

PRECAMBRIAN SHIELD RESOURCES LIMITED

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PROGRESS REPORT TO THE SHAREHOLDERSUNDERGROUND TEST PLANNED FOR LADNER CREEK PROPERTYLADNER CREEK PROJECT

The outcome of the recent British Columbia provincial election and the pronouncement by the new government of early favorable changes in the provincial royalty and taxation legislation to encourage expansion of the mining industry in British Columbia, have a profound effect on the economics of the Ladner Creek gold property, 10 miles north of Hope, B.C., which is held under option by Precambrian Shield Resources Limited and Numac Oil & Gas Ltd., from Carolin Mines Ltd. The possibility of developing a viable operation is now greatly enhanced, and plans are proceeding for an early underground bulk test of the Idaho Zone, considered necessary to confirm tonnage and grade estimates indicated from surface diamond drilling.

Drill indicated and possible reserves in the Upper and Lower Idaho Zones have been reviewed and mineable blocks, grading 0.12 ounces gold per ton or better, occur in both zones. Undiluted estimated reserves are summarized as follows:

| <u>Category</u> | <u>Tons</u> | <u>Grade</u> <u>Ounces Gold Per Ton</u> |
|-----------------|-------------|--|
| Drill Indicated | 849,300 | 0.162 |
| Possible | 519,200 | 0.165 |
| Total | 1,368,500 | 0.163 |

Preliminary cash flow estimates, based on today's cost structures for a 1,000 ton per day operation, indicate that, without the "super" royalty provided for in Bill 31, treatment of this higher grade material should be economically feasible with the price of gold in the \$140 to \$160 per ounce range.

Utilizing a 0.05 ounces gold per ton cut-off grade and including the above higher grade tonnage, undiluted drill indicated and possible reserves are estimated at 2,716,200 tons grading 0.113 ounces gold per ton, which under more favorable economic conditions would be mineable. Additional reserves may be anticipated in the north central sector where diamond drill coverage is widely spaced, and extension of the Idaho Zone to the north.

This year's geochemical surveying of the northern sector of the property located several important looking gold geochemical anomalies. In the McMaster Pond area, approximately 3,500 feet north of the Idaho Zone, three bulldozer trenches, across a strong anomaly, exposed northerly trending zones of typical replacement-type mineralization over a strike length of approximately 400 feet. Better grade sections returned assays ranging from 0.25 ounces gold per ton over an 11 foot width to 0.54 ounces gold per ton over a 20 foot width.

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A total of 1,699 feet of surface drilling in seven holes tested below the trenches to a maximum depth of 300 feet. Similar replacement material was encountered, but sulphide mineralization was not as intense. The best intersection was 0.13 ounces gold per ton for a 19.4 foot length, within which 7.1 feet averaged 0.245 ounces gold per ton. Drilling was terminated November 15.

Follow-up work is warranted on the other northerly geochemical anomalies, but continued development of the Idaho Zone will be given top priority for the immediate future.

AP GROUP

A four hole, 1,459 foot surface diamond drilling program was completed on the AP Claim Group, 45 miles east of Yellowknife, N.W.T. Three of the holes explored three sub-parallel gold bearing shear zones varying in width from 50 - 100 feet. Low gold values were consistent throughout the zones with local concentrations grading 0.14 ounces gold per ton over 10.0 feet in the East Zone and 0.126 ounces gold per ton over 17.0 feet in the West Zone.

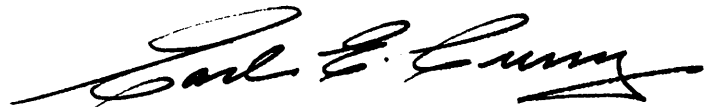
BELLANCA DEVELOPMENTS LTD.

This northern oriented real estate development company (Precambrian Shield 45.3% interest) owns a modern, 10 storey office building in the City of Yellowknife, capital of the Northwest Territories. The building is fully leased and cash flow performance is up to expectations.

WORKING CAPITAL

Working capital currently stands at approximately \$260,000. It is expected that certain financial developments over the next three months could augment the Company's working capital position by approximately \$365,000 with no related dilution of shareholders equity.

PRECAMBRIAN SHIELD RESOURCES LIMITED



EARL E. CURRY,
PRESIDENT.

January 9, 1976
EDMONTON, Alberta