

82 E Greenwood Area
Colt Resources
Projects

COLT RESOURCES LTD. (npl)

812114

B.C.'s ONLY GOLD - SILVER MINE IN PRODUCTION

LETTER TO SHAREHOLDERS
AND NEWS RELEASE

March 22, 1974

Gold-silver ore is now being mined by Colt Resources Ltd. at a rate of up to 100 tons per day from its mine near Greenwood, B.C., with shipments to the smelter at Trail, B.C. to commence on March 25th, 1974. This production is from the Company's 8 Crown granted mineral claims.

The accompanying plan shows the 250 foot level of the mine and the assay results taken at 6 foot intervals across the vein. Two raises have been driven, at points 507 and 514.

The 66 foot section of the No. 2 stope indicated on the plan, averages .4 oz. gold per ton and 2.3 oz. silver per ton. The indicated dip on the ore bearing vein is 30° which infers 400 feet of potential ore shoot between the 250 foot level and the surface. The vein, at point 520, 146 feet from the shaft, is 5 feet wide. From this point it is 400 feet to the old Jewel Mine workings to the north of the present production area. Drifting will continue towards the old workings.

Colt is the only gold-silver producing mine in the province of British Columbia. The property has been placed in production in less than one year after its acquisition by the company. Work done to date has indicated that the mine has a very large potential. The vein has been geologically mapped in excess of 10,000 feet on surface and all indications are that it should continue to considerable depth. Concurrently with production, the company will actively pursue exploration of the vein in order to increase known ore reserves.

Test work indicates that the Cominco Smelter will recover 93% of the gold and silver contained in the ore being shipped from the mine. Colt will be paid the LME average price for the week in which the ore is delivered to the smelter. In addition, a bonus of up to \$21.00 per ton for silica flux is paid by Cominco. The cost of shipping the ore to Cominco is approximately \$6.50 per ton. Mining costs cannot be accurately predicted until the mine has been in production for some time, however, a range of from \$8.00 to \$14.00 per ton is currently being experienced in somewhat similar Eastern Canadian gold mines. The grades of ore presently being processed at some of these mines, as provided by Indicator Research Co. Ltd., are:

	Gold Oz. Per Ton		Gold Oz. Per Ton
Agnico-Eagle Mines Ltd.	0.29	Camflo Mines Ltd.	0.231
Agnico-Eagle Mines Ltd.	0.266	East Malartic Mines Ltd.	0.131
Dome Mines Ltd.	0.298	Quebec Sturgeon River Mines	0.217
Chibex Ltd.	0.287	Giant Yellowknife Mines	0.52
McIntyre Gold Mines			

Further information will be made available as soon as working experience enables the company to provide detailed data on operation costs and production estimates.

In addition, an announcement will be made shortly concerning Colt's Spring exploration program on its Minto area property in the Yukon Territories. This property is tied on to the Silver Standard/Asarco Copper discovery and two Mag. anomalous areas were delineated on the property by last Fall's geophysical survey.

On behalf of the board of directors.

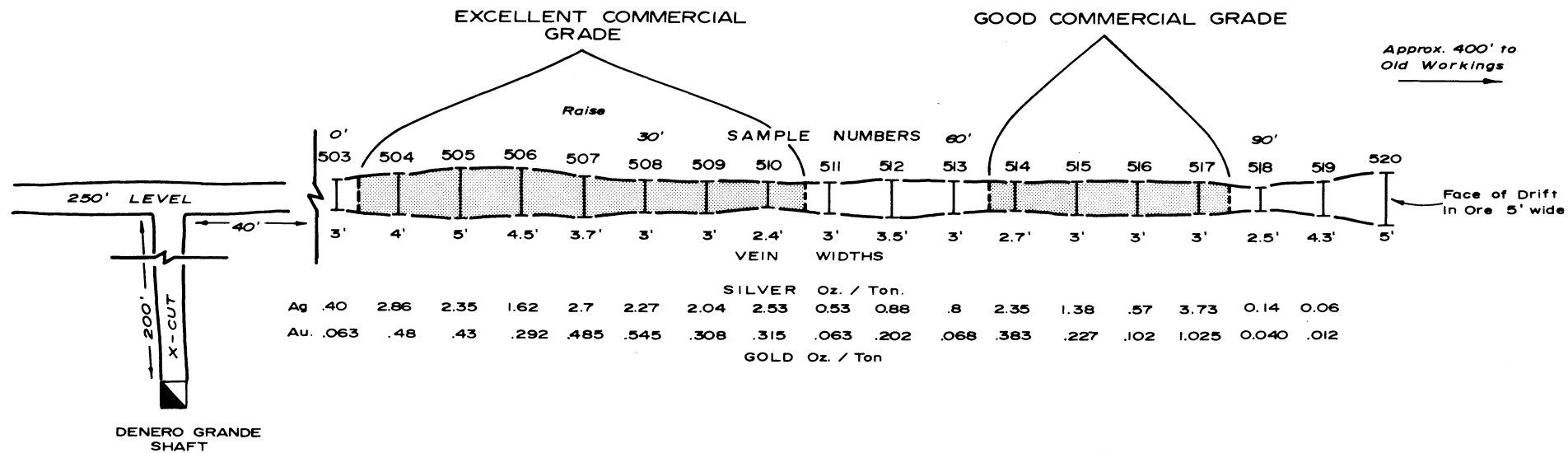
J. Michael Mackey,
President

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COLT RESOURCES LTD.

250' LEVEL ASSAY PLAN

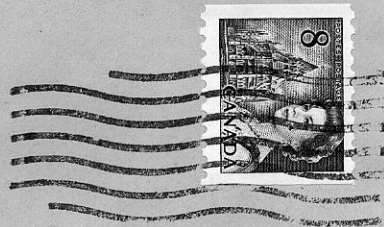
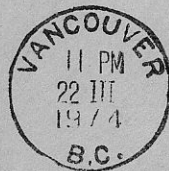
No. 2 SHOOT



SAMPLE TAKEN EVERY 6 FEET

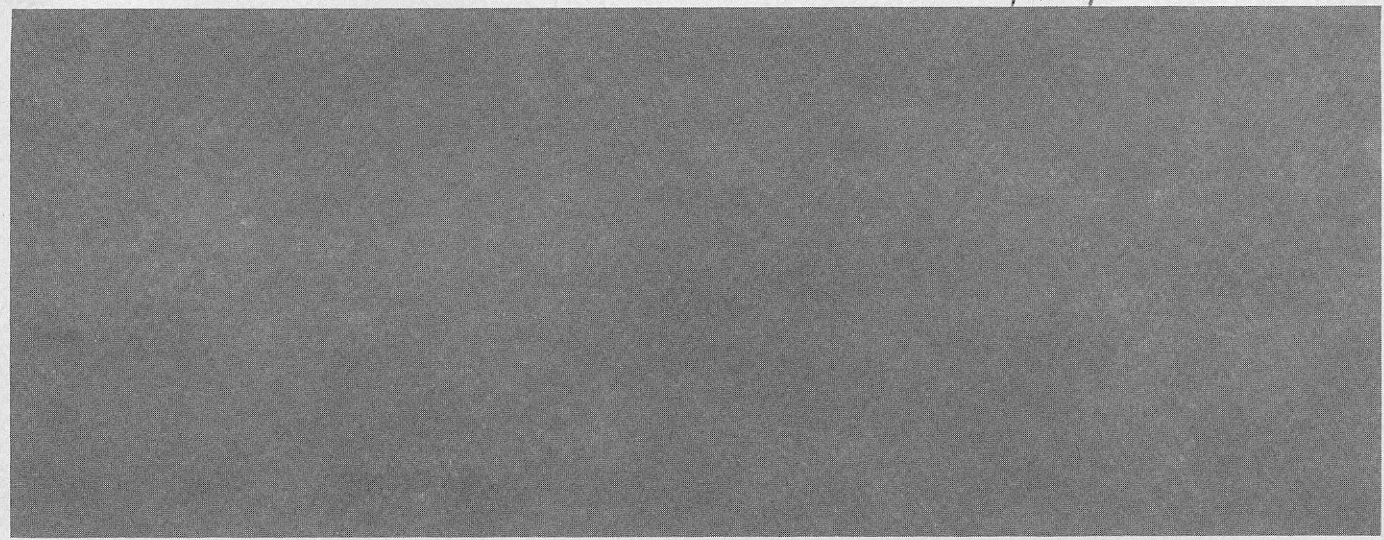


711-475 HOWE STREET
VANCOUVER 1, B. C.



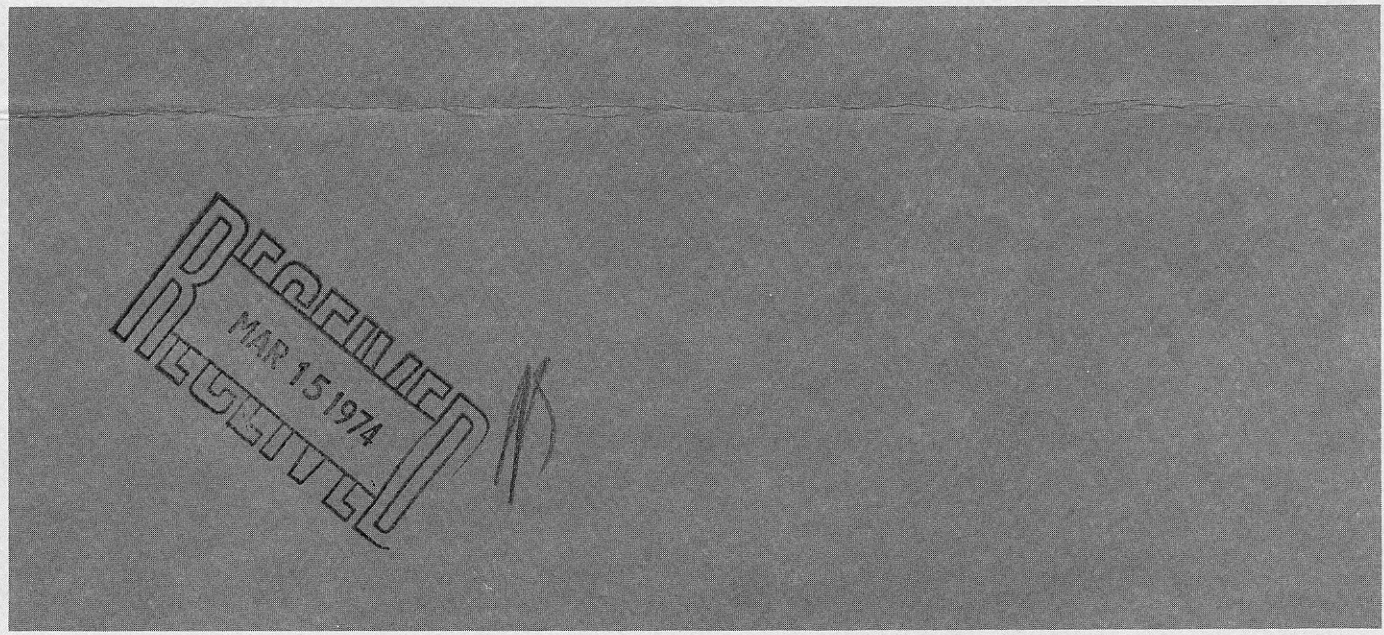
Cyprus Exploration Co. Ltd.
#1101 - 510 West Hastings St.
Vancouver 2, B.C.

Proprietor



COLT **CR** RESOURCES LTD. (npl)

**PROGRESS REPORT
GOLD & SILVER MINE
GREENWOOD, B.C.**



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MAR 15 1974
REGISTRY

PRELIMINARY REMARKS

Due to the fact that gold bearing veins are characteristically erratic in their values, the Company's management decided early in its exploration program of the Dentonia vein to limit the diamond drilling to minimum acceptable levels, within its budget, and instead maximize the exploration of the Dentonia vein by underground drifting. The diamond drill program carried out in the spring of 1973 indicated that the vein extended from the old workings for at least 1,000 feet to the South, the vein being intersected repeatedly in this section, carrying gold and silver values and having widths comparable to the mined out sections in the old workings, i.e. average grade .3 oz/ton gold and 2 oz./ ton silver with widths between 2' to 8'.

A detailed study was undertaken by M.S. Hedley in 1941, then chief B.C. government geologist, of the Dentonia vein and a great deal of reliance was placed on his observations in formulating the Company's exploration policies. Mr. Hedley summarized his conclusion as follows:

1. Sections of the vein assaying many times the average are known to have been mined out within a general ore body.
2. Values are found in wide sections of the vein and, so far as known, the higher grades of mineralization occur in parts of the wide sections and not in narrow sections of the vein.
3. Values, like widths of quartz follow down the dip, and there is no rake to ore shoots.
4. Wide quartz occurs in both steep and flat sections of the vein, but it is significant that nearly all poorly mineralized wide quartz dips steeply, the inference that ore shoots follow flatter sections of the vein."

M.S. Hedley also observed that approximately 40% of the drift in the Jewel mine was stopable and this 40% factor has been applied to determine the ore potential of the new ground being explored by Colt Resources, initially to the South of the old workings.

TONNAGE POTENTIAL

The accompanying map depicts schematically the tonnage potential of the Dentonia vein in its explored and unexplored sections.

Block 1 — Drill Indicated

The development work carried out to date by the Company has been primarily confined to Block 1 and consists of a completed production shaft to a depth of 290', two stations, one at the 170' level and the other at the 250' level. A cross-cut is being driven from the 250' station to intersect the vein approximately 200' from the Denero Grande shaft between diamond drill holes J9 and J10. The cross-cut is to be followed with stope preparation and it is anticipated that shipment of ore to Trail will commence at the rate of 50 tons per day by mid-March. This production rate will be increased as conditions warrant.

A conservative tonnage calculation of the ore contained in Block 1 indicates 50,000 tons of stopable ore. This conclusion is based on the following information:

- i) Average length of vein along dip 430'
- ii) Distance between the Denero Grande and Jewel shafts — approximately 1000'
- iii) Average width of vein (drill intersects encountered between 2' to 8') — say 3' *
- iv) Actual tonnage calculation:
 $\frac{430' \times 1000' \times 3'}{10} = \text{approximately } 120,000 \text{ tons}$
- v) Stope factor — 40% of 120,000 tons — approximately 50,000 tons.

* It should be noted that E.O. Chisholm, P.Eng., in his feasibility study of June 12, 1973 assumed a 5' width.

GEOLOGICAL RESERVES

The Geological Reserves contained in Blocks 2, 3, 4 and 5 are estimated at 200,000 tons which are arrived at by making a similar calculation as was carried out with respect to Block 1. The following is a short summary of the facts upon which these geological reserves are based.

(i) BLOCK 2

This Block consists of the vein structure between the 250' level and the 500' level. Strong indications are that the vein continues below the 250' level. In particular, one should note the strong intersect of the vein at the 424' level directly below the Denero Grande shaft (7.2 true width).

Indicated Geological Reserves 50,000 tons

(ii) BLOCKS 3 & 4

These two Blocks are located immediately South of the Denero Grande shaft and consist of the sections between the surface and the 250' level and between the 250' level and the 500' level. There is strong indication that the vein continues to the South of the Denero Grande shaft for approximately 3,000', at which point the vein outcrops, (the interval between the Denero Grande and the outcrop is covered by heavy overburden), and old trenches and pits are located.

Indicated Geological Reserves 100,000 tons

(iii) BLOCK 5

Colt Resources was able to obtain the old reports of the Dentonia Mines Limited (last in operation in 1947) and these reports indicate that the vein persisted in the 500' level of the old Jewel mine (325' vertical depth).

Indicated Geological Reserves 50,000 tons

Total Indicated Geological Reserves 200,000 tons

UNEXPLORED REGIONS

1. No exploration work has ever been carried out in the regions below the Enterprise and to the North of the Anchor zone. M.S. Hedley, in his bulletin, particularly recommended further exploration to the North of the Anchor zone to link up with the showings on the Ethiopia claim.
2. No exploration work has ever been carried out below the 500' level and there is no known geological reason why the tonnage potential indicated in the work completed to date should not continue to much greater depth than 500', particularly in view of the known strike length of the vein. It is also to be noted that it is a geological fact that ore grade material in most mines increases with lower horizons.

FUTURE EXPLORATION PROGRAM

The immediate plans of the Company are to develop Block 1 and commence shipping to Trail at an initial rate of 50 tons per day. As soon as a satisfactory cash-flow has been developed, it is then planned to commence a diamond drill exploration program to consist of 12,000' in the following blocks:

- (a) 6,000' in Blocks 3 & 4
- (b) 3,000' in Block 2
- (c) 3,000' in Block 5

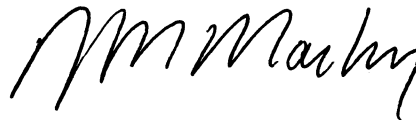
GROSS VALUE OF DRILL INDICATED AND INDICATED GEOLOGICAL RESERVES

Assuming an average grade of .3 oz. gold and 2 oz. silver, 250,000 tons of ore will have the value below:

Gold price/oz.	Silver price/oz.	Gross value of ore per ton	Gross value of 250,000 tons
\$100.00	\$4.00	\$38.00	\$ 9,500,000.00
\$150.00	\$4.00	\$53.00	\$13,250,000.00
\$200.00	\$4.00	\$68.00	\$17,000,000.00

It is also to be noted that a silica bonus of up to \$21.00 per ton will more than offset crushing and milling charges of Cominco's smelter at Trail.

On behalf of the Board of Directors



J. MICHAEL MACKEY
President

CORPORATE DATA

Head & Registered Office:	711 - 475 Howe Street Vancouver, B.C.
Field Office:	Greenwood, B.C.
Directors & Officers:	J. Michael Mackey - President & Director A.A. Petancic - Secretary & Director George O.M. Stewart - Vice-President & Director Donald McKinnon - Director
Legal Counsel:	Mackey & Petancic 711 - 475 Howe Street Vancouver, B.C.
Consultants:	E.O. Chisholm, M.A., P.Eng.
Auditors:	Liverant Yip & Co. 850 - 777 Hornby Street Vancouver, B.C.
Shares Listed:	Fully Listed — Mining Section Vancouver Stock Exchange
Capitalization:	Authorized: 5,000,000 p.v. 50¢ Issued: 2,424,478
Registrar & Transfer Agent:	Yorkshire Trust Company 900 West Pender Street Vancouver, B.C.

SOUTH

NORTH

DRILL PROGRAM ASSAY RESULTS

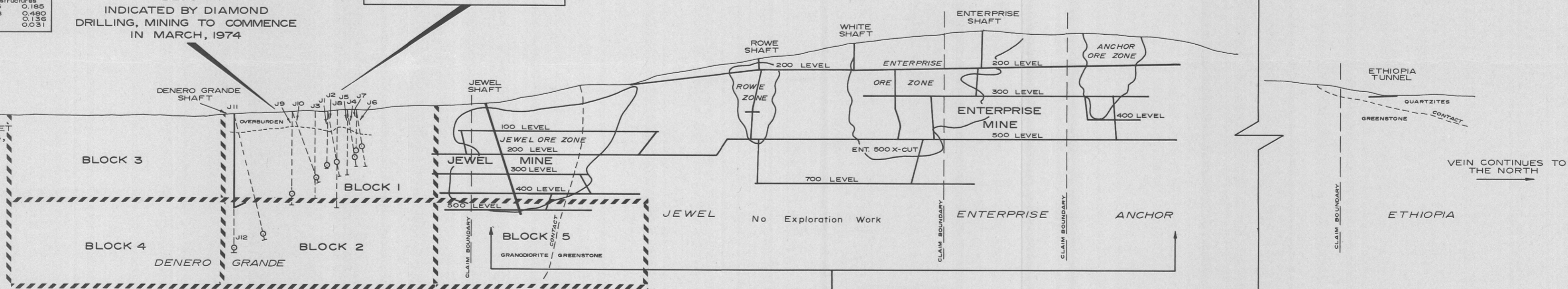
No.	FOOTAGE	WIDTH	SILVER	GOLD
			oz./ton	oz./ton
J 1	176.5 - 179.0	2.5'	2.10	0.318
J 2	166.0 - 167.7	1.7'	0.24	0.032
J 3	158.7 - 157.0	8.3' in Dyke	0.62	0.100
J 6	118.8 - 119.4	0.6'	0.65	0.085
J 7	132.8 - 134.6	1.8'	1.88	0.305
J 8	No Quartz, only fault structures			
J 9	268.5 - 274.4	5.9'	2.25	0.185
J 10	282.2 - 284.6	2.4'	2.88	0.480
J 11	453.4 - 465.0	1.6'	1.01	0.136
J 12	425.0 - 434.3	9.3'	0.41	0.031

BLOCK 1 INDICATED BY DIAMOND DRILLING, MINING TO COMMENCE IN MARCH, 1974

1000' x 3' x 430'
40% OF ORE STOPEABLE
~ 50,000 TONS

VEIN OUTCROPS 3000 FEET TO SOUTH. OLD TRENCHES, PITS, ETC.

DEEP OVERBURDEN TO THIS POINT.



BLOCK 2 INDICATED BY DIAMOND DRILL HOLES & STRENGTH OF VEIN IN BOTTOM OF JEWEL MINE & BLOCK 1

FORMER PRODUCTION BULK SAMPLED THE VEIN OVER 2400 FEET OF LENGTH

DENTONIA VEIN has produced:

1900-1940	128,383 TONS OF ORE
	37,992 oz. GOLD
	219,429 oz. SILVER

(Bulletin No. 14 M.S. Hedley unpublished report.)

COLT RESOURCES LTD.
SECTION ALONG DENTONIA VEIN
SHOWING OLD WORKINGS &
1973 DRILL HOLES & ASSAYS
JEWEL LAKE PROJECT
GREENWOOD, B.C.

FEET 200 0 200 400 600 FEET

FEB. 1974

