



PROGRESS REPORT

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

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REPORT TO SHAREHOLDERS:

Large additional financing for recommended exploration work on your Company's properties in the Terrace-Babine Lake areas, has been approved by the directors.

The sale of 350,000 shares at 60 cents, by way of a prospectus, would raise approximately \$200,000, to carry out the recommendations of W. M. Sharp, your Company's engineer.

Exploration would start immediately after financing has been completed.

It is proposed that Kleanza shareholders would have first opportunity to buy the 60-cent issue.

Your directors are greatly encouraged by the results of last season's work, and look forward with anticipation to the follow-up program in 1967.

In a recent report on your Company's Kleanza Mountain and Taltapin claim groups Mr. Sharp said costs of detailed exploration would total \$125,000.

In his study of your Company's Kleanza Mt. Croesus block of 113 claims, Mr. Sharp found a major composite zone of copper, gold and silver mineralization and several superficially explored gold, silver, lead, zinc and copper occurrences.

"These separate groups of deposits are structurally and mineralogically dissimilar", he said, "but each possesses considerable geological potential for the occurrence of economically-mineable mineral deposits."

His report said that a large grab sample of the mineralization taken from Croesus No. 1 trench assayed .05 ounces of gold per ton, .45 ounces of silver and .20 per cent copper. Restricted, more strongly fractured and mineralized sections range to .60 per cent copper.

The indicated gross value of sampled Croesus mineralization is about \$4 per ton, with the gold and silver values contributing about half the total value.

Sampled Excelsior mineralization grades slightly higher, however, the much larger unexplored extent of the general Croesus-Excelsior zone appears geologically favorable for the occurrence of more strongly-fractured and mineralized sections. These should be readily detectable by I. P. survey methods.

On the Gem Zone, your engineer reports a well-mineralized narrow ore shoot is partly exposed over the inner 50 feet of the 2,250 adit and within the final 10 feet of the 2,140 adit.

The average of this partly-stoped section is computed as 50 x 1.5 feet at .66 ounces per ton gold; 1.6 ounces per ton silver; .2 per cent copper for a gross value of \$29 per ton.

"At an assumed minimum mining width of 2.5 feet the diluted gross value is computed at about \$17.40 per ton, assuming no precious metal content in the over-break," Mr. Sharp said. With an appreciably larger developed tonnage of this grade of material and simple gravity-concentration on the property, it would constitute a potentially-mineable deposit.

Access to your Company's Kleanza Mt. group can be made without difficulty from Highway 16, just eight miles east of Terrace, and a mile off the highway.

As well as natural gas and power lines, which will be passing the property, Kitimat, nearby, is being studied at this time for potential port development, an outlet for the northern interior's natural resources.

Reporting on Taltapin, at the south end of Babine Lake and generally northwest of Endako, Mr. Sharp said moderate to high-grade silver-lead-zinc mineralization over mineable widths occurs within the Pinkut Creek vein near your Company's claims.

This and a number of parallel veins have sufficient ore potential to justify further exploration by more efficient methods than were available during an earlier exploration period, said Mr. Sharp.

Reporting on the old Crown-granted Silver Fox claim, Sharp said a recent sample from the shaft dump assayed .04 ounces of gold, 15.4 ounces silver, 94 per cent copper and .005 per cent molybdenum.

"The dump ore has indicated gross value of about \$30 per ton," Mr. Sharp said. "Given adequate reserves of this grade, it should be possible to mine and mill at a fair profit."

In other developments by your Company, we are pleased to announce Kleanza has acquired 25 claims at Cedar River, adjoining the optioned group of Silver Standard Mines. A preliminary exploration program is planned for these claims, involving expenditure of about \$25,000.

Kleanza Mines Ltd has authorized capital of 3,000,000 shares of 50 cents par value. Of this total 750,000 shares were issued for property and 250,000 for cash to net the treasury \$45,000. Some \$40,000 of this has been spent to date.

The directors are R. H. Bates, Robert F. Bates; Douglas Chappell, of Terrace, a supervisor at Trans-Provincial Airways; Earle J. MacLeod, Industrial Commissioner, of Vancouver; Daniel W. Small, a Vancouver solicitor, and J. Fred Weber, a Terrace businessman.

Your Company will keep you informed of developments as information becomes available.

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

" R. H. BATES "

President