

92 I Property Submitted
Brandywine Creek Area
(Northair Mines)

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N O R T H A I R M I N E S L T D.

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<u>Price Range</u>	<u>High</u>	<u>Low</u>	<u>Current</u>
1974	3.70	1.36	\$ 3.50
1973	1.44	0.32	Listed
1972	1.25	0.21	V.S.E.

Capitalization

Authorized	5,000,000 shares	
Issued	4,000,000	and 450,000 warrants

Financing

During Vancouver's flying bull market of the Afton era, Northair raised substantial money for exploration of a Kamloops area property. The property turned out to have little merit and the company arrived in the post-Afton era with the magic key to survival, a substantial treasury cash position. Since then an underwriting and an agreement with Teck Corporation Ltd. have added more than half a million dollars to the treasury. It appears certain at this time that outstanding share purchase warrants will be subscribed adding some \$470,000 more to the treasury by February 13, 1974.

The net result of all this is that even after an extremely active exploration season in 1973 the company will have some \$800,000 in cash when all the warrants are subscribed.

It is interesting to note in passing that Teck, with its continuing sharp nose for mine finding junior companies has tied down the rights of first refusal on further financing for Northair with the purchase of a mere 100,000 shares at \$1.25. This privilege lasts only until December 31, 1975 and even to that point only if Teck retains its share block intact.

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Management

Key man in the Northair set-up is Don McLeod, an experienced, shrewd and competent hard rock mining man from way back. Conscious of the strength of cash in the treasury and known in the mining industry as a man who extracts 100 cents from each dollar, he has done an excellent job of funding this company through exploration to its first major discovery.

Don has assembled a tightly knit and competent group of compatible people and continues to go from strength to strength using outside consultants where necessary and invariably seeking reputable and experienced professionals to advise on all aspects. For instance, at the time of writing, assignments are in hand as listed here:-

Exploration and mine development	...	Lou Manning & Associates
Geophysical and Geochemical	...	Glen White Consulting Services
Power supply and preliminary Mill considerations	...	Kilborn Engineering
Tailings Dam and Environmental Impact	...	Kerr, Priestman & Graham

Added to all this is the presence on the Board of Bert Humphrey, principal of his own construction firm specializing in mill construction and Bob Halbauer of Teck who provides access to the whole technical organization of Teck. For a junior company developing its first mine, this is a formidable group indeed.

The Property

The story of the Brandywine property is a classic. Discovered by Vancouver dentist Dr. Mike Warshawski during weekend prospecting in 1969 the property was originally thought to be a base metal prospect. Early work by Northair confirmed a rich silver zone and then late in 1973, with international monetary crises chasing the price of gold ever upwards, significant gold values were discovered in the Warman Zone. Bear in mind that these

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changes in emphasis do not result from changes of opinion about the values of any given section but rather from the discovery of new sections.

Discovery Zone

The base metals Discovery Zone is still there though little talked about since the silver rich Main Zone led to the gold bearing Warman Zone. But slow down a minute - let's take a look at this barely touched Discovery Zone. There's some out-crop and a few trenches and some veinlets carried up to 35 ounces of gold per ton but minable widths were not apparent and anyway this is supposed to be a base metals section. Several diamond drill holes made interesting intersections of which the two best were:

Hole	Intersection		Gold oz.	Silver oz.	Copper %	Lead %	Zinc %
	Core	Length					
44		25.5'	0.58	2.77	0.93	12.31	14.72
45		33.2'	0.082	1.4	0.56	0.65	8.46

About 300 ft. length of vein was determined leaving the 1800-ft. long associated geochemical anomaly as yet largely unaccounted for. This anomaly is the strongest and longest yet turned up. No reserves from this entire Discovery section have been included in anything we've seen published by the way.

The Main Zone is the one most completely explored to date. It was drilled and drifted at the 3700 ft. level and consultant Manning has allocated reserves to it of 305 tons per vertical foot from a mining width of 5.7 ft. Average grade from the drift runs 0.36 oz. gold and 19.4 oz. silver and approximately 2 per cent combined lead and zinc. This drift is considered to have developed about 400 ft. depth of ore. When the new drift at 3500 ft. is completed as an extension of the Warman Zone crosscut and drift, another 200 ft. of depth can be added, subject always to confirmation of grade. What is not widely known is that drill holes have already confirmed continuity of the structure to at least 650 ft. below surface in the Main Zone.

The Warman Zone is probably the most exciting so far discovered, particularly in view of recent gold prices up to \$148 per ounce. Twelve drill hole intersections have indicated reserves of 964 tons per vertical foot averaging 1.05 ounces of gold with minor

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silver and base metal values. The vein is still open to depth with the deepest intersection some 350 ft. below surface. Average mining width is calculated at 12.4 ft. but note the extraordinary intersection in hole S79 - 39.8 ft. true width of 1.74 ounces of gold. This contained a high grade section of some 8 ft. which carried more than 5 ounces of gold per ton. Just consider that if that 8 ft. section has a diameter of 50 ft. the resulting 1200 tons of ore could contain 6000 ounces of gold with a gross value of \$840,000 at today's price. This could easily be mined for direct shipment once the Warman drift is completed. No wonder McLeod feels that mill financing decisions will not be difficult and can wait for completion of the drift.

There's no doubt that the foot-by-foot progress of the Warman drift will be an event of great interest to Canada's mining fraternity in the next few weeks. If grades in the drift improve over drill results as much as is usual, the Warman vein will be rich indeed.

CONCLUSIONS

In our opinion it's early days for estimating cash flows and profits - estimates that will make more sense when the Warman drift and some raises are complete.

Meantime, as a yardstick for evaluation we feel that the gross indicated ounces of gold in the ground per share is as good as any. The consensus puts this at almost a tenth of an ounce per share - in other words \$12.60 per Northair share. With shares currently trading at \$3.50, this means that for Northair shareholders \$35 gold is back again, for a day or two.

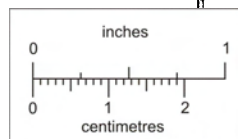
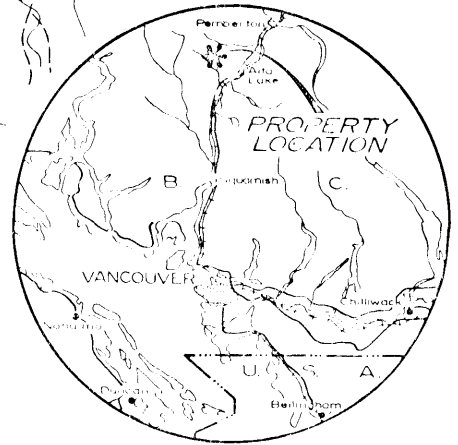
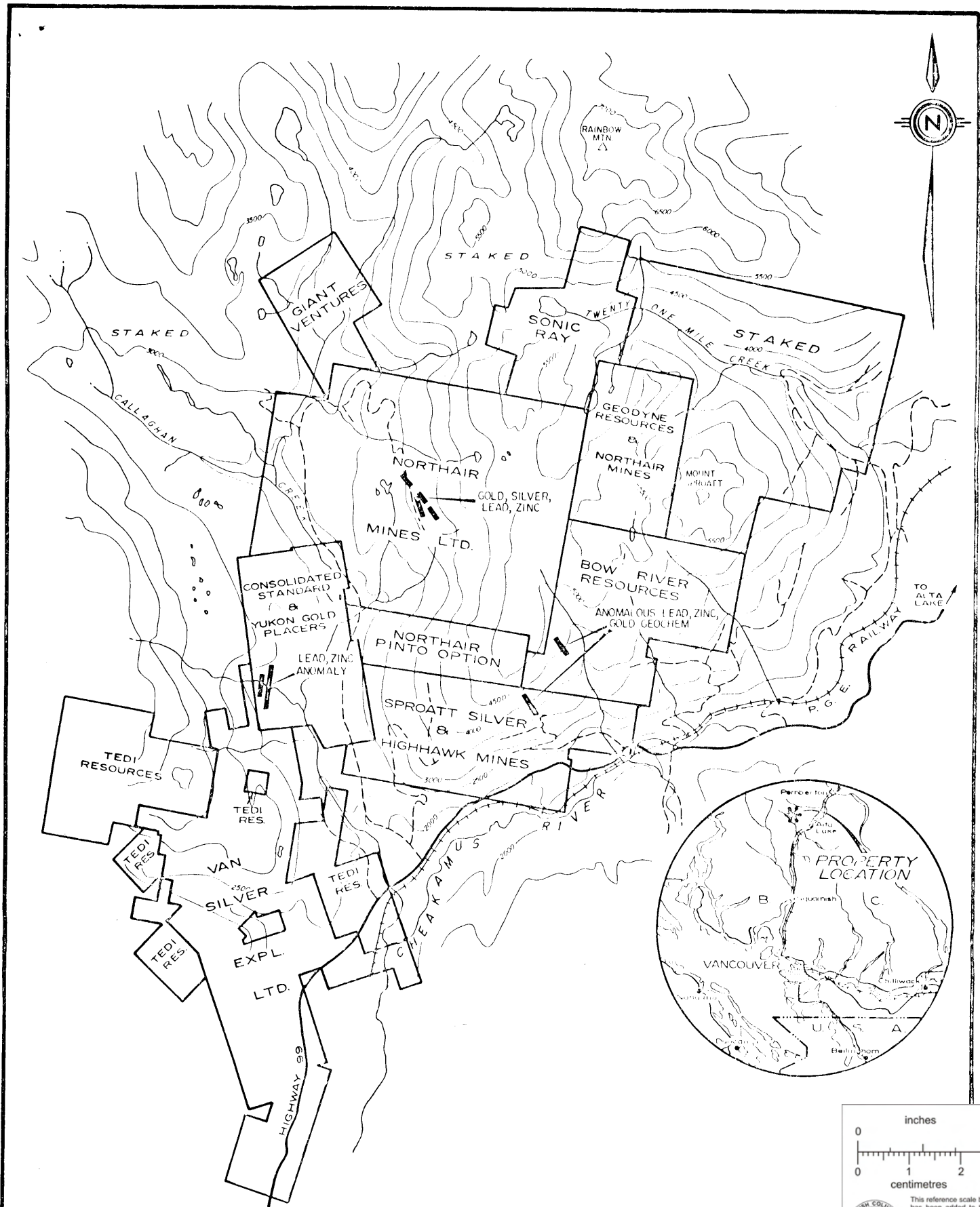
A comparative table illustrating this method of evaluation for seven other Canadian gold mines is attached. The undervalued stock is very conspicuous. With proving of ore reserves approaching each day and with extensive potential for increases in reserves as exploration of the property is expanded, we recommend purchase of Northair at current levels for short and medium term capital gains.

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Canadian Gold Mines

Mine	Reserves Tons	Grade	Gross Res.Oz.	Shares Out	Oz/sh	Reserve	Market
						Value @ \$140	Jan.25
Sigma	1,222,850	0.222	272,000	1,000,000	0.27	38.00	35.00
Camflo	2,250,000	0.231	520,000	3,411,107	0.152	21.40	21.00
Northair	400,000	1.0	400,000	4,450,000	0.09	12.60	3.50
Kerr Adison	1,304,000	0.60	780,000	9,534,449	0.082	10.90	15.00
Dickenson	351,591 98,795	0.469 0.827	247,000	3,556,000	0.070	9.75	7.75
Giant Y.Knife	531,000	0.52	276,000	4,303,505	0.067	9.40	22.50
Agnico Eagle	3,151,657	0.290	915,000	13,861,827	0.066	9.25	10.25
Pamour Porc.	1,418,775 831,615	0.119 0.278	400,350	7,000,000	.057	8.00	13.25

- Note:
1. All figures except Northair taken from FP Survey of Mines, 1974.
 2. It is assumed that market prices that appear high are influenced by the ownership of other assets by the companies concerned.



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BRANDYWINE CREEK AREA VANCOUVER M. D.

SCALE



JAN 1974