necessitate a 250 foot hole.

Anomaly No. 4 is weak (200 gammas from normal) and it overlies an exposed rusty carbonate zone of 30 to 40 feet in width, which is not as strong visually or magnetically as the others. It may, however, be the continuation of the No. 3 zone across the valley. No further work is recommended for now.

Anomaly No. 5 is 500 feet South on the Southeast Base Line

It lies alongside the north edge of a porphyry dyke, in the middle of the fault zone,

making it a prime target for a hole or two. The holes should be drilled from the

east to the west at a steep angle. (At least a 300 foot hole at 60)

Anomaly No. 6 (See "Contours, Southeast Grid")

It lies on 900 south between 50 and 250 east and may well outcrop. A ground check

with electromagnetic gear should be done. The intriguing thing about this one

is that a sharp low exists on each side of the apparent continuation of the quartz

porphyry dyke. Then between these lows is a mild high possibly reflecting some

pyrrhotite. It is a structural situation that would be conducive to mineralization.

To probe both lows would require a 350 to 400 foot hole.

Anomaly No. 7 is an unusually low, (1,500 gamma) large (300 x 100 foot) anomaly

lying a couple of hundred feet east of the southeast base line, between 1,350 and

1,650 feet south. It lies alongside the main fault-carbonate zone adjacent to a

cross fault lineament that is parallel to the Cameron-Pipestone fault and from

which gold was panned 2,500 feet along strike last summer. It is under a swamp

and cannot be examined, but a rusty carbonated basalt outcrops just north of the

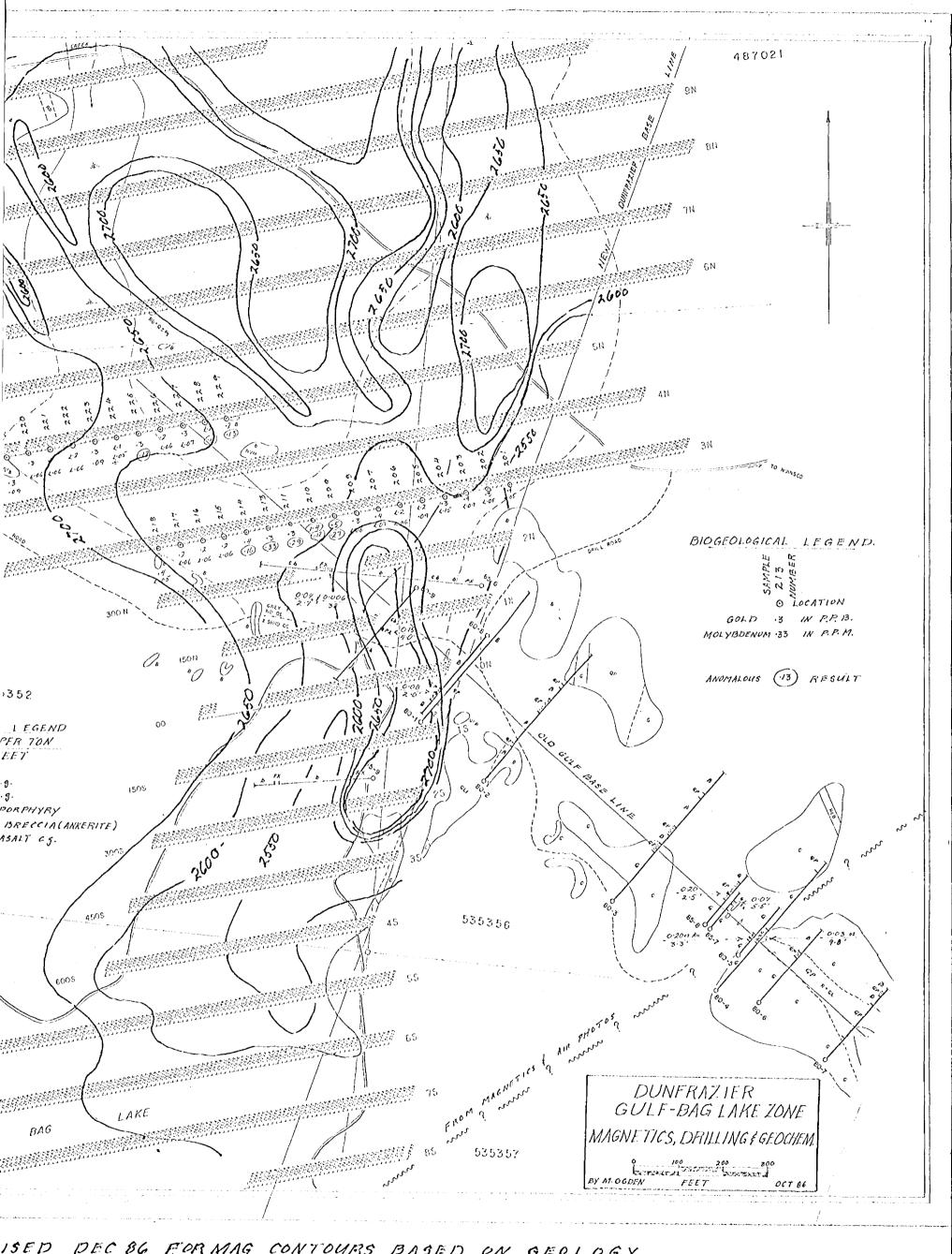
anomally.

The magnetics imply a dip to the east, so a couple of holes of 300 - 400 feet drilled

toward the west would provide an initial probe of this zone.

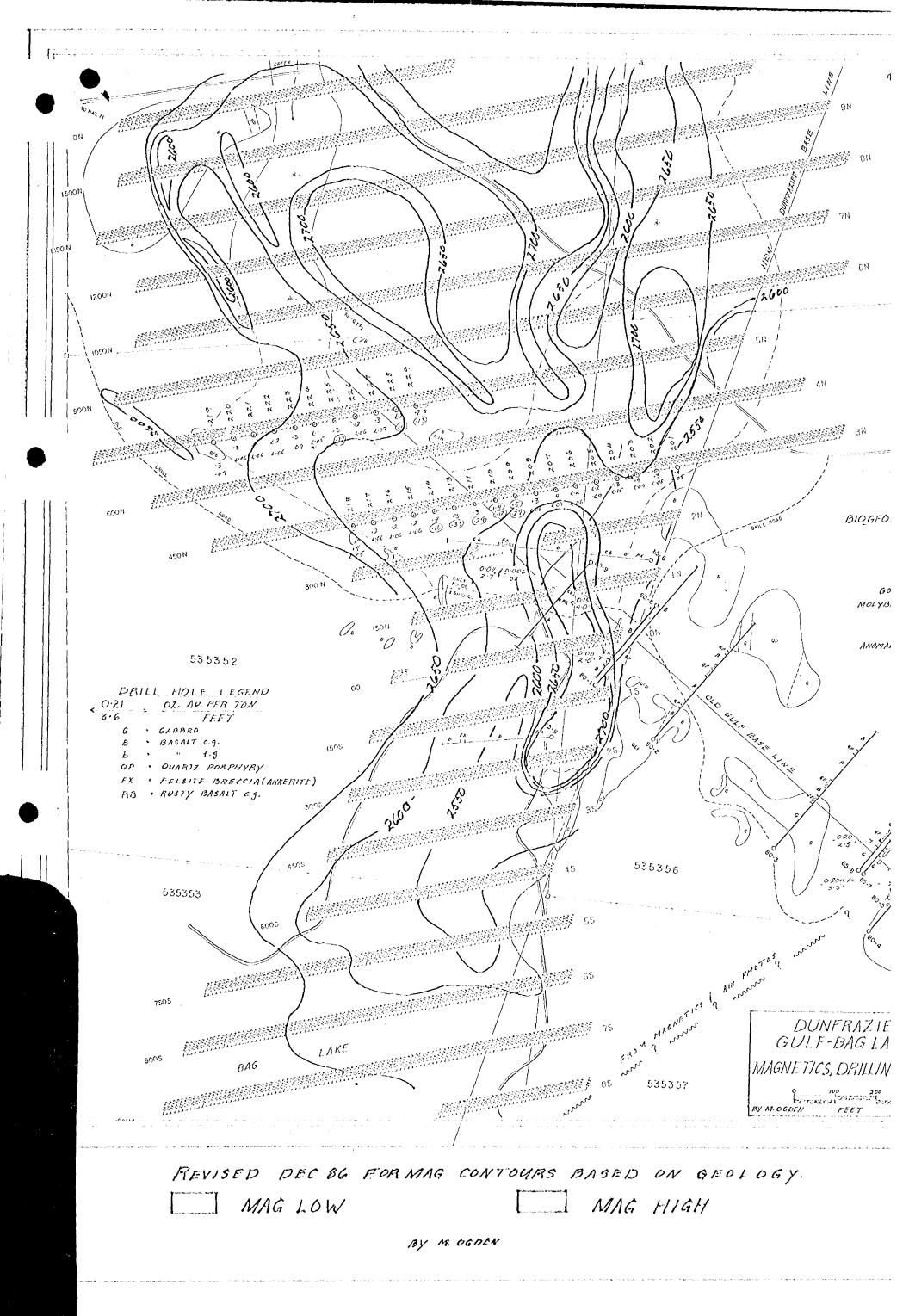
Respectfully submitted,

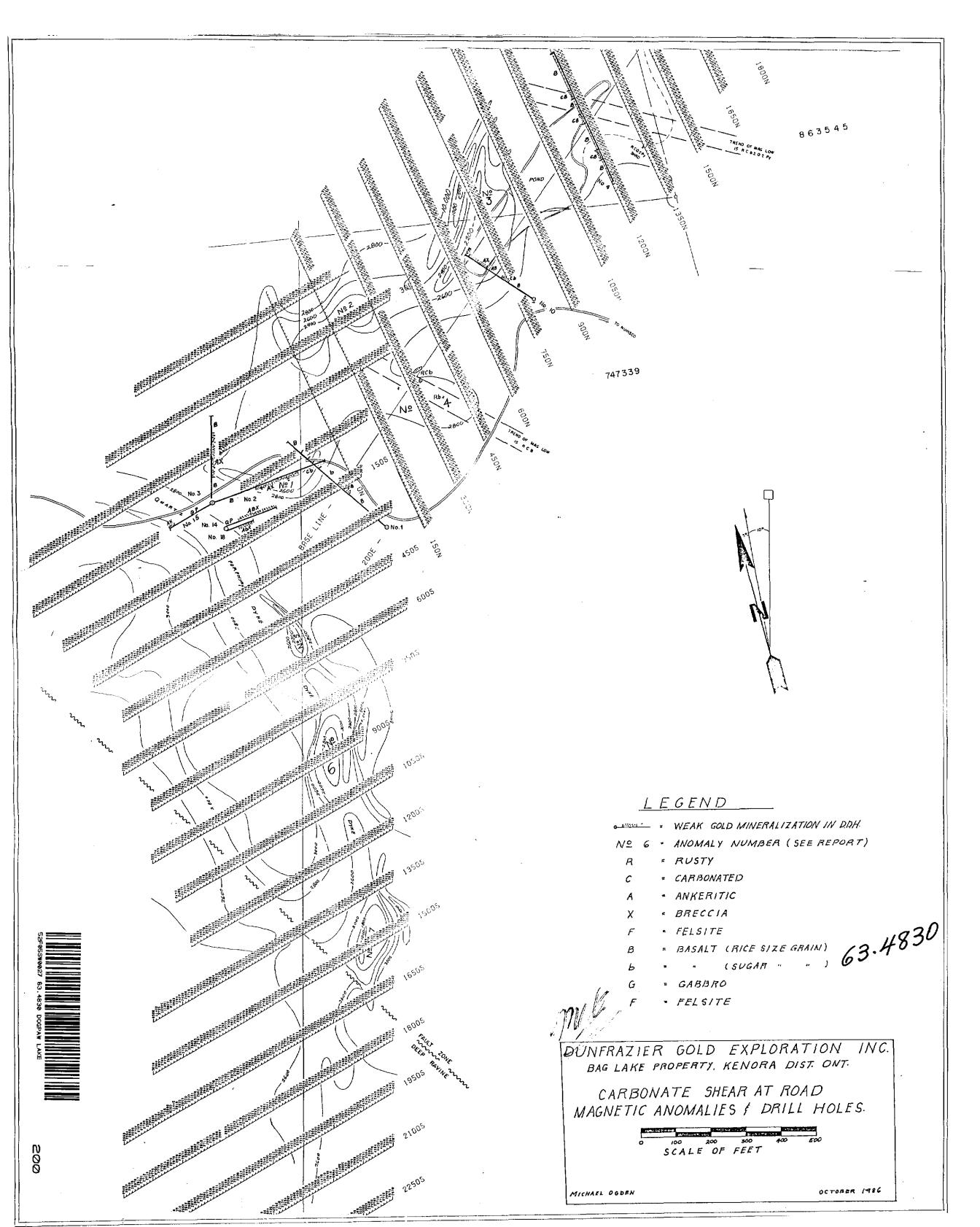
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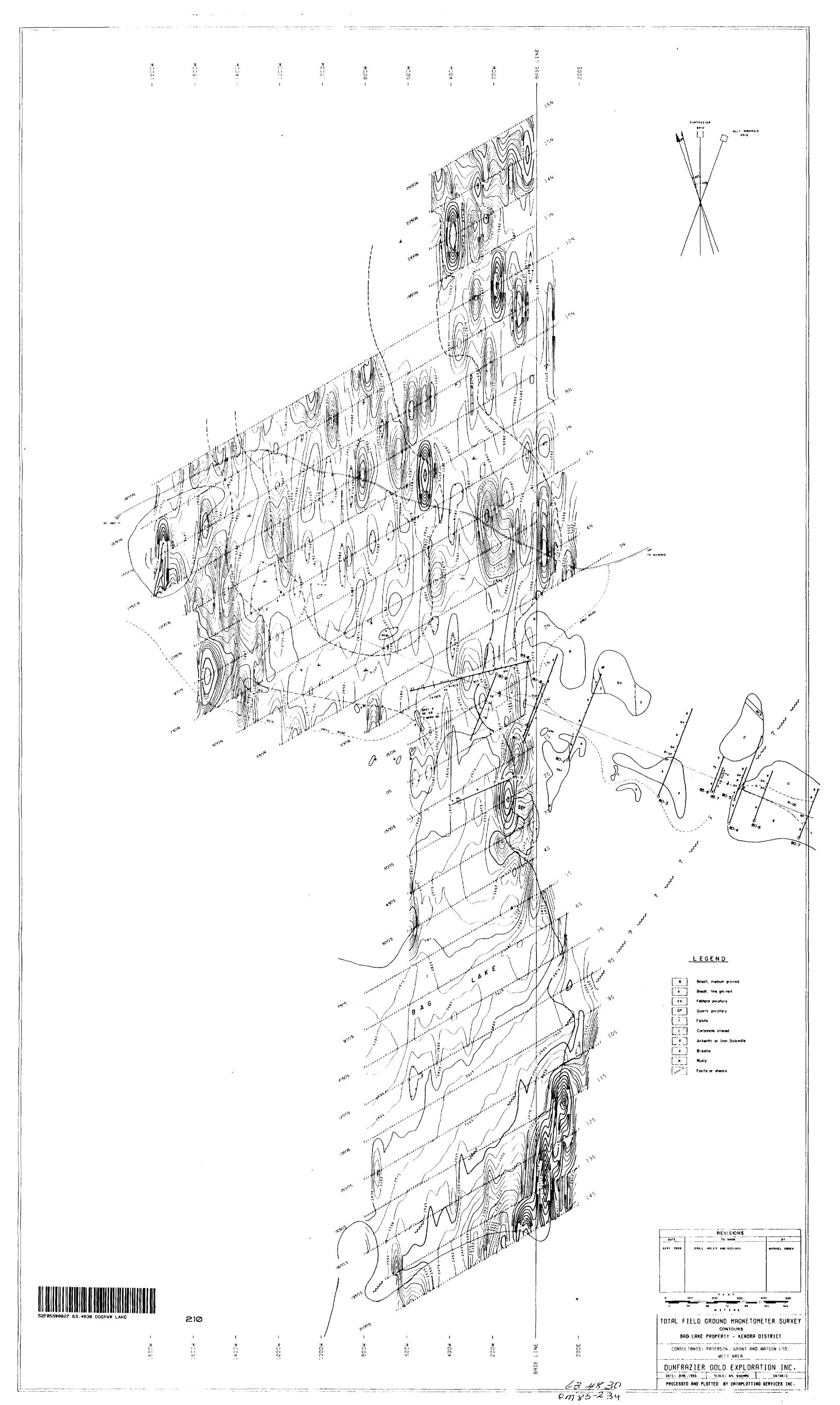


MAG LOW CONTOURS BASED ON GEOLOGY.

BY M OGDEN



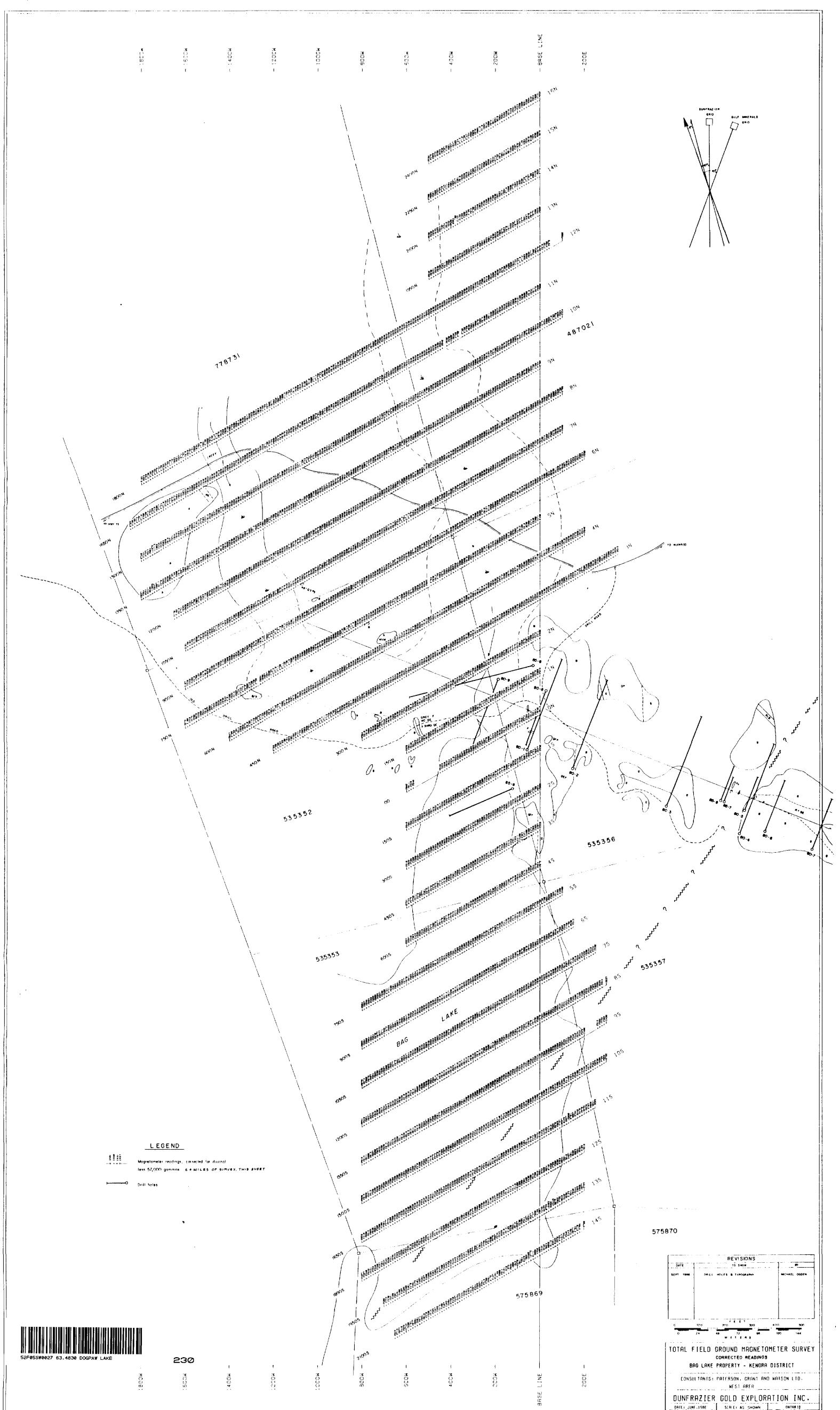




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