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Dr. # A. (GENERAL)

DONNA MINES LTD. (N.P.L.)
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REPORT TO SHAREHOLDERS

JANUARY 8, 1972

Mr. Herbert H. Shear, P. Eng., field geologist for Donna Mines Ltd. in his review of results from geological mapping, magnetometer survey and limited diamond drilling on the Burnt Basin property has recommended more diamond drilling.

In his report he states, "It is confidently expected that encouraging results will be obtained with part of the attached proposed drill program for atleast 2,000 feet of diamond drilling"

SIX mineralized showings and magnetic anomalies should be tested:

1. *where?* "Production Zone" - Two drill holes extended this zone to a confirmed length of 120' and a depth of 50'. The zone is open at both ends and to depth. From the open cut where massive Silver, Lead, Zinc was shipped the zone widens from 8 feet to 22 feet. Core across a true width of 16 1/2 feet assayed:

<u>SILVER</u>	<u>LEAD</u>	<u>ZINC</u>
4.0 oz.	5.44%	8.78%

Further step out drilling is recommended to expand this mineralization.

2. *where?* "Cabin Zone" is a high magnetic anomaly associated on strike with an old adit in which some 20' of base metal sulphides are exposed.
3. & 4. are magnetic anomalies situated between the "Production" zone and the "Upper Showing" which are some 1,000 feet apart. An area 60 feet in diameter was stripped at the "Upper Showing" where composite grab samples assayed 1.52 oz. Silver, 4.07% Lead and. 2.25% Zinc.
5. *where?* "Halifax Showing" where high grade base metal mineralization is partially exposed in 4 veins in a 500' cut associated with a large magnetic anomaly. One 6 foot vein assayed 3.2 ounces of Silver, 0.20% Copper, 7.5% Lead and 12.70% Zinc.

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6. ^{? upper} "Copper Showing" containing significant Silver Copper values, adjacent to the "Upper Showing" should be tested with atleast three diamond drill holes. Samples taken from two trenches carried the following values:

	<u>COPPER</u>	<u>ZINC</u>	<u>LEAD</u>	<u>SILVER</u>
No. 1 Trench for 23 feet	1.9%	12.01%	1.0%	6.7 oz.
No. 2 Trench for 40 feet	2.3%	2.30%	1.5%	8.4 oz.

Some 15 other showings and anomalies not exposed in detail are reported from previous work on the 36 claims located north of Christina Lake and adjacent to the Trans Provincial highway at Paulson.

Grab samples from a quartz vein exposed on surface and by a short adit on the "Motherlode" claim, carried 3.36 ounces of Gold, 3.2 ounces Silver and 1.09% Copper.


All proposed drill holes are spotted and accessible by adequate roads constructed to the sites.

To quote E.O. Chisholm, Consulting Engineer, "From work carried out to date geological conditions on these claims are excellent for occurrence of high grade base metal mineralization and further detailed drilling is thoroughly warranted".

The agreement between Grey River Mining Company, St. John's, Newfoundland and Donna Mines Ltd. has been terminated as of December 22, 1972.

Yours respectfully,

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


per Ivan Todd - President

NOTE: Our new address and phone number

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(#34 M.I.)
Greenwood
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