

NORTHAIR MINES LTD.

NL #50 13 MARCH 81

	1980	1979
9 MONTHS ENDED 30 NOVEMBER		
Income	\$10,678,373	\$8,897,299
Operating Costs	5,508,317	4,987,507
Depletion	761,700	975,745
Depreciation	657,665	749,190
Income Before Tax	3,750,691	2,184,857
Income & Mining Tax-Current	2,196,052	782,200
-Deferred, Recovered	546,827	82,400
Net Income	\$2,101,466	\$1,485,057
-Per Share	38¢	27¢
Working Capital	\$5,731,650	\$3,608,684
Tons of Ore Milled	59,897	78,122
Ore Grade: Gold Oz/ton	0.23	0.315
Ore Grade: Silver Oz/ton	0.83	0.530

Northair Mines Ltd.'s financial position has never been better despite decreasing production at the Brandywine operation, 70 miles north of Vancouver, B.C. Production revenue increased 18%, net earnings were up 42% and cash flow was \$3,000,000. As at 30Nov80, working capital stood at \$5,731,650, an increase of 50% over 1979.

D.A. McLeod, president, said that while the operation's increased profitability is largely attributable to higher gold prices, recoveries in the mill are also a significant factor having improved from 93.24% to 96.24% for gold.

During the period, the average cost of producing an ounce of gold was \$354.53 - a figure which compares favorably with some South African production - while the average price received for the period was \$707.31 per ounce.

Ore reserves on 30Nov80 stood at 83,000 tons. An additional 33,000 tons of mine grade ore have been added to the reserves in the past 9 months. Several avenues are being explored by the company to keep the Brandywine operation viable.

Results from development on the Discovery zone have proven some additional ore. Results of the feasibility study on production from below the 2800 level, where 94,000 tons of mineralization has been drill-indicated, suggests a higher gold price would be required to make this block economically feasible to mine.

Diamond drilling on surface and underground has produced targets now being drilled and a summer program of mapping, trenching and sampling is planned.

Exploration work on the Silver Tusk property of Brandy Resources Inc. (25% owned) has not as yet proved sufficient reserves to warrant production.

The findings of the final feasibility for the Summit Lake property of Scottie Gold Mines Ltd. (18.6% owned) point to a very profitable operation there. All development work prior to the June 1981 start-up date is proceeding slightly behind schedule and over budget due to delays caused by severe weather conditions. Later this year, following production start-up, an underground drilling program will be undertaken to prove additional ore reserves.

Work has been suspended on the Hawk claims, a 50-50 joint venture with Newhawk Gold Mines Ltd. Work on Newhawk's new property, the SNO claims near Kamloops, B.C., has begun with initial results very encouraging. This is a copper/moly/gold/tungsten prospect. Financing has been arranged for the 1981 program which will entail further geophysical and geochemical studies to be followed by a program of diamond drilling. An agreement has been entered into whereby Northair will manage the program at cost and in consideration will receive first refusal on any future financings or dealings with the property.

GCNL #60 27 MARCH 81 BRANDY RESOURCES INC.

NEW PROJECTS SOUGHT - President Donald A. McLeod has reported that while drilling on the Silver Tusk property, adjoining the Northair mine 70 miles north of Vancouver, B.C. has produced a great many promising intersections, an ore zone sufficient to warrant production has not as yet been indicated.

The main zone of interest is the Silver Tunnel zone, accessible by a 600 foot adit completed last summer. In total, over 10,000 feet of diamond drilling has been conducted on the property with the Main and Tedi zones indicating low values, but the Silver Tunnel returning some spectacular assays: one hole (No.3) cut 12.9 ounces silver per ton over two feet and another returned 0.93 ounces gold and 15 ounces silver per ton over one foot. The \$300,000 final phase of exploration to assess the viability of mining the Silver Tunnel zone has been completed. For the remainder of 1981, surface geological studies will continue but significant funds will not be committed.

The management of Brandy Resources is actively seeking other mineral property

NET INCOME	\$ 889,225	\$ 496,046
Earnings Per Share	16¢	9¢
Working Capital (deficit)	\$2,898,781	(49,507)
Operating Statistics		
Tons of Ore Milled	49,658	51,259
Ore Grade; Oz. Gold/t	0.344	0.359
Oz. Silver/t	0.575	2.440
Lead %	0.816	1.370
Zinc %	1.313	2.020

finer product reaching the grinding circuit which effected an increased daily throughput. The concentrator demonstrated the ability to handle up to 400 tons in 24 hours and at this date has averaged 325 tons $\frac{1}{2}$ er calendar day for October. Normal maintenance was also carried out during the holiday shutdown. Direct operating costs per ton excluding exploration was \$49.63, up from \$46.29 per ton in 1978. This increase

was mainly due to inflation and a significant increase in the amount of short term development between the 2,800 foot and 3,200 foot level.

A reduction in the production of silver, lead and zinc over the same period as in 1978 was due to less ore being mined from the Manifold and Discovery zones. Recoveries for the period were similar to 1978, except for lead and zinc, which dropped slightly due to lower grades. As the Discovery zone, which is high in lead and zinc is now under production development, these grades and recoveries will return to normal later in the year.

Of the 49,658 tons milled, 16,957 tons were derived from below the 3,200 foot level, with the balance above. A decline collared at the 3,272 foot elevation was driven in waste to the Discovery zone and a level was established at the 3,244 foot elevation. Drifting on ore is now in progress and the structure appears strong, well mineralized and will likely provide a substantial amount of mill feed in the coming years. The development drive now underway at the 2,800 foot elevation will be advanced westerly to the discovery zone.

An extensive exploration program was carried out during the period. Surface and underground diamond drilling totalled 39,878 feet, using two underground and one surface diamond drill. Prospecting, geochemical and geological surveys over part of the claims was also carried out. Results from the surface program are incomplete and covered a relatively small part of the property. Underground drilling consisted mainly of "stope definition drilling" above the 2,800 foot level and drilling below the 2,800 foot to outline new ore for the future. The drilling below the 2,800 foot level, although incomplete, has returned sufficient encouragement to implement two additional development stages.

The first stage is a sub-drift being driven parallel and some 500 feet into the hanging wall of the Warman zone for drill stations for deep holes. The second stage is the selection of a suitable shaft site. Crosscutting has commenced to an area that appears feasible.

Operating costs to produce one troy ounce of gold for the period was \$136.74, up significantly from the previous period. Reasons for this increase were inflation and lower production of other metals.

The Bully Hill gold, silver and base metal lease in the state of California is being maintained. Scottie Gold Mines Ltd., in which Northair can earn an interest, is well underway for developing its Summit Lake gold ore body for production in 1980. The right-of-first refusal for financing or dealings on the Consolidated Silver Ridge Mines Ltd. Red Dog gold property is being maintained. The agreement with Newhawk Gold Mines Ltd. has been executed.

Silver Tusk Mines Ltd. on 7 Sep 79 granted an option to Brett Holdings Ltd. to acquire up to an undivided 80% interest in the property at Brandywine, adjoining Northair Mine, B.C., before 31 Dec 81 by performing exploration and development work on the property at a cost of not less than \$250,000. GCNL #233 04-12-79 092JW 021,022 92J/3E

As a condition of granting the option, Brett has agreed to advance the company \$50,000 to be used to rehabilitate and operate the company's mill. Silver Tusk will issue Brett 66,667 shares at 75¢ per share.

By an agreement dated 1 Aug 79 Placer Development Limited granted to Silver Tusk an option to purchase 8 mineral claims located north of Carmacks in the Whitehorse mining division of the Yukon.

grown to greater activity in the Manufacturing and Service Groups.

As for the prospects, Mr. Fitzpatrick says the impact of higher natural gas deliveries by the Oil and Gas Division, starting late in the third quarter and the staged price increases, recently approved by the federal and Alberta governments, starting July 77, will enable Bralorne to end the year on a strong financial note.

PANCANADIAN PETROLEUM LIMITED

6 MOS. ENDED 30 JUNE

	<u>1977</u>	<u>1976</u>	
Gross Income	\$148,184,000	\$95,654,000	PROFIT ROSE 39%
Cash Flow	86,223,000	62,723,000	The increases of 55% in revenue, 37%
NET INCOME	59,437,000	42,650,000	in cash flow and 39% in net income
Per Share	\$1.90	\$1.37	achieved by PanCanadian Petroleum Limited
Crude Oil, N.G.L.-Av. Bbls. Daily	47,608	38,812	in first half 1977 over first half 1976
Natural Gas-Av. Mmcf Daily	288	229	are attributed by chairman Robert W.

higher product prices and increased production of 22% for crude oil and natural gas liquids and of 26% for natural gas. Five oil wells were placed on production in the Countess DFH Unit, increasing the daily production rate by 600 barrels.

PanCanadian participated in drilling 311 wells during the first half of 1977, of which 61 were exploratory and 250 development wells. Exploratory drilling resulted in 5 oil and 37 gas wells, and the development program added 16 oil, 207 gas and 7 facility wells.

Active exploration continued throughout Alberta, with two oil discoveries at Alderson and Hussar and eight gas discoveries in the Carseland-Gayford-Entice region.

In the U.S., 6 onshore wells are currently drilling - 5 in Mississippi, testing Smackover and Hosston prospects and 1 in Texas, testing a Woodbine prospect. A new joint exploration venture has commenced in the Frio trend of Louisiana and SE Texas. PanCanadian have 5% participation in a wildcat, currently drilling on Block 329 in the Gulf of Alaska. Offshore Greenland, drilling has started on Concession 32, in which the company have a 25% interest.

PanCanadian have made a number of substantial land and reserve acquisitions. On June 2, a 20% interest was acquired in a producing property in Dimmit county, Texas for \$7,800,000. The property has 4 out of 5 development wells on production, with a deliverability rate of 20 million cubic feet of gas a day and estimated reserves of 80.5 billion cubic feet in 3 producing zones. The Deep Basin group, PanCanadian interest 45%, obtained a 20,320-acre oil/gas license in Pinto area Alberta, for \$8,200,000. An exploratory well is to start there soon. On June 23, PanCanadian participated in Gulf of Mexico lease sale and purchased interests in two tracts for \$3,500,000, being 25% in 5,000 acres on Block 43 offshore Louisiana and 16 2/3% in 5,760 acres offshore Texas.

VAN SILVER MINES LTD.

FINAL PRODUCTION PERMITS - Van Silver Mines Ltd. has received a permit from the Department of Environment of B.C., water resources service, pollution control branch for the discharge of effluent from its silver-lead-zinc concentrator, located 25 miles north of Squamish, B.C. The company has also re-received its water use license.

In reporting receipt of the permit, Marshall Levasseur president of Van Silver pointed out that this is the second mine to go into production in B.C. in the past five years. The concentrator plant has turned over in total but the tune up period is expected to take several weeks prior to reaching the initial 50-75 ton per day range and building to 100 to 125 tons per day as quickly as conditions permit.

TED! The contractor has started stripping of the Main Zone in an effort to start production of ore in a few weeks. The Main Zone yielded a bulk shipment of 55 tons several years ago which assayed 2.94 oz. gold per ton, 10.5 oz. silver per ton and 8% combined lead zinc. Exploration and development work on the Main Zone is to proceed as the mining is underway. Previous work has indicated a block of some 150,000 tons which is expected to be available to mining from the open pit.

The company recently reported discovery of a new zinc zone on the property. (See GCNL No.136 and No.139) This new zone has been examined by representatives of several major companies and exploration agreements are under discussion.

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