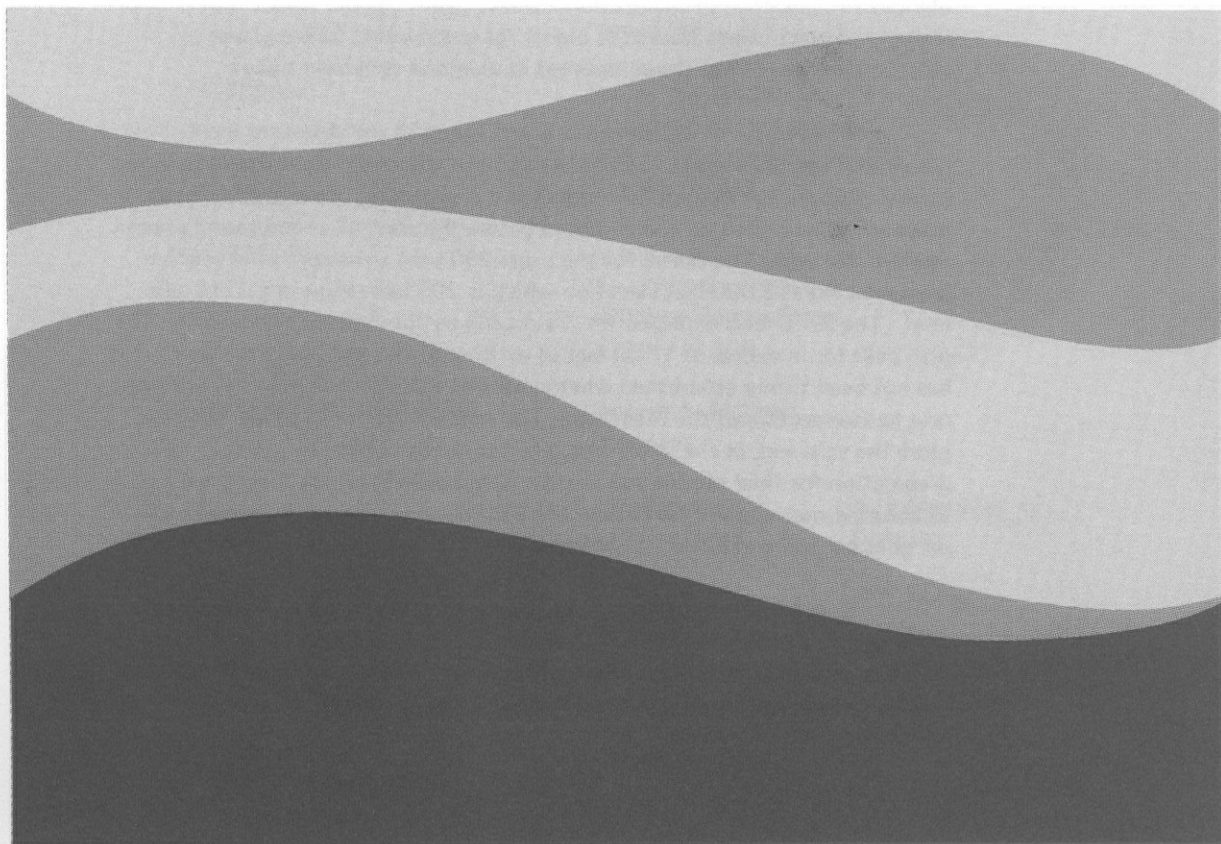


Northair
MINES LTD. (N.P.L.)

**progress
report**

DECEMBER 6, 1973



December 6, 1973

TO THE SHAREHOLDERS:

Ten diamond drill holes have been completed on the new gold zone called the Warman vein. These holes, all drilled since mid-October on the highgrade Brandywine gold-silver property located 70 miles north of Vancouver, B.C. have established a strike length for the vein in excess of 1,200 feet and open to the east. The vein width has varied from 1.5 feet to 10 feet. Two representative holes returned:

- width 9.6 ft. 0.31 oz. gold p/ton 0.2 oz. silver p/ton
- width 3.9 ft. 0.47 oz. gold p/ton 1.0 oz. silver p/ton, 6% combined lead-zinc-copper.

When considering these assay results it is important to remember the increase in values which occur between diamond drill results and underground bulk sample assays. As L.J. Manning, P.Eng., reported August 27, 1973, both the gold and silver grades underground on the Main vein are markedly higher than in the diamond drill holes. The gold values were 110% higher and silver values were 29% higher for a combined 58% increase in value underground over those reported in diamond drill hole assays.

In addition to the dimensions and values in the structure the drilling has confirmed, once again, the validity of both soil sampling and geophysical survey as diagnostic exploration tools for this property. Several additional holes are to be drilled on the structure before the start of underground exploration of the vein. The portal for the short 250 foot crosscut to the vein has been selected at 3,500 feet elevation which is 200 feet below the 3710 adit level. The 3710 level explored the Main zone by the East and West drifts. The plan calls for in excess of 1,100 feet of drifting to the east along the vein. It has not been firmly established whether or not the Warman vein is a new vein or a faulted section of the Main vein. The new 3500 foot level will both explore the vein and, at the same time, provide deeper access to the Main vein in preparation for final production layout. Deep drilling on the Main zone has established the vein 460 feet below the 3710 level where 3.5 ft. assayed 0.27 oz. gold per ton and 5.9 oz. silver per ton.

Success of the drilling of the geochemical and geophysical targets which led to the discovery of the Warman vein has encouraged the plan to drill test a number of further prime target areas. These zones to be drilled are considered strongly anomalous and to have a high potential for success.

One of the areas of considerable additional work is the Discovery Zone to the west of the Warman vein. Several encouraging values were obtained in the 16 holes drilled in the Discovery zone and underground exploration of the area is warranted and will be undertaken as conditions permit. It is interesting to note that all of the serious exploration to date has been on less than three claims of the 114-claim property.

Since the previous report to shareholders in mid-September, in excess of 10,000 feet of diamond drilling has been carried out on the property bringing the total to date on the property to more than 21,000 feet in seventy-six holes. The current planned holes will be completed in a few weeks when the program will be temporarily suspended over the holiday season.

Driving of the crosscut to intersect and explore the Warman vein will start early in the new year.

A new camp site had been cleared and prepared for the 20 man camp which is being established at 3450 foot elevation to provide ready access to the new portal level. Owing to the unusually wet weather, the construction of the new access road has been suspended. As an alternative the existing access road has been upgraded to all weather standards. The new road will be constructed in the dry season in 1974.

At present the company has some \$500,000 in the treasury with which to continue the development of the Brandywine mine. In addition, some new funds may accrue to the company as a result of the exercise of the share purchase warrants if property news continues good and the general market for B.C. mining companies improves generally. There are 450,000 warrants outstanding, exercisable at \$1.05 per share anytime until February 13, 1974.

Shareholders will be kept informed as corporate and property results warrant.

Submitted on behalf of the board of directors.

A handwritten signature in black ink, reading "D. A. McLeod". The signature is written in a cursive, flowing style.

Donald A. McLeod,
President.

NORTHAIR MINES LTD. (N.P.L.)
 SOURCE AND APPLICATION OF FUNDS STATEMENT
 FOR THE SIX MONTHS ENDED 31 AUGUST 1973
 (With comparative figures for the six months ended 31 August 1972)

	<u>1973</u>	<u>1972</u>
SOURCE OF FUNDS		
Sale of treasury shares	\$ 722,440	\$ 418,809
Sale of investments	7,296	31,076
Reduction in cost of mineral claims purchased in prior period		1,000
Sale of office equipment		84
	<u>729,736</u>	<u>450,969</u>
APPLICATION OF FUNDS		
Exploration, development and administrative cash costs (net)	317,894	69,330
Purchase of equipment	39,818	6,964
Purchase of mineral rights	\$ 100,000	
Less – Agreement payable	<u>80,000</u>	6,825
Purchase of investments	5,000	11,067
	<u>382,712</u>	<u>94,186</u>
INCREASE IN WORKING CAPITAL	347,024	356,783
Working capital – 28 February	<u>353,401</u>	<u>95,007</u>
WORKING CAPITAL 31 AUGUST	<u>\$ 700,425</u>	<u>\$ 451,790</u>

NORTHAIR MINES LTD. (N.P.L.)

CORPORATE DATA

HEAD OFFICE: 333 – 885 Dunsmuir Street,
Vancouver 1, B.C.
Telephone: (604) 687-7545

REGISTERED OFFICE: 600 – 890 West Pender Street,
Vancouver 1, B.C.

LISTED: Mining Section
Vancouver Stock Exchange
Ticker Symbol: NRM

CAPITALIZATION: Authorized: 5,000,000 common shares (NPV)
Issued: 4,000,000 (70,000 escrowed)

WORKING CAPITAL: Approximately \$500,000 (November, 1973)

TRANSFER AGENT: The Canada Trust Co. Ltd.
901 West Pender Street,
Vancouver 1, B.C.

AUDITORS: Smith, Flynn, Staley & Co.
Chartered Accountants,
225 – 4299 Canada Way,
Burnaby 2, B.C.

SOLICITORS: W.G. Craig,
Boughton Street & Co.
890 West Pender Street,
Vancouver 1, B.C.

OFFICERS & DIRECTORS: Donald A. McLeod,
President.

J.E. Millette	A.H. Manifold
Vice-President	Director
Vernon B. Humphrey	R.E. Hallbauer
Director	Director

CONSULTANT: L.J. Manning & Associates Ltd.
610 – 890 West Pender Street,
Vancouver 1, B.C.

Northair mines ltd. (n.p.l.)

333 - 885 dunsmuir st., vancouver 1, b.c.
telephone: 687-7545

December 12, 1973

NEWS RELEASE - IMMEDIATE

Two diamond drill intersections of major significance have been made in holes No. S-79 and S-77 in the new Warman vein on the Brandywine Property of Northair Mines Ltd. The core from these wide intersections have been split and assayed. High grades have been confirmed but differed significantly in the detail of several of the sections of the core. Because of these discrepancies the company consultant, L.J. Manning & Associates has been instructed to examine the core and carry-out separate sampling and assaying together with an evaluation of the importance of the intersections. Upon receipt of the report from the consultant a further announcement will be made.


The Brandywine Property is located 10 miles north of Brandywine Falls, 30 miles north of Squamish, and 70 miles north of Vancouver.

Since mid-October 12 diamond drill holes have been drilled on the Warman vein which was indicated by both soil sampling and geophysical surveys. In a recent report to shareholders, the Warman vein was reported to be from 1.5 to 10 feet wide with a confirmed length in excess of 1,100 feet. Two representative holes drilled were then reported as:

width 9.6 ft.	0.31 oz. gold per ton	0.20 oz. silver per ton
width 3.9 ft.	0.47 oz. gold per ton	1.0 oz. silver per ton plus 6% combined lead-zinc-copper.

The new holes, No.'s S-79 and S-77 intersections are several times wider than any previous intersection in this vein and the assay values are also several times higher than those from the previous drilling. Diamond drilling is continuing in the area of the highgrade to determine the extent of the structure.

On behalf of the board of directors.



Donald A. McLeod
President