

PROSPECTORS AIRWAYS COMPANY LIMITED

VANGORDA CREEK Y.T.

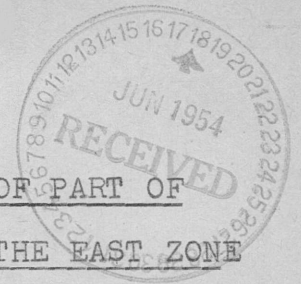
PRELIMINARY REPORT ON AN ASKANIA MAGNETOMETER SURVEY OF PART OF
THE PROPERTY IN THE VICINITY OF THE MAIN SHOWING AND THE EAST ZONEIntroduction

An askania magnetometer survey, performed in the main section of the property inclusive of the showings, shows that there is a structural trend between the main showing and the east zone where Holes 5, 9, 11, 12 and 14 were drilled in late 1953. The anomalies obtained are in the range 2000 to 3000 gammas relative to a background of about 1200 gammas for the instrument used.

AnomaliesReference - Map dated June 12, 1954

A NW-SE fault, separating Anomaly (1) from Anomaly (2), is indicated magnetically. As Holes 18, 33 and 35 show that there is a direct relationship between the mineralization and (2), a similar condition can be postulated for (1). A deep hole beyond the range of the machine that drilled Hole 25 is recommended on (1). The mineralization of best grade in lead and zinc lies off the northwest end of anomaly (2) and it is possible that the same condition exists relative to (1).

Anomalies (3), (4), (5), (6), (7) and (12) are moderate magnetic highs lying along an axis southeast from (2). Anomalies (4) and (5) show that intense folding has taken place in the ground tested by Holes 5, 9, 11, 12 and 14. As these holes carry mineralization of economic importance, a direct relationship between magnetic highs and the magnetite-bearing mineralization is established in this section. Hole 11 reached the centre of anomaly (3) when projected to surface in plan, but at a depth of only 200 feet from surface.



(2)

The actual cause of anomaly (3) has thus not likely been ascertained. As the presence of graphitic schist precludes the accurate appraisal of these anomalies by EM or Self-Potential electrical methods, vertical diamond-drill holes are recommended on them.

It is possible that mineralization creating anomaly (9) is a source of the hydrated iron oxide in the branch of Vangorda Creek, as well as the anomalies to the northeast, and anomaly (8) to the southeast. As graphitic schist country rock would also make EM and SP methods ineffective on these anomalies, drilling of these by vertical holes is also recommended.

Anomalies (10), (11), (12) and (13) are small, localized, moderately high ones. Should the drilling of the preceding anomalies sustain the relationship of the highs to mineralization of economic importance, these should also be tested. Anomaly (13) is capped by large fragments of graphitic schist at surface; these fragments do not show the reason for the anomaly, and the schist appears to overly the reason for the high.

The west section of the map in which the magnetic results are fairly uniform and low, with basin-like absolute lows, is likely underlain by graphitic schist, that is, the portion west of departure 29,500, with the possible exception of anomaly (13).

Yours very truly,



R.W. Baker