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George Cross News Letter

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WESTERN CANADIAN INVESTMENTS

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DAVIS KEAYS MINING CO. LTD.

FINANCING ASSURES WINTER - LONG UNDERGROUND PROGRAM - Davis Keays Mining Co. Ltd. has reported that S.H. Lennard & Co. Limited has exercised the January 5, 1969, option covering 120,000 shares at \$1.80 per share placing a further \$216,000 in the treasury. On November 4, 1968, the company sold through an underwriting 120,000 shares at \$1.80 per share. Since the underwriting, Davis Keays has received a total of \$432,000 for 240,000 treasury shares. The underwriters hold an option on a further 120,000 shares at \$2.05 due April 4, 1969.

Work at the property, located four miles from the Churchill Copper property, or about 100 miles west of Fort Nelson, B.C., has been completion of the main access road and construction of a fully winterized camp plus the construction of the road from the camp up the mountain to the first portal site. This portal access road is nearly completed and present plans call for the completion of the road in the next week and the collaring of the portal for a start of driving of the tunnel by the first week of December.

This first adit level will be driven right through the mountain, approximately 1,000 feet for the purposes of testing, from underground the Eagle vein. On surface, the vein has been traced a distance along strike of 1,200 feet and over a vertical range of 1,000 feet. Chip channel samples, a total of 43, taken across the entire width of the vein, from hanging wall to foot wall, gave an average grade of 6.38% copper over an average width of 7.07 feet.

It is expected that the first portal level will be completed late in January or early February, after allowing for a Christmas shutdown of 15 days from December 21, to January 5, 1969.

The second portal level will be started as soon as possible after completion of the first level.

Company directors stated that the exercise of the recent option has provided the company with ample funds to aggressively pursue the exploration program through the winter. This work will include the driving of the two levels, and the related cross-cuts and diamond drilling. They also pointed out that the mild weather conditions at the property so far this winter have permitted good progress through the construction phase.

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WESTERN CANADIAN INVESTMENTS

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DAVIS-KEAYS MINING CO.LTD.

OBJECTIVE ORE FOR 1000 TON MILL RESULT ON EAGLE VEIN GOOD

On advice of R.S. Adamson, P.Eng., Davis-Keays Mining Co. Ltd. has raised \$180,000 by the firm portion of a new underwriting-option agreement. Proceeds are allocated to carry out Stage 1, and if justified, Stage 2 of the Program recommended by the consultant in a report dated September 1, 1968. This calls for \$150,000 for diamond drilling and related bulldozing expenditures in Stage 1. Options on additional shares have been arranged for carrying out Stage 2, if warranted, which calls for underground development work.

The property comprises 100% in 127 contiguous claims at Toad River in N.E.B.C., 25 miles SW of Mile 442 Alaska Highway and 3 miles west of the Magnum Copper property, due west of Fort Nelson 130 miles. The property is close to the area where Magnum-Churchill is developing a high-grade mine and in the area where a number of other companies are continuing to explore and develop a number of highgrade structures.

Mr. Adamson has advised that recent work has appreciably enhanced the ore potential and that sampling and mapping of the Eagle vein has proven very fruitful. Indicated grade width and continuity of this vein, he says, dictates a clear shift in exploration emphasis on the property. This emphasis may allow for discovery of enough tonnages of 3.5% copper to support a 1000 ton/day mill from the Eagle vein alone. If enough tonnages are not developed quickly on the Eagle, then parallel but subordinated exploration on the Harris, View and Keays veins could very well provide the necessary additional tons required, the consultant points out.

Total cost to the company of the 36 original claims was \$28,500 and 750,000 escrowed shares. Prior to the new financing, 875,002 shares had been sold to net \$258,751, after \$30,000 commission on the first public offering of 200,000 shares priced at 75¢ to net the company \$120,000. The underwriting phase of an agreement with S.H.Lennard & Co. Ltd. dated September 25, 1968, added \$216,000 firm to company funds in payment for 120,000 shares at \$1.80 p/s, bringing issued shares to 1,745,002. An audited statement at August 15, 1968, showed that of the \$258,751 raised to that date from sale of shares and \$3,030 from other sources, a total of \$261,769, there had been spent \$226,937, leaving \$34,833 in working capital at that date.

The company brought its total number of claims to 127 by the addition by location on its behalf of 91 claims. Recently, a further 42 claims have been located and are being recorded.

In his review of results to date at the property, Mr. Adamson says that several copper bearing quartz-carbonate veins containing ore grade values occur on the property. Work this year was designed to establish additional continuity along strike and down dip and to examine and sample other veins. Continuity was tested along strike by bulldozer trenching of scree materials and down dip continuity was undertaken largely by diamond drilling. The work included building a new access road from Mile 442 on Alaska Highway 25 miles, and prospecting for additional veins.

In his summary, the consultant says the Eagle vein has been traced by sampling and mapping a distance of 1200 feet along strike over a vertical interval of 1000 feet. Forty-three chip-channel samples taken across the vein averaged 6.38% copper over a width of 7.07 feet. Float in scree material indicates the vein may extend southwestward for another 1800 feet along strike.

In view of the evidence that the ore potential has been appreciably enhanced by the results on the Eagle vein, Mr. Adamson has in his new report advised a shift in exploration emphasis with a view to exploring and developing the bulk of the needed tonnage for a 1,000 ton per day mill from the Eagle vein, supported by additional tonnage which may be developed on the Harris, View and Keays veins.

His recommendation calls for diamond drilling the Eagle vein extension to the southwest, aided and supplemented by bulldozer trenching so that enough information can be acquired to collar an adit to drift on the vein. The Harris, View and Keays veins are also to be drilled in Stage 1. Stage 2 calls for drifting on the Eagle vein from an adit collared on the southwest slope of the mountain; raise on the vein from the adit; and cut diamond drill crosscuts to eventually drill and intersect the vein beneath the adit level. To pursue the tonnage target, he advises a 10,000 foot diamond drilling program, 2,500 feet on each of the four vein zones. Before freeze-up this year, what can be accomplished should be directed toward the Eagle vein, followed by drilling the Harris. One drill on each may speed up the program.

of the proposed Buval group would be financed by a debenture issue related to real estate is currently being studied. He noted that the benefits of the group organization could be the mutual support in the way of advances that one member could provide another, particularly when outside financing might be unduly expensive or inexpedient for other reasons.

Activity underway or planned on six Buval mining properties was briefly reviewed by Mr. N. Ray Low, B.A. Sc. On the Rix Athabasca claims near Uranium City, Sask. four holes totalling 900 feet have been completed recently. All have uranium mineralization and one cut one foot of about 3% U₃O₈, a very high grade. Results are being assessed. Work planned includes detailed scintillometer survey and more drilling.

On the Cunningham Lake silver-lead-zinc-copper prospect some 50 miles W of Ft. St. James, B.C., seven holes totalling about 1,800 feet have been drilled on anomalous zones as directed by Dr. P.H. Sevensma, P. Eng. Four holes cut interesting mineralization including an 8-foot intersection of 5.6 oz. silver per ton, 3% lead and 18% zinc. A geochemical survey revealed in one sample 34,800 parts per million lead, 38,000 ppm zinc and 560 ppm copper and 100 feet away 20,000 ppm lead, 1,800 ppm zinc and 400 ppm copper and a further 100 feet away 13,000 ppm lead, 8,000 ppm zinc and 130 ppm copper. Soil and rock samples from three 30-foot trenches which cut some good outcrops have been sent for assay.

On the Seymour property, four miles WSW of Smithers on Hudson Bay Mt., Holes No. 5 and 6 are well advanced and he said the core visually appears to have good mineralization. Hole 1 was a dud, Hole 2 returned 36 feet of 1.33 oz. silver per ton and 1.30% copper or 68 feet of 0.90 oz. silver and 0.82% copper. Holes 3 and 4 were similar. In about 3 to 4 weeks, with about two more holes, a preliminary tonnage can probably be estimated.

The Lakeview property some 12 miles N of Houston, B.C. is geologically similar to the Seymour property. Because a government aeromagnetic survey indicated a high anomaly at one end of the original 42 claims, more were staked to increase the holding to 127 claims. A 1,500-foot outcrop has been traced on surface and preliminary work comprising soil sampling and magnetometer survey is now underway.

In the Wollaston Lake area, Sask. work continues on the Parent No. 2 permit area jointly with Boswell River Mines Ltd. and Canol Mines Ltd. and in association with Husky Oil Ltd. who have been working on a nickel show there. Little has so far been done on the Parent No. 1 permit, but an airborne survey is likely about the end of July. Both Parent permits are uranium prospects.

On the high elevation Snowshoe group silver prospect on Hudson Bay Mt. four miles WSW of Smithers where 15 holes were drilled last year, work is scheduled to resume from August to October.

Mr. David W. Low told the meeting it was now considered that either Selwyn Explorations Ltd. or Anmar Mining Ltd. would head up the group's mining division. In this connection, Buval shareholders at an extraordinary meeting to be held at 9 a.m., 18 July 69 at 812-1177 W. Hastings St., Vancouver will consider a resolution to ratify a 4 Jun 69 agreement to sell for \$50,000 a 50% interest in the 10-claim CH and CE group (the Rix-Athabasca property) near Uranium City, Sask. to Anmar Mining Ltd. subject to certain option agreements which remain Buval's responsibility. That property is held by Buval under a 29 Nov 68 sub-assignment from Tri-Metals Ltd. whereby Buval is to pay total option payments of \$65,000 in installments to 31 Dec 71 plus 50,000 Buval shares if the 1 Dec 69 option is exercised and exploration continues beyond that date.

DAVIS-KEAYS MINING CO. LTD. ← File

GRADE AND WIDTH INCREASE IN RECENT UNDERGROUND SAMPLING - Davis-Keays Mining Co. Ltd. has reported the following additional assay results obtained from face sampling in the 6950 drift in the Eagle Vein on the company's property 100 miles west of

Fort Nelson in northeastern British Columbia.

Face samples from	1083 ft to	1140 ft.	57 feet length	average width	4.0 ft	3.29% copper
	1140	1193	53	4.5	3.39%	
	1193	1280	87	6.1	8.58%	
	1280	1322	42	5.6	10.11%	

Assay results from sampling along the drift to 1083 feet were recently published by the company and further results will be announced as received.

Earlier the company announced face sampling from 956 feet to 1025 feet, a length of 69 feet over an av. width of 2 feet, 2.52% copper and from 1025 feet to 1083 feet along the drift a length of 58 feet, over an average width of 7.3 feet, 8.65% copper. For earlier results See GCNL No. 139, page three, 24 June 69.

HUDSON'S BAY OIL AND GAS COMPANY LIMITED

<u>NINE MONTHS TO SEPT 30</u>	1972	1971	
Revenue	\$80,646,000	\$73,156,000	Increases of 31.1% in net earnings and 16.7% in funds generated from operations (to \$42,981,000) in the first 9 months 1972 compared to the like period 1971 are reported by D.C. Jones, president of Hudson's Bay Oil & Gas.
Expenses	48,663,000	48,243,000	
Income Taxes-current	7,343,000	5,948,000	
deferred	3,852,000	3,113,000	
NET EARNINGS	\$20,788,000	\$15,852,000	
Per Common Share	\$1.08	81¢	Third quarter earnings were 16.8% over 1971's third quarter reflecting larger sales volumes of all products except sul-
Preferred Shares	559,290	599,980	phur. Crude Oil and gas liquids production reached a record level of 75,456 barrels
Common Shares	18,342,896	18,294,068	

daily for the quarter. The company sold its interest in Blue Flame Propane Ltd. for approximately their book value and no revenues or expenses of Blue Flame are reflected in Hudson's Bay's results for the quarter.

Well completions - 140 - were unusually numerous in the quarter due chiefly to large programs of development drilling for heavy crude in Lloydminster. In the East Windfall area, Alberta, the company participated in an oil discovery and has 41 2/3% interest in 12,960 lease acres in the immediate vicinity. In the Fir area, Alberta, the company and partners followed up 3 gas discoveries made earlier in 1972 by drilling 2 successful wells (a third well was abandoned) and acquired a 9,440-acre drilling reservation. The Brazeau River gas field, Alberta, was further extended by a successful well on wholly-owned acreage.

The company retains one-third interest in a 10,400,000-acre block on and around Prince Edward Island following the drilling by others of a second exploratory well (abandoned) on company land.

In mid-October, a deep exploratory test well, Horn R. Panarctic et al Depot Pt. L-24, was started on Axel Heiberg Island. On its completion, the company will retain 18% working interest in the 260,000 permit acres on which the well is located. It is 35 miles SW of the first oil discovery in the Arctic islands, Panarctic Romulus C-42.

DAVIS-KEAYS MINING CO. LTD.

INCONCLUSIVE RESULTS FROM 1972 DIAMOND DRILL PROGRAM - G.W. Walkey, president of Davis-Keays Mining Co. Ltd., has reported that in early July, a surface diamond drill program got under way to test the Eagle vein below the 5950 level and along strike to the North East from drill sites in Bonanza Creek and Eagle Creek Valleys on the company's property located 120 miles west of Fort Nelson, B.C. Two drill rigs were employed. The program was suspended in late September, after completing 7,890 feet of drilling. Surveying the hole for dip and strike at frequent intervals as the hole was drilled showed that it was impossible to maintain desired dip and strike to the extent that it was impossible to reach the target area except for very shore holes. Results of the program were inconclusive and long holes were required to test for depth continuity.

Directors are continuing to study ways by which the property could be placed in production in the near future.

The financial statements show that, in the six months to Aug 31, 1972, the company received \$200,000 by the sale of treasury shares and received \$334,892 from Kam-Kotia Mines, for a total of \$534,892. Expenditures were \$117,951 on exploration, including \$42,247 on depreciation, \$107,031 on administration, including \$71,212 on interest. The source and application of funds statement shows \$249,657 expended on reduction of long-term debts and advances from Kam-Kotia Mines Limited. Additions to working capital during the period were \$114,171 to end the period with \$115,486.

FOR THE RECORD

Stanford Mines Limited president John A. Hamilton reports acquisition (terms disclosed) of 600 acres in Range III of Hebecourt township, NW Quebec, within 1 1/2 miles of the drilling of Iso Mines Limited. An engineer's report is awaited. Elsewhere Stanford has completed electromagnetic and magnetic surveys on property recently staked in Abbotsford township, northern Ontario. A consulting engineer has recommended drilling three E.M. conductors. Stanford is a Toronto-based company with shares listed on Canadian Stock Exchange.

PETROFINA CANADA LTD.

<u>NINE MOS. ENDED 30 SEPT</u>	1972	1971	
NET EARNINGS	\$13,777,934	\$11,897,152	Petrofina Canada Ltd.'s net earnings for the first 9 months of 1972 are up 15.8% from those in the 1971 period. This rate of increase is less than the 22.8% reported for the first 6
Per Share	\$1.38	\$1.19	

months (GCNL 155(72) refers). The company reports that, while production of crude oil and natural gas liquids as well as natural gas showed good increases, earnings were adversely affected in the third quarter by depressed prices for refined petroleum products, increased freight charges on crude oil and an unexpected shutdown of the refinery.

FOR THE RECORD

Potter Distilleries Ltd. will pay a stock dividend of 8 common shares for each 100 common shs. held of record 24 Nov 72.