

**PETER H. SEVENSMA CONSULTANTS LTD.**

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October 22, 1973.

Prism Resources Ltd.,  
c/o Mr. A.L.J. MacDonald,  
711-850 West Hastings Street,  
Vancouver 1, B.C.

Dear Mr. MacDonald:

I have reviewed the preliminary magnetic map embodying the results of the survey conducted in early October, 1973, by D.R. Cochrane, P.Eng., on the Gold Star Group near Carmacks, Y.T.

The strength of the anomalies leaves little doubt that they reflect the presence of magnetite in large, elongated pods and tabular masses.

As the only exposed magnetite is significantly auriferous, there is a high probability that part or all of the unexposed magnetite will be found to be gold-bearing as well.

This conclusion is strongly supported by the general en echelon disposition of both the magnetic anomalies and the younger dykes as mapped by R.A. Granger, both features showing a remarkable parallelism and a relationship to the syenite "nose" exposed East of the feature identified as "Augusta Shaft".

The Margarete Vein itself crosses a high magnetic anomaly East of the trenched area as well, both trends being about parallel.

The large medium-strength anomaly between 22W and 32W lies off the NW flank of the syenite "nose" and may reflect the presence of a sizable concentration of magnetite at depth.

A rough estimate of the tonnage involved in the magnetite-bearing formations indicates at least 5,000 to 10,000 tons per vertical foot, using a length of 3,000' and a width of 25'.

In a wider area, the presence of the breccia, of gold-bearing float, and of a known gold ore-body only about 1½ miles to the SE, all indicate a most favourable geological setting suggesting a high probability for one or more economic discoveries.

I therefore recommend that the initially recommended program be expanded in scope, as follows:

Some 10 miles of linecutting and magnetic surveying, mostly outside the most recent grid, with additional soil sampling as the results of the initial survey may suggest.

Expanded geological mapping to a total of at least \$8,000.

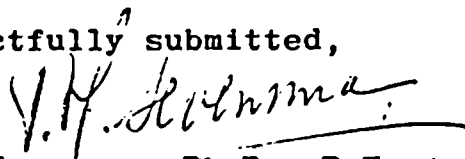
Additional bulldozer time for stripping and drill-moves.

An additional 4,000' of drilling in about 12 core-holes of about 300' plus some reserve footage, all drilling to be done on a continuous basis with a full-sized drill-crew and camp at an estimated overall cost of \$20 per foot.

The total cost of a meaningful program of this scope is at present estimated at about \$150,000.

The details of this program may be worked out when all the results of the recent magnetic and geochemical surveying are available in their final form.

Respectfully submitted,



P.H. Sevensma, Ph.D., P.Eng: