PROGRESS REPORT

to OCTOBER 10, 1966

MICRO GROUP

WHITEHORSE M.D., Y. T.

Claim Sheet 115-F-15

by

E.P. SEVENSMA CONSULTANTS LTD.

PROGRESS REPORT
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Whitehorse M.D., Y.T.
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I. SUMMARY AND RECOMMENDATIONS

This report should be read as an appendix to the writer's original report, dated March 14, 1966.

Recent prospecting, hand trenching and bulldozer stripping on the Micro claims have exposed five new occurrences of copper and/or nickel mineralization.

These new discoveries lead to a conservative estimate of the potential of this property in the range of from 1 to 5 million tons of 2% nickel, with a possibility of additional copper reserves.

It is noted that the present 282,000 tons @ 1.64% Ni occupy only 3% of the probable minimum structure.

A $240,000 program is recommended to firm up the present reserves, to explore for their immediate extension and to explore the potential of the structure under the river valley.

II. RECENT WORK

Showing A

Blasting and stripping about 350' North of the main adit has exposed the North showing. A series of fine grained sedimentary and volcanic rocks is silicified or albitized and carries thin bands of pyrrhotite with minor chalcopyrite. The strike is about N80°E, the dip 80° South. The exposed rock is in a steep bank, cut by a steep dry gulch and is very rusty and weathered, with minor malachite stain.

Various samples taken of this exposure have consistently given values of 0.3 to 0.5% Cu., with traces or very low assays of nickel.

Old sampling in drill-hole S-11, collared in this zone, confirms these results.

Drill-hole S-10, to the best of the writer's knowledge, has not been sampled.

Holes S-14, S-2 and S-4 clearly intersect this zone, the projection at depth of which corresponds to the zone cut by drill-holes 24-2 and 24-3 from the 2400' level.

This zone warrants, immediately, one drill intersection on section 1 (10060E) at elevation 2400'.

Showing B

Bulldozer trenching has exposed a low cliff face with rusty weathered hardened sediments and volcanics, strike about E-W, dip 80°N. The showing is located about 50' East of the collar of drill-hole S-8. The grade averages 0.50% Cu. and 1.29% Ni. over 31'.

Found under shallow overburden, this showing demonstrates the presence of the main zone near where an old drill-hole drew a blank. The showing strongly suggests that the ore zone has a Westerly plunge that is fairly shallow.

Tracing of this showing to the East is fully warranted.

Showing C

Exposed by bulldozer trenching along the strike of the beds, this showing exhibits material with 75% sulphides. Its true width is not exposed and is unknown; it appears to be part of the North zone exposed in A.

The assay taken is indicative only and not representative, as it was taken along the strike.

Like B, it is a good example of what may be present in the bedrock under the overburden.

Further stripping is required to assess its relationship to the North zone, of which it appears to be the Easterly extension.

Showing D

This one has been hand-trenched on the West side of the White River.

The attached figure 13 shows clearly its position and grade.

This showing proves indubitably the presence of a mineralized zone across the river. Although mineralized in copper only, this showing is an excellent and immediate drill target.

Showing E

In prospecting the West side of White River, a new find was made about a claim length NW of showing D, consisting of the following cross-section from North to South:

	Ag	Cu	Ni	Sample No.
10' green tuff	not sampled			
4'-7' dark argillite, base	tr	.03	tr	1859
same, 60' higher	.16	.31	tr	1861
2' brown argillite 2'-4' dark argillite	tr	.04	.30	1860
6'-10' chlorite-rich formation	not sampled			

The formations are reported to dip steeply, but no attitudes have been reported.

Summary

Showings A, B, C and D have been personally examined by the writer and sampled under his direction by A.F. Koster van Groos and by H.S. Aikins. The former also sampled location E, which location has not been seen by the writer.

A mineralized zone crosses the White River; this zone carries commercial grade mineralization on the East side of the River and prospecting on the West side suggestes strongly that this zone may be at least 4500' long; it is essentially open on both ends.

Control of the mineralization appears related to a broad fold, giving approximately 3000' of E-W strikes within a normally NW - SE striking belt.

The writer considers this structure a most attractive exploration target.

III. ECONOMICS

Taking what appears to be the central part of the structure, the bulk of the drill-indicated reserves is located in an area 320' long by 180' in vertical extent.

The central part of the structure is at least 2000' long and may be considered for a vertical extent of 1000'.

The 282,000 tons of 1.64% Ni. thus occupy only about 3% of the area of the minimum indicated structure.

In view of the poor core recoveries in the old EX size drilling, there is a good chance that a somewhat higher undiluted grade may be obtained.

Assuming that ore occupies from 15-20% of the structure, an average potential tonnage of the structure is 1.5 million tons @ 2% Ni. This takes into account the fact that a possible fault under the White River might render part of the zone non-minable.

As there are two parallel zones, and as minable material may therefore well occupy twice as large an area, double the above figure is a reasonable estimate of the potential.

In summary, a conservative estimate of the potential of the Micro Group nickel-bearing structure is from 1 to 5 million tons of a grade lying in the vicinity of 2% nickel.

In view of the favourable metallurgy and the relatively accessible location, a potential profit of $5.00 per ton is a reasonable estimate.

IV. PROPOSED PROGRAM

In view of the foregoing, the following general program is proposed to determine whether underground development is justified.

1. Firm up existing reserves and grade
2. Explore for immediate extensions
3. Explore the potential of the structure
4. Explore the possible extension of the structure and the possibility of adjacent parallel structures.

These four parts of the program should be carried out concurrently and a good balance between the four should be maintained.

A detailed program will be prepared at a later stage, but the following cost estimate can be made at present.

Work can start immediately, as the bed of the river has shifted entirely to the West side of the valley in a single relatively narrow channel, providing a large working area.

Visual and geochemical prospecting	$ 6,000
Linecutting and surveying	6,000
IP surveys, 30 line miles @ $300	10,000
Geological work (mapping, logging, magnetics)	18,000
Seismic survey of river bed	5,000
Bulldozer work, 400 hours @ $25	10,000
Camp installation	10,000
2000' underground drilling @ $12 per foot	24,000
6000' of surface drilling @ $15 per foot	90,000
	$179,000
Engineering and overhead 10%	18,000
Contingency 10%	18,000
	$215,000
Contingency for property acquisition 10%	25,000
	$240,000

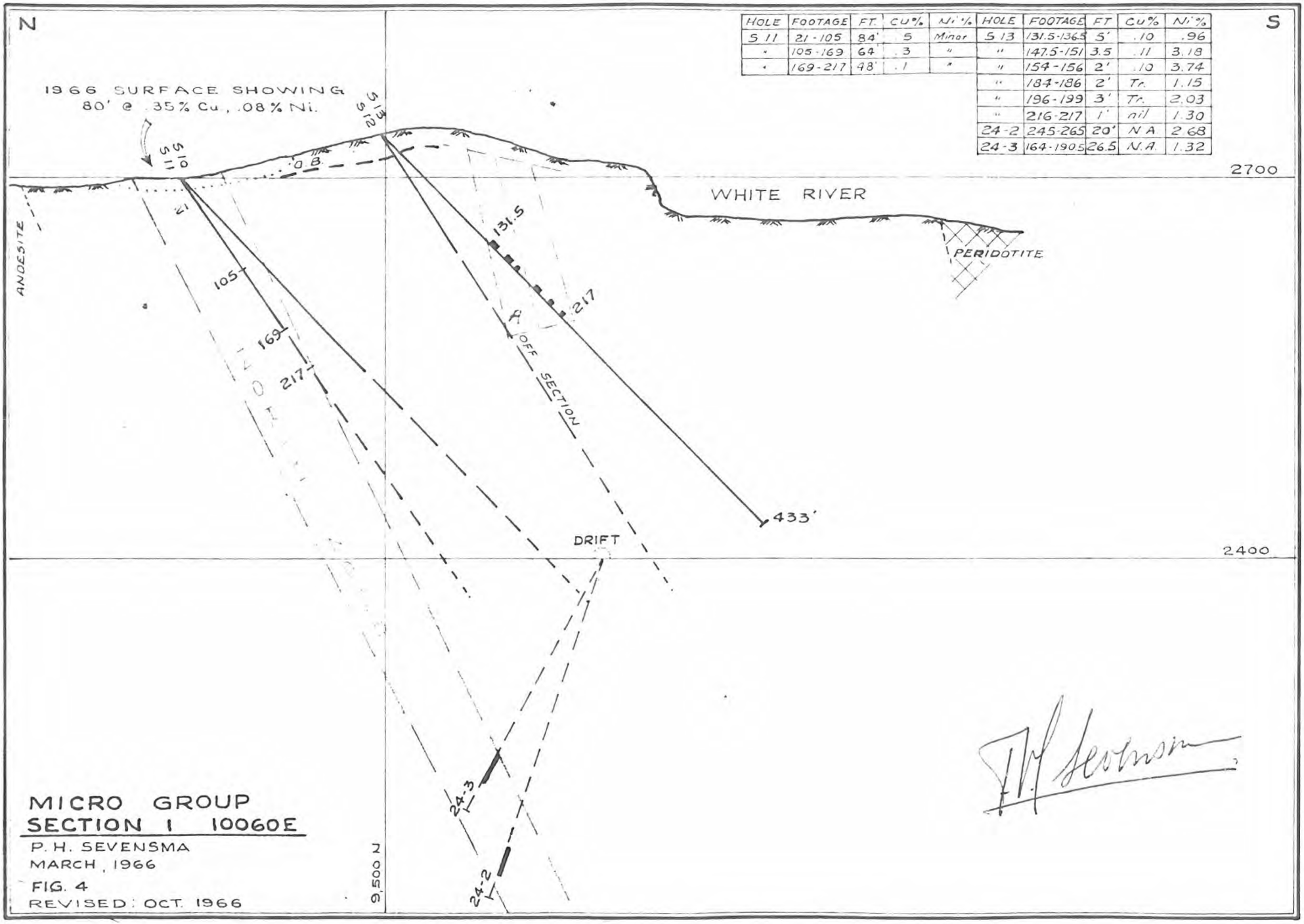
Respectfully submitted,

P.H. SEVENSMA CONSULTANTS LTD.

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

PHS/lz

Attach. New figures 12 and 13
Revised figures 4 to 9



HOLE	FOOTAGE	FT.	CU%	Ni%
S 11	21 - 105	84'	5	Minor
"	105 - 169	64	.3	"
"	169 - 217	48'	.1	"

HOLE	FOOTAGE	FT	CU%	Ni%
S 13	131.5-136.5	5'	.10	.96
"	147.5-151	3.5	.11	3.18
"	154 - 156	2'	.10	3.74
"	184-186	2'	Tr.	1.15
"	196-199	3'	Tr.	2.03
"	216-217	1'	nil	1.30
24-2	245-265	20'	N.A.	2.68
24-3	164-190.5	26.5	N.A.	1.32

P. H. Sevensma

MICRO GROUP
SECTION 1 10060E

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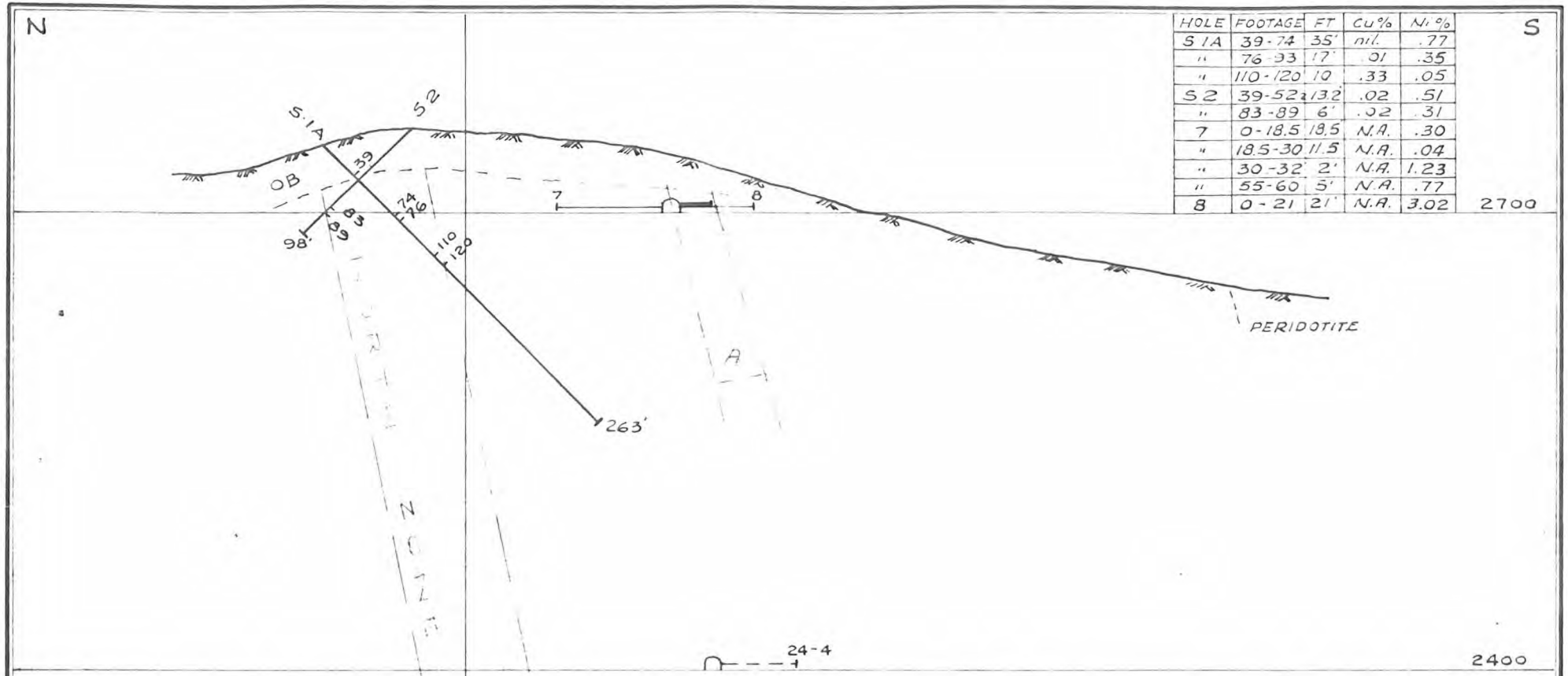
MARCH, 1966

FIG. 4
REVISED: OCT. 1966



HOLE	FOOTAGE	FT	Cu%	Ni %
S 1A	39 - 74	35'	nil.	.77
"	76 - 93	17'	.01	.35
"	110 - 120'	10	.33	.05
S 2	39-52	13.2	.02	.51
"	83 - 89	6'	.02	.31
7	0 - 18.5	18.5	N.A.	.30
"	18.5 - 30	11.5	N.A.	.04
"	30 - 32'	2'	N.A.	1.23
"	55 - 60	5'	N.A.	.77
8	0 - 21	21'	N.A.	3.02

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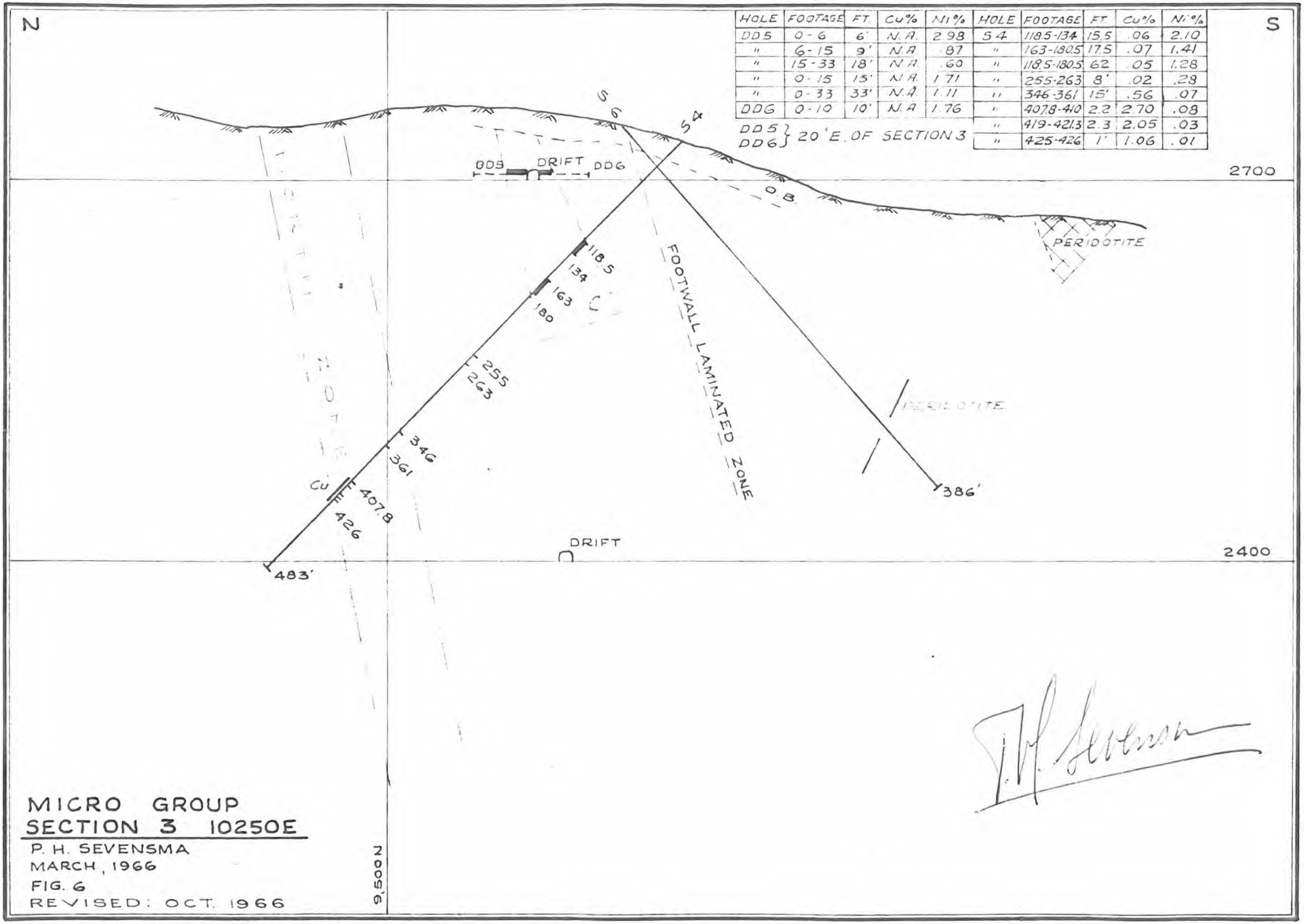
MICRO GROUP
SECTION 2 10150 E

P. H. SEVENSMA
MARCH, 1966

FIG. 5
REVISED: OCT. 1966



HOLE	FOOTAGE	FT.	Cu%	Ni%
DD5	0-6	6'	N.A.	2.98
"	6-15	9'	N.A.	.87
"	15-33	18'	N.A.	.60
"	0-15	15'	N.A.	1.71
"	0-33	33'	N.A.	1.11
DDG	0-10	10'	N.A.	1.76

DD5 } 20'E. OF SECTION 3
DD6 }

HOLE	FOOTAGE	FT.	Cu%	Ni%
S4	118.5-134	15.5	.06	2.10
"	163-180.5	17.5	.07	1.41
"	118.5-180.5	62	.05	1.28
"	255-263	8'	.02	.28
"	346-361	15'	.56	.07
"	407.8-410	2.2'	2.70	.08
"	419-421.3	2.3	2.05	.03
"	425-426	1'	1.06	.01

MICRO GROUP
SECTION 3 10250E

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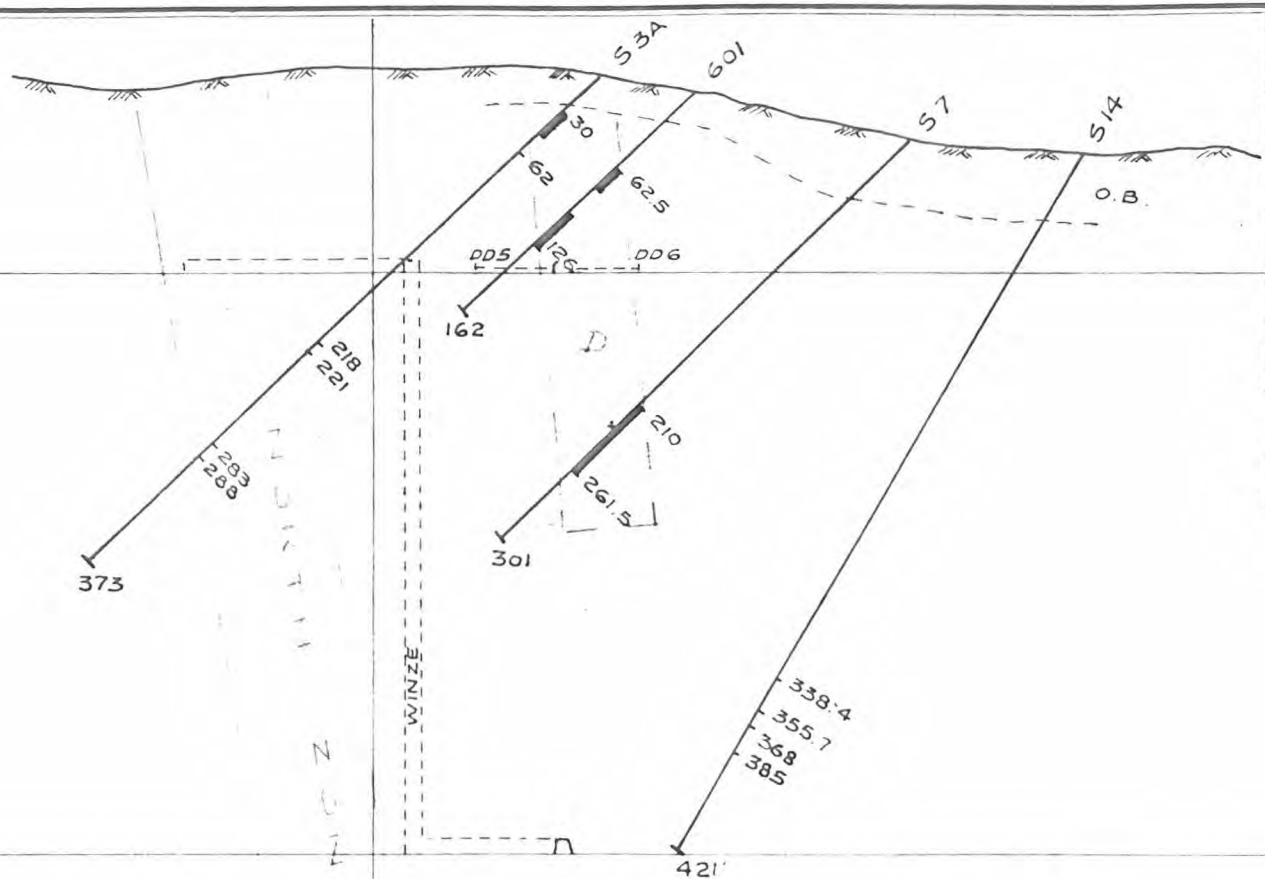
FIG. 6
REVISED: OCT. 1966



HOLE	FOOTAGE	FT.	Cu%	Ni.%
S3A	30-47.5	17.5	.04	2.10
"	50-62	12'	.44	.16
"	213-221	8'	.30	.44
601	625-765	14'	N.A.	3.63
"	102-126	24'	.60	2.14
"	62.5-126	63.5	N.A.	2.05
S7	210-261.5	51.5	.03	1.97
S14	338.4-355.7	17.3'	.12	NIL
"	368-385	17'	.15	NIL
DD5	0-6	6'	N.A.	2.98
"	6-15	9'	N.A.	.87
"	15-33	18'	N.A.	.60
"	0-15	15'	N.A.	1.71
"	0-33	33'	N.A.	1.11
DD6	0-10	10'	N.A.	1.76

DD5, DD6 } 80' W. OF SECTION 4

S3A	283-288	5'	.34	84
X Cut	—	53.5	N.A.	29

MICRO GROUP
SECTION 4 10350E
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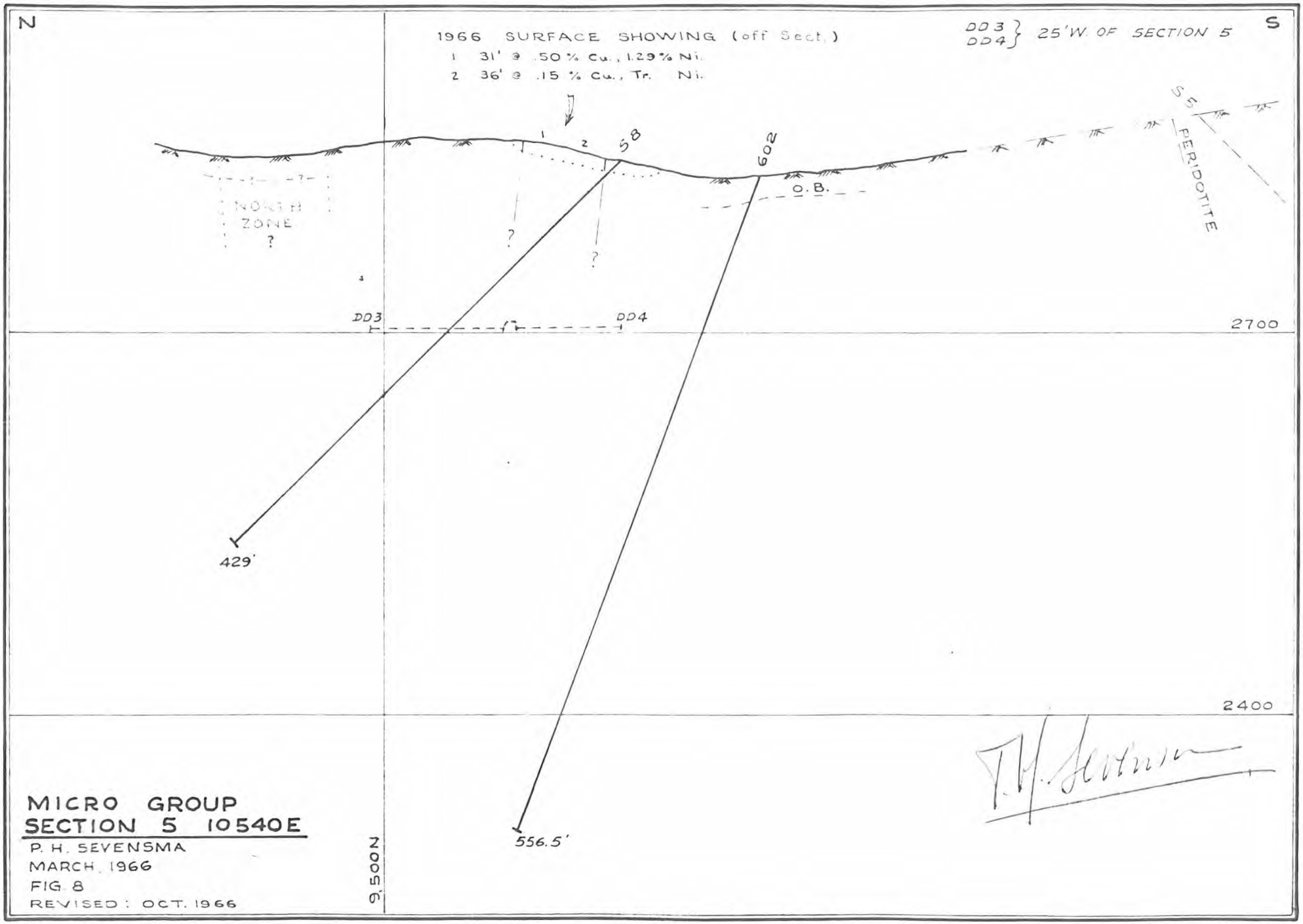
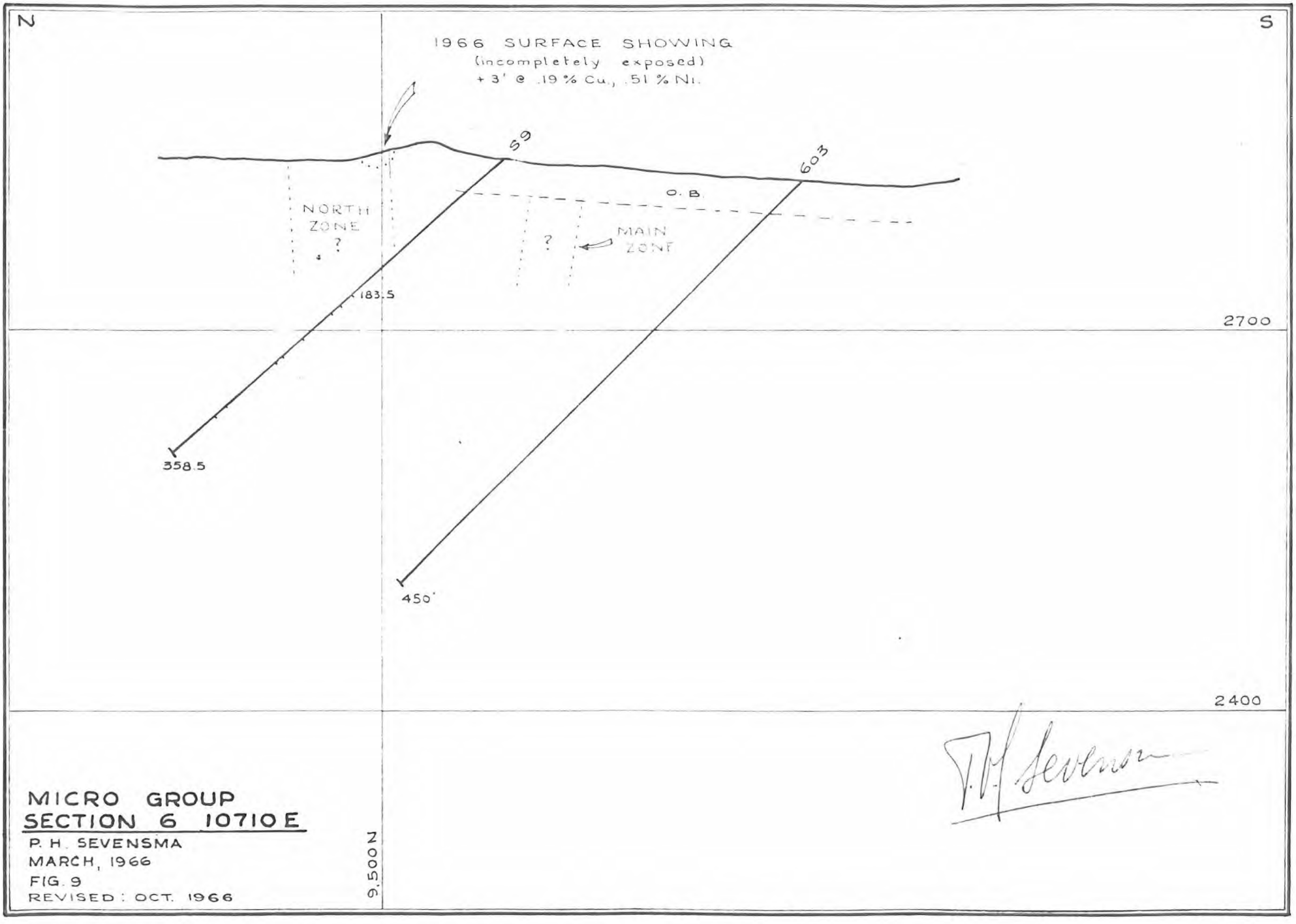
MARCH, 1966
FIG. 7
REVISED: OCT. 1966

9500N


N
S
1966 SURFACE SHOWING (off Sect.)
1 31' @ .50 % Cu., 1.29 % Ni.
2 36' @ .15 % Cu., Tr. Ni.
DD3
DD4
25'W. OF SECTION 5
1
2
58
602
O.B.
NORTH ZONE
?
?
?
S.S. PERIDOTITE
DD3
DD4
2700
2400
429'
556.5'
9,500N
MICRO GROUP
SECTION 5 10540E
P. H. SEVENSMA
MARCH, 1966
FIG. 8
REVISED : OCT. 1966



MICRO GROUP
SECTION 6 10710E

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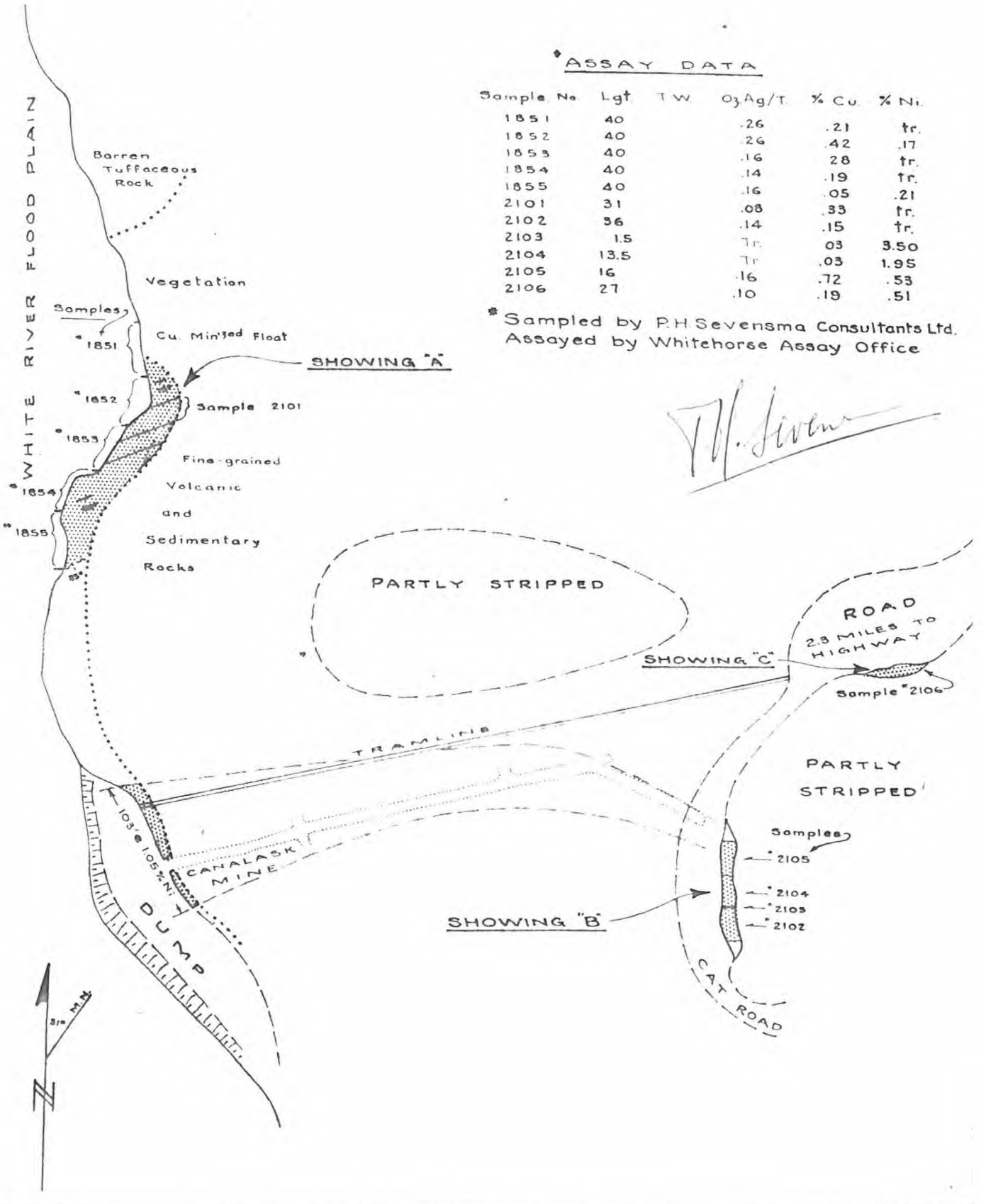
MARCH, 1966
FIG. 9
REVISED: OCT. 1966



*ASSAY DATA

Sample No.	Lgt.	T.W.	oz Ag/T.	% Cu.	% Ni.
1851	40		.26	.21	tr.
1852	40		.26	.42	.17
1853	40		.16	28	tr.
1854	40		.14	.19	tr.
1855	40		.16	.05	.21
2101	31		.08	.33	tr.
2102	36		.14	.15	tr.
2103	1.5		Tr.	03	3.50
2104	13.5		Tr	.03	1.95
2105	16		.16	.72	.53
2106	27		.10	.19	.51

* Sampled by P.H. Sevensma Consultants Ltd.
Assayed by Whitehorse Assay Office

MICRO GROUP - WHITEHORSE M.D., Y.T. 115-F-15

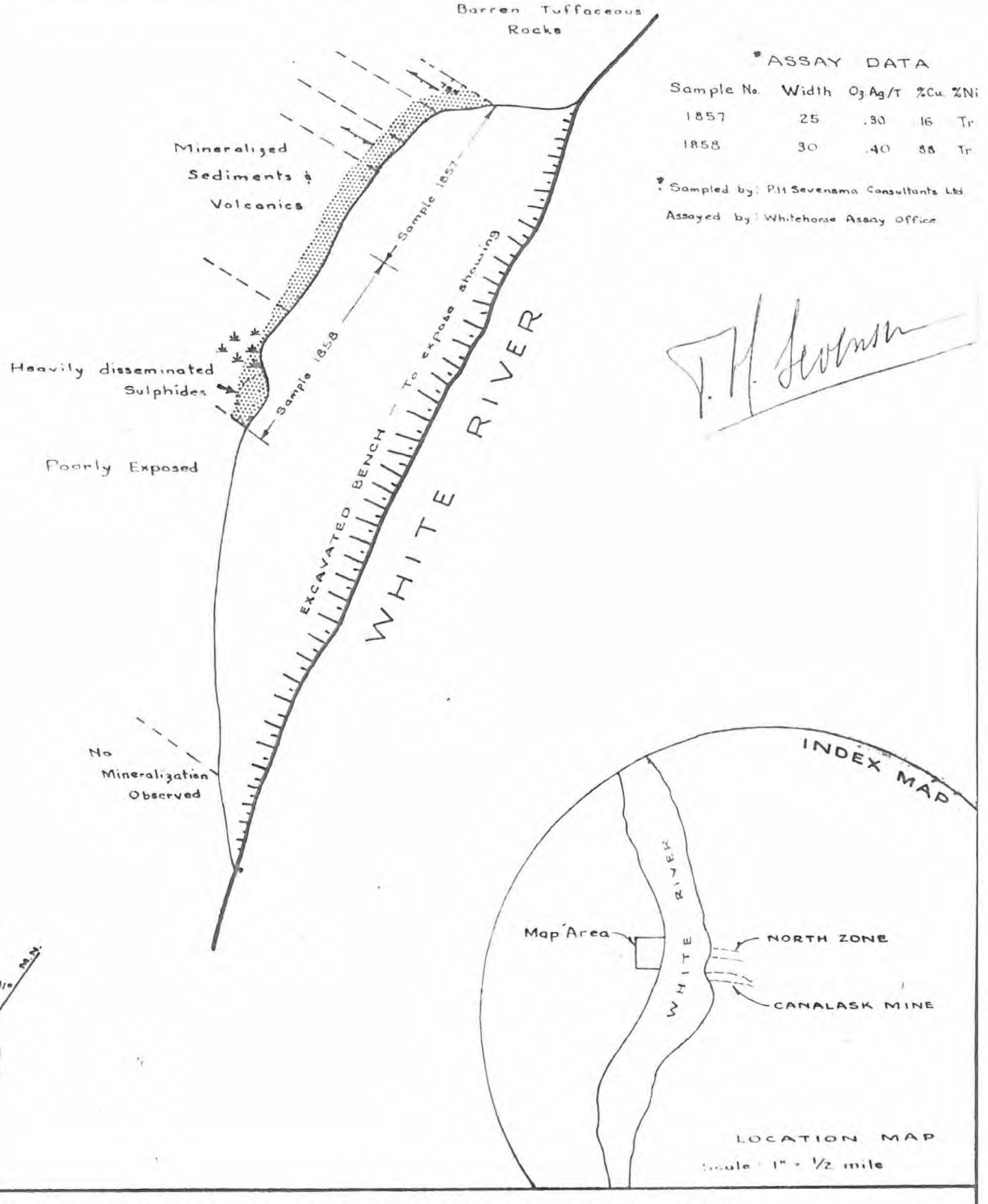
RESULTS OF 1966 TRENCHING FIG. 12

PETER H. SEVENSMA CONSULTANT

VANCOUVER B.C. OCTOBER 1966

0 100' 200'

SHOWING "D"



*ASSAY DATA

Sample No.	Width	O_3 Ag/T	%Cu	%Ni
1857	25	.30	16	Tr
1858	30	.40	88	Tr

* Sampled by: P.H. Sevenama Consultants Ltd.
Assayed by: Whitehorse Assay Office

P. H. Sevensma

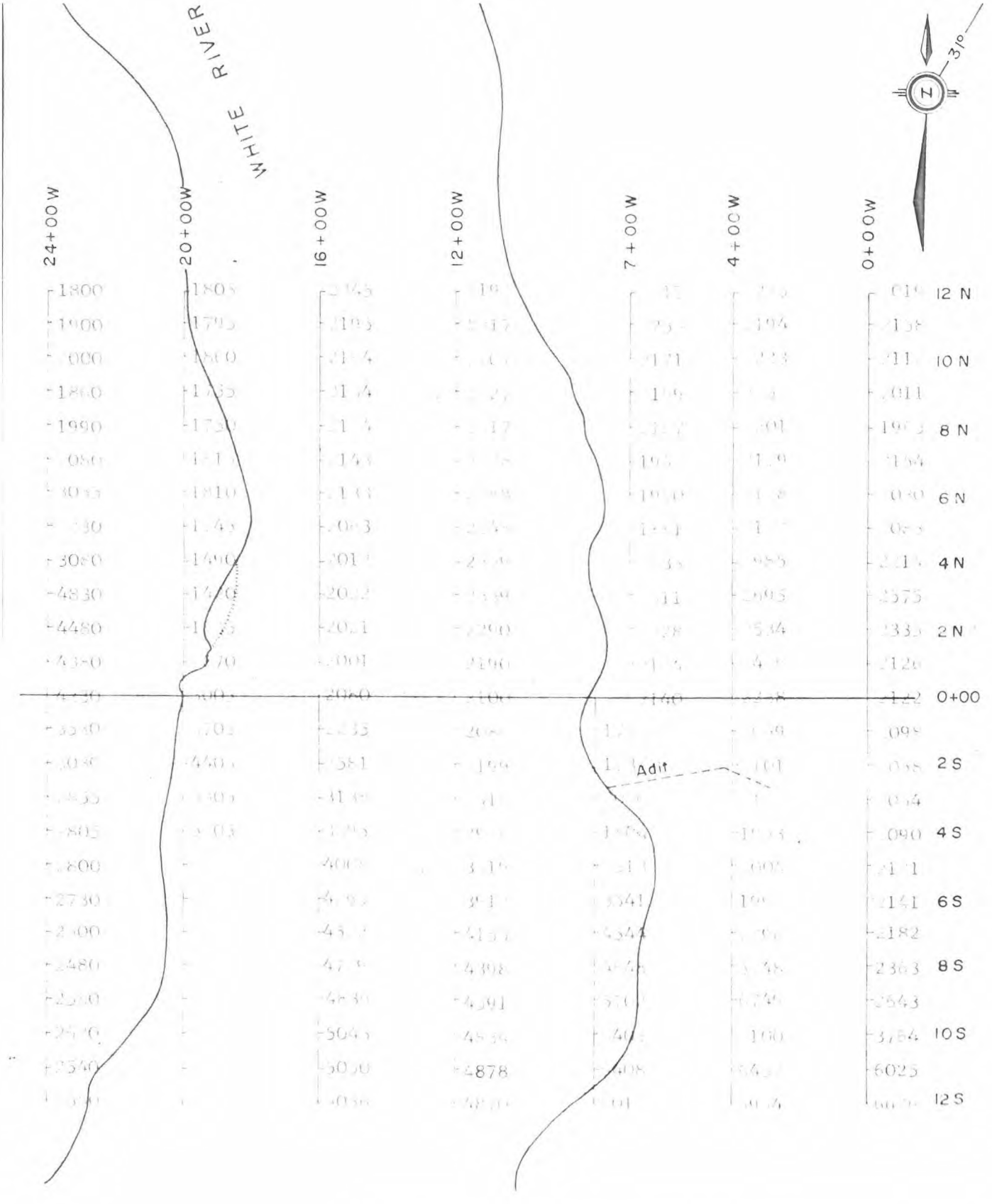
MICRO GROUP - WHITEHORSE M.D. - Y.T. 115-F-15

RESULTS OF 1966 TRENCHING FIG. 13

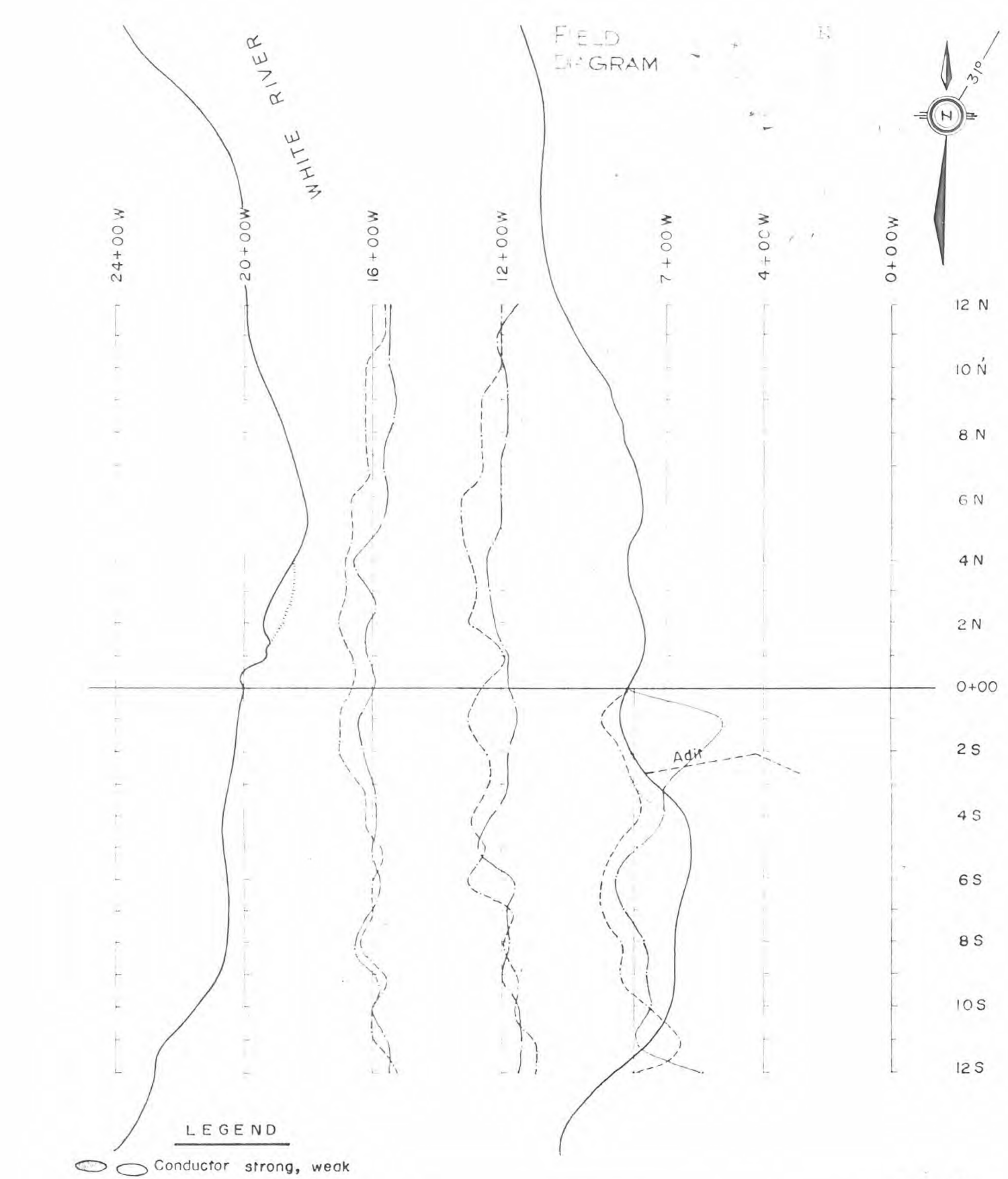
PETER H. SEVENSMA CONSULTANT

VANCOUVER B.C. OCTOBER 1966

0 10 20 FEET



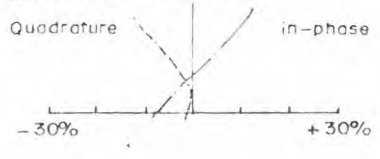
DISCOVERY MINES LTD.		
MICRO GROUP		
Whitehorse M.D.		115-F-15
P. H. Sevensma Consultants Ltd		Vancouver B. C.
May 1967	400 0 400 ft	



LEGEND

Conductor strong, weak

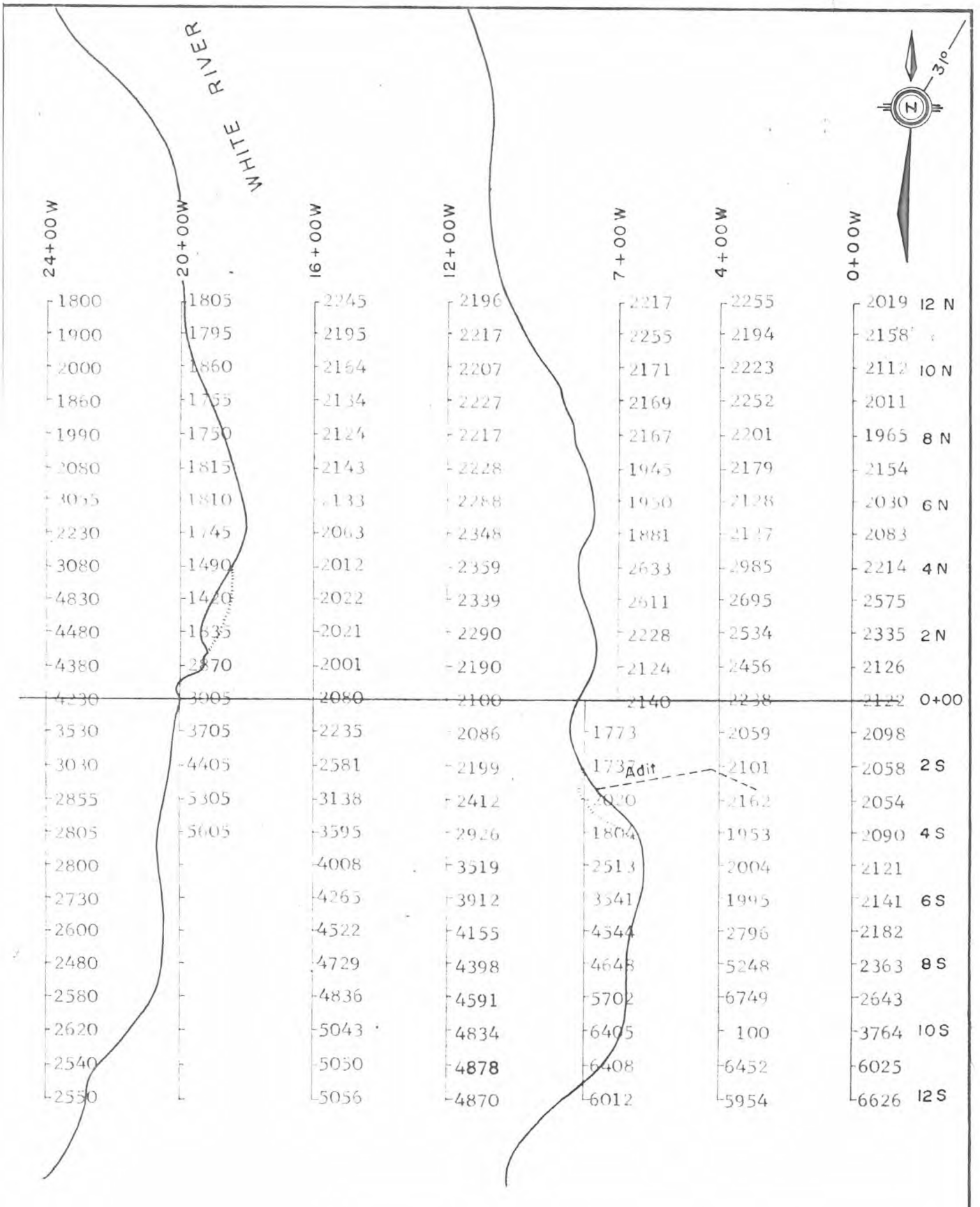
Infered conductors



RONKA EM 16 Survey

FIG 15

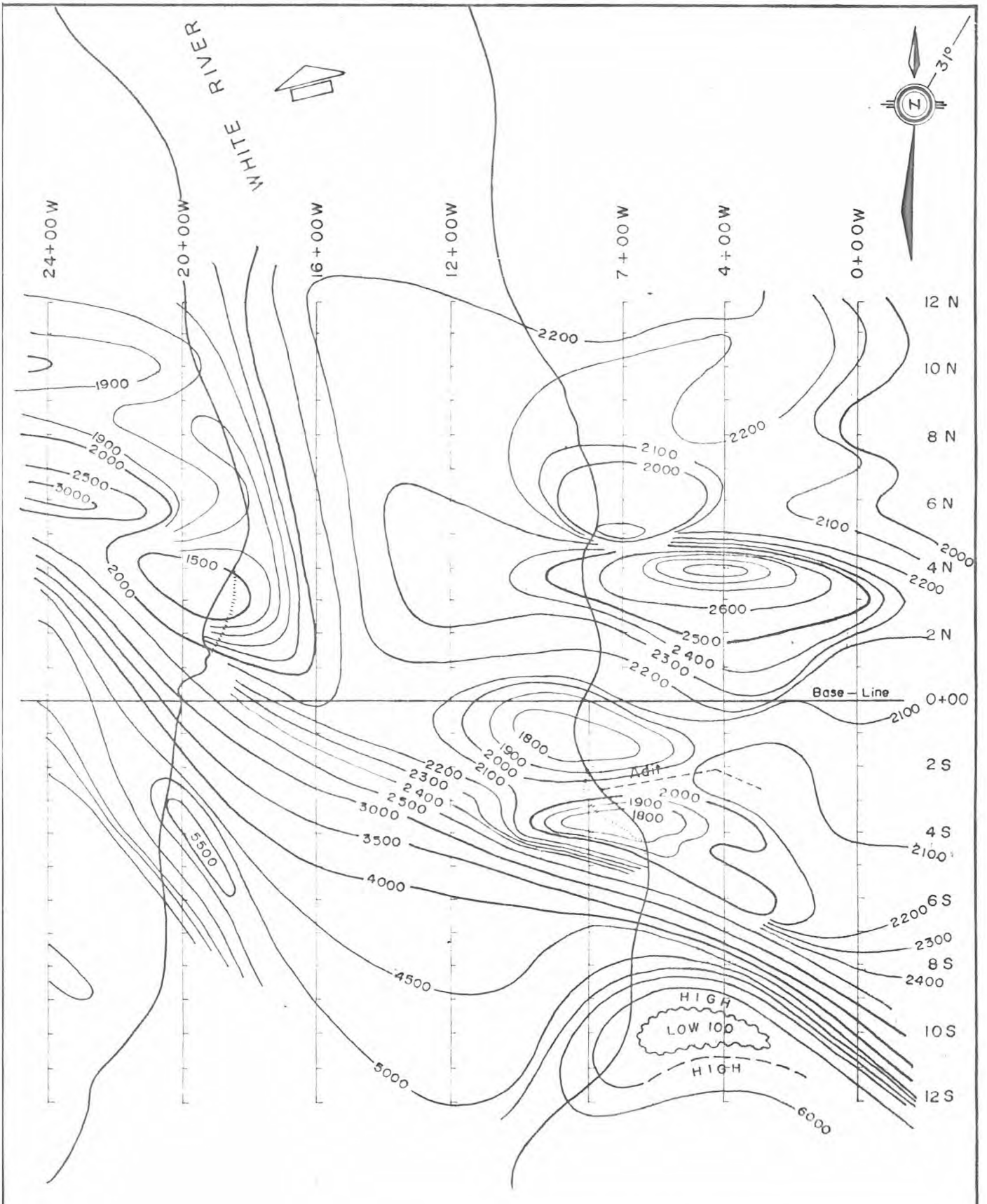
DISCOVERY MINES LTD.	
MICRO GROUP	
Whitehorse M.D.	115-F-15
P. H. Sevensma Consultants Ltd — Vancouver B. C.	
May 1967	400 0 400 ft



Magnetometer Survey
Corrected Readings

FIG. 16

DISCOVERY MINES LTD.		
MICRO GROUP		
Whitehorse M.D.		115-F-15
P. H. Sevensma Consultants Ltd		Vancouver B. C.
May 1967	400 0 400 ft	



Magnetometer Survey
Isomagnetic lines
Interval as marked – Gammas

FIG. 17

DISCOVERY MINES LTD.

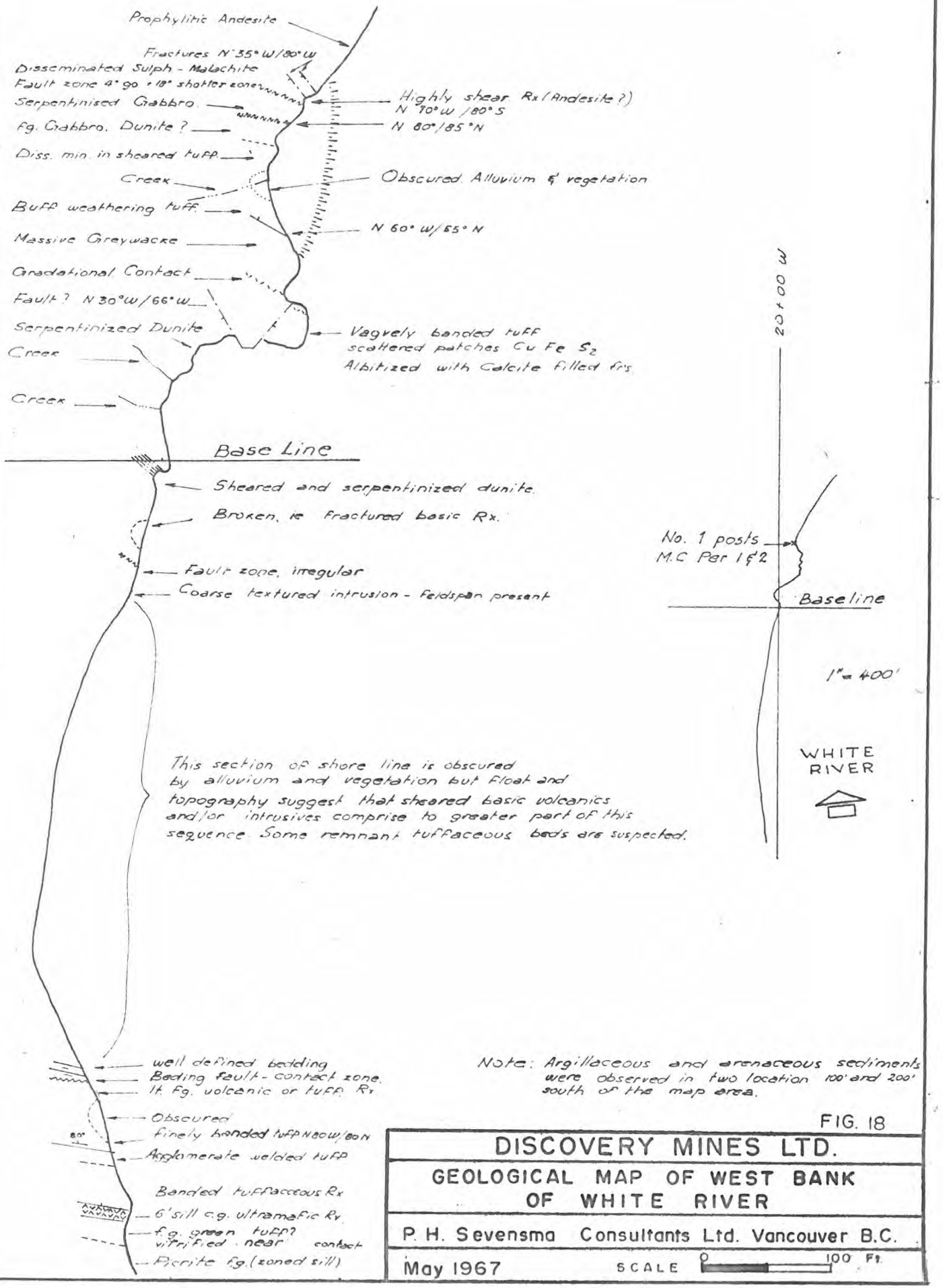
MICRO GROUP

Whitehorse M.D. 115-F-15

P. H. Sevensma Consultants Ltd — Vancouver B. C.

May 1967

400 0 400 ft.



Note: Argillaceous and arenaceous sediments were observed in two location 100' and 200' south of the map area.

FIG. 18

DISCOVERY MINES LTD.

GEOLOGICAL MAP OF WEST BANK OF WHITE RIVER

P. H. Sevensma Consultants Ltd. Vancouver B.C.

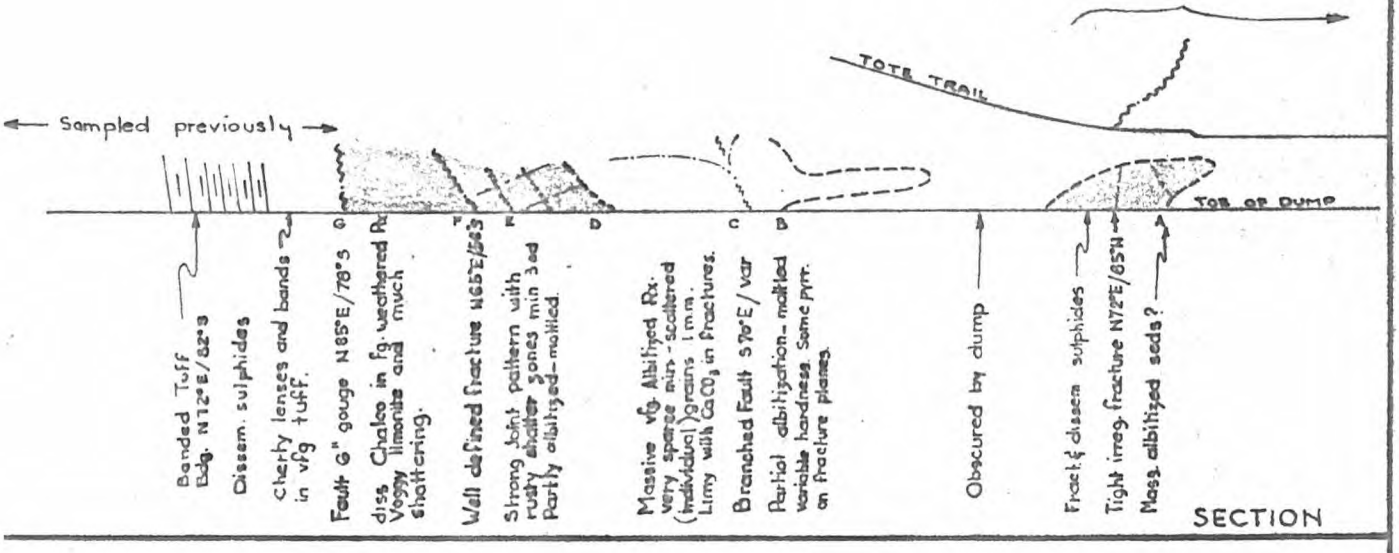
May 1967 SCALE 0 100 Ft.

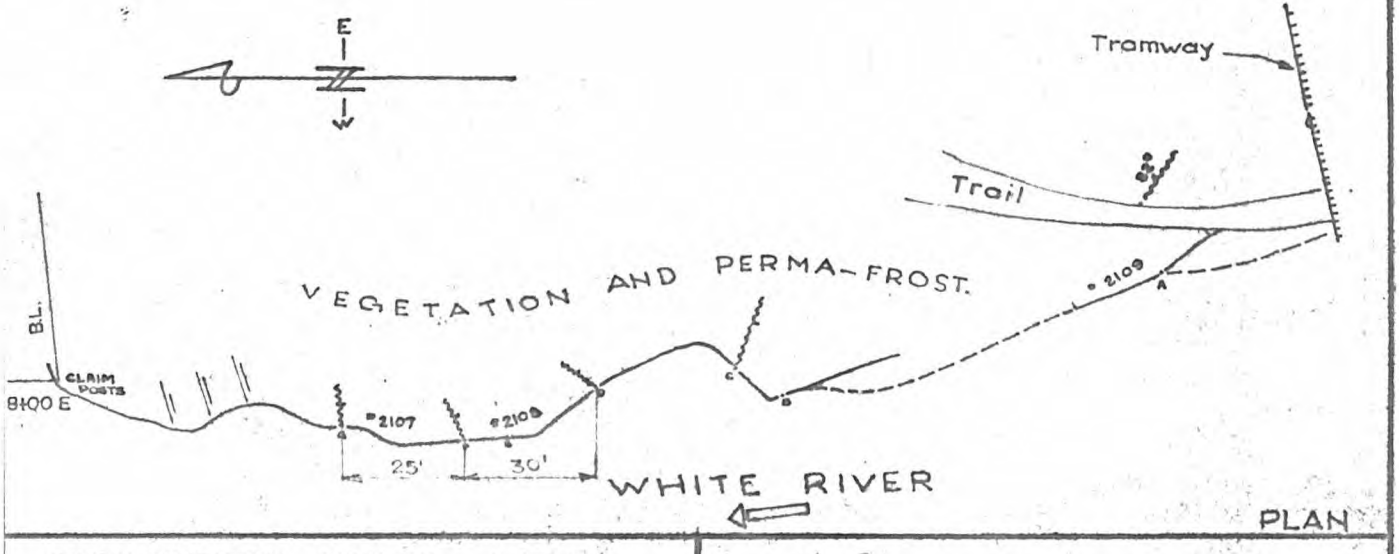
Assay results from chip samples

Sample No.	Width	% Mi	% S	% Cu
2107	G-F 25'	tr.	1.52	.15
2108	F-E 30'	0.5	.77	.13
2109		1.09	2.14	tr.

Samples taken by P.H. Sevensma Consultants Ltd.

Assayed by Whitehorse Assay Office.





DISCOVERY MINES LTD.	SURFACE SAMPLING
MICRO GROUP	LEGEND
Whitehorse M.D. 115—F—15	Fault
P. H. Sevensma Consultants Ltd—Vancouver B.C.	Joints & Fractures
May 1967 0 40 ft.	Sampled section
	FIG. 19