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DOLLY VARDEN MINES LTD. (NPL)

Silver Mines
ALICE ARM, B.C.

1400-409 GRANVILLE STREET, VANCOUVER 2, B.C. PHONE 682-4296

November 8, 1971

J.M.S.
P.M.K.
R.D.S.
B.C.B.
I.D.B.
M.D.R.
J.H.F.
E.C.J.

INTERIM REPORT FOR 6 MONTHS ENDING SEPTEMBER 30, 1971

The planned rate of production has been increased to 1,000 tons per day from 700 tons previously, as a result of the additional 500,000 tons of ore at the Torbrit announced earlier this year. A practically brand-new mill is available at a price that would enable us to start at this higher rate of production for the same overall cost, \$4,900,000. This includes increased housing accomodation, mine preparation, more equipment, and other related costs. While capital funds are not yet in hand, negotiations are continuing.

The price of silver has dropped to \$1.31 per ounce which should still provide an annual operating profit of \$1,200,000., if we include only \$1 net per ton for barite. We are currently studying the recovery and marketing of barite, which runs at about 30% of Torbrit and North Star ore, and tests indicate it can be floated off in the mill. \$3 net per ton for barite is quite possible. In addition, we plan to develop some of the extremely attractive high grade outcrops which have never been explored. There is an excellent chance that one of these areas will provide sufficient higher grade ore to increase profitability to over \$2,000,000. per year even at the present low price of silver. Further, if the price of silver should move up 50¢ to \$1.81, profits would increase by another \$1,500,000. per year.

Prime targets to start with are:

- 1) the Surprise vein, where outcrops assayed up to 18 oz. of silver and 6.7% copper, plus geochemical and geophysical anomalies over an area 500 by 800 feet. Bulldozer stripping should be followed by diamond drilling.
- 2) the Dolly Varden vein, striking westward. Surface showings suggest that this high-grade vein extends at least another 1,500 feet. This should be drilled both from the surface and underground.
- 3) the Kitsol and South Musketeer veins, which is one vein bisected by the Kitsault River. Surface assays run up to 25 oz. of silver.

There are several other areas of exploration which must be dealt with, but these can be done after those outlined above have been completed. They include copper belt outcrops and one square mile of geochem anomalies, high grade silver at depth in the Wolf, known high grade zinc, lead, silver in the North Starr, and the exciting silver-lead-zinc geochem anomalies (2,900 feet) surrounding the newly discovered Mitchell vein.

In any event, we do not intend that the property lie dormant, waiting for metals prices to improve; it is far too valuable for that.

At the 1971 Annual Meeting held on September 27th, all members of the Board of Directors were re-elected. They are George Aaltonen, James W. Annett, Peter Cromie, Howard McD. Martin and John M. Rose.

DOLLY VARDEN MINES LTD. (N.P.L.) AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the six months ended September 30, 1971

Subject to audit

<u>SOURCE OF FUNDS</u>	<u>1971</u>	<u>1970</u>
Proceeds on issue of capital stock (net)	\$ -	\$ 81,368
Proceeds of Debenture issued	100,000	-
	<u>100,000</u>	<u>81,368</u>
 <u>APPLICATION OF FUNDS</u>		
Development and administrative expenditure	57,824	56,535
Purchase of mineral claim	43	-
Purchase of minority shares of Copper Cliff Mines Ltd.	-	12,000
Acquisition of fixed assets	-	4,283
	<u>57,867</u>	<u>72,818</u>
Increase in working capital	42,133	8,550
Working Capital at beginning of year	68,952	113,449
WORKING CAPTIAL AT SEPTEMBER 30, 1971	\$ <u>111,085</u>	\$ <u>121,999</u>

DOLLY VARDEN MINES LTD. (N.P.L.) AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF DEFERRED DEVELOPMENT AND ADMINISTRATIVE EXPENDITURE
for the six months ended September 30, 1971

Subject to audit and year-end adjustment

<u>DEVELOPMENT</u>	<u>1971</u>	<u>1970</u>
Assaying and sampling	\$ 2,032	\$ 2,311
Assessment fees and taxes	4,905	4,065
Camp salaries and maintenance	6,018	5,750
Engineering and supervision	12,126	11,588
Equipment rental	472	1,482
Insurance	41	191
Machinery Maintenance	777	905
Salaries and Benefits	11,477	10,893
Transportation and freight	1,335	2,752
	<u>39,183</u>	<u>39,937</u>
 <u>ADMINISTRATIVE</u>		
Advertising and public relations	1,835	1,690
Interest and bank charges	101	70
Legal and audit	3,256	2,958
Office	3,213	2,241
Rent	1,345	2,252
Salaries and management fees	9,097	9,083
Transfer and listing fees	442	570
Travelling	-	1,248
	<u>19,289</u>	<u>20,112</u>
Interest earned	58,472	60,049
	648	3,514
	<u>57,824</u>	<u>56,535</u>
Deferred Expenditure at Beginning of Year	2,203,110	2,094,908
	<u>2,260,934</u>	<u>2,151,443</u>
DEFERRED EXPENDITURE AT SEPTEMBER 30, 1971		



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DOLLY VARDEN MINES LTD.

Silver Mines
ALICE ARM, B.C.

1400-409 GRANVILLE STREET, VANCOUVER 2, B.C. PHONE 682-4296

✓ SMH ✓
PK ✓
Ⓟ

April 21, 1971

Important News for Shareholders

Our General Manager, George Aaltonen and the Company's geologist, Marvin Mitchell, have calculated reserves on sections of the Torbrit vein never studied before, and have reached the following conclusions. Drill-indicated reserves at the Torbrit vein have increased from 367,000 tons of 7.6 oz. of silver to 866,812 tons averaging 9.1 oz. of silver, 0.42% lead and 0.50% zinc. The Company's delineated reserves now total 1,702,436 tons averaging 9.51 oz. silver, 0.51% lead and 0.80% zinc.

In the opinion of our staff, production at 700 tons per day is now thoroughly feasible at today's price of silver.

Peter Cromie, President



Silver Mines
ALICE ARM, B.C.

DOLLY VARDEN MINES LTD. (NPL)

1400-409 GRANVILLE STREET, VANCOUVER 2, B.C. PHONE 682-4296

March 24, 1971

Information for Shareholders

1. During the past four months, our staff has carried-out surface and underground geological studies from detailed information (diamond drill logs, etc.) gathered over the past twenty years, but never before correlated.
2. Delineated ore reserves at the North Star mine contain 303,000 ozs. of silver more than previously calculated. In addition, we have plotted a hitherto unrecognized ore shoot 200 feet under the main haulage adit, from two diamond drill holes 290 feet apart, each with a 12-foot intersection containing average gross values of \$55 per ton of zinc, lead, silver and cadmium, plus possible copper. These changes increase the projected operating profit by over \$700,000. North Star reserves are now 231,100 tons, containing 10 ozs. of silver, plus zinc, lead, cadmium as well as indications of copper.
3. Blocked-out reserves at the Dolly Varden vein have been set at 43,130 tons grading 17.3 ozs. of silver, plus lead and zinc. These reserves are in 250 feet of the vein which is over 2,000 feet on surface and also contains traces of copper.
4. Study of the Torbrit mine is continuing and a significant increase from the previously claimed 367,000 tons will likely be blocked-out within a few weeks.
5. No further study was given to the Wolf mine (535,000 tons) over the past winter because we already have sufficient knowledge of this orebody to commence mining.
6. A program of further exploration is being planned for this summer. We are in the fortunate position of having to choose one or more targets from 6 different areas (on our own property) where ore-grade mineral is known to exist.

Some shareholders may not be aware of the big drop in the price of silver since early last year when it was \$1.90 per ounce, and then after a brief rise in November, it dropped to \$1.57. This made it impossible for us to obtain satisfactory production financing. Fortunately with the price now back to \$1.70, the economics of our property have become considerably more attractive.

DOLLY VARDEN MINES LTD.

Peter Cromie, President

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<input type="checkbox"/>	J.H.F.
<input checked="" type="checkbox"/>	E.C.J.

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DOLLY VARDEN MINES LTD. (NPL)

Silver Mines
ALICE ARM, B.C.

1400-409 GRANVILLE STREET, VANCOUVER 2, B.C. PHONE 682-4296

H.S.	
P.M.K.	✓
G.M.H.	✓
R.D.S.	
G.C.B.	
I.D.B.	✓
M.D.R.	
J.R.F.	
(E.C.J.)	

January 11, 1971

PROGRESS REPORT

Our engineering staff are continuing to uncover additional information which should eventually add to our already considerable potential.

Studies of new Copper Belt information have indicated a further point of significance. The greater part of our copper anomalies follow the argillite-intrusive contact, especially in one place where they serve to outline an arcuate contact area some 4,400 ft. long. Historical research on the Anyox, an old producer in the Alice Arm area, has shown that they mined 18,000,000 tons of from 1.5 to 2.0% copper ore from a very similar geological environment.

It now seems that the copper mineralization is widespread than we realized. Old diamond drill core logging, and some assays, show the possibility of a recoverable amount of copper to add to the other metals in the vein material at both the Dolly Varden and North Star Mines. A recently compiled detailed regional geology map indicates that the Dolly Varden structure may be a faulted segment of the southern end of the Copper Belt, and that the silver veins, rather than being segments of one continuous vein, were, at one time a number of several parallel vein systems striking eastward from the Copper Belt.

These rather exciting possibilities open new areas for intensive exploration, not only on the Copper Belt, but between the Copper Belt and the Dolly Varden, Musketeer and Wolf structures.

With the aim of achieving the most favourable long-term results, proposals for further financing are under consideration.

DOLLY VARDEN MINES LTD.

Peter Cromie, President



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DOLLY VARDEN MINES LTD. (NPL)

Silver Mines
ALICE ARM, B.C.

1400-409 GRANVILLE STREET, VANCOUVER 2, B.C. PHONE 682-4296

INTERIM REPORT FOR 6 MONTHS ENDING SEPTEMBER 30, 1970

The tenth Annual Meeting held last week was well attended by shareholders both in person and by proxy. All members of the Board of Directors were re-elected. Before I had the opportunity to deliver the following address, several people present asked questions which indicated to me that many shareholders still may not realize the magnitude of our potential. Consequently, I have included my address to the Meeting below, along with the semi-annual statements.

Peter Cromie, President
October 5, 1970

<input checked="" type="checkbox"/>	J.H.C.
<input checked="" type="checkbox"/>	P.M.K.
<input checked="" type="checkbox"/>	G.M.H.
<input checked="" type="checkbox"/>	R.D.S.
<input checked="" type="checkbox"/>	B.C.E.
<input checked="" type="checkbox"/>	I.D.E.
<input type="checkbox"/>	M.D.R.
<input type="checkbox"/>	J.H.F.
<input type="checkbox"/>	E.C.J.

PRESIDENT'S ADDRESS TO THE SHAREHOLDERS OF DOLLY VARDEN MINES LTD. AT ITS ANNUAL MEETING ON SEPTEMBER 29, 1970

Since I wrote my annual report to shareholders, further information has come to light, and certain important reflections have resulted.

First, the information:

- 1) We have purchased all of the minority shareholders' interests in Copper Cliff Mines Ltd., so that it is now a wholly-owned subsidiary. Copper Cliff owns a portion of the copper belt including the very important Surprise claim.
- 2) The area of the moly anomaly on the Surprise claim has greatly increased and is open on the north-west, and the high assay has increased to 55 ppm from a previous high of 11 ppm. Yesterday afternoon, we received a large number of moly geochem assays which were extremely encouraging.
- 3) The copper and moly geochem anomalies, as shown on the back of the Annual Report, are now virtually continuous for two miles (and across an average width of 2,000 feet).
- 4) The structure containing these anomalies appears to dip to the east at about 60°.

Now the reflections:

Regarding the matter of public relations, I have tried to keep all notices factual, conservative, and non-promotional, and yet to reflect the spirit shared by the management. However, it now seems that I have been too conservative, in the sense that I have not interpreted the possibilities sufficiently.

continued overleaf....

For example, in the Annual Report I made no reference to possible tonnages on the copper belt, which could be anywhere from zero to 500 million tons. The area of copper and moly anomalies is equal to about one square mile, which is approximately 10 times the announced area of Bethlehem Copper's new Maggie claims where Bethlehem has at least 100 million tons. If on the other hand, our copper tonnage is small, it will be a nice bonus for the silver mines. I made no reference to further financing, which is currently being considered and should be arranged within the near future. It is not possible at this time to disclose what type of financing is contemplated, other than to mention that the responsible senior engineers who are studying our property, fully recognize the enormous potential of both the copper belt and the silver mines.

While indications are strong, we still have no proof of minable ore on the copper belt. However, if the indications do prove-up you can easily imagine the value of your property and hence, the value of your shares. We would certainly be in the Bethlehem-Lornex-Brenda league then. And none of those mines have the silver-lead-zinc-cadmium deposits adjoining their copper the way we have. This is of considerable interest geologically as well as financially.

You may rest assured that your management is working steadily towards turning your property into a very profitable operation. When I said "a dynamic and healthy future for your Company seems well assured", I was not exaggerating.

George Aaltonen, our General Manager, is here and he has mounted some interesting maps of the copper belt on easels, as well as engineers' drawings of the silver mill. You may like to address some questions to him before we close the meeting, and then inspect the maps after the meeting.

DOLLY VARDEN MINES LTD. (N.P.L.) AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the six months ended September 30, 1970

Subject to audit

<u>SOURCE OF FUNDS</u>	<u>1970</u>	<u>1969</u>
Proceeds on issue of capital stock (net)	\$ 81,368	\$ 294,500
Disposal of equipment	-	85,713
	<u>81,368</u>	<u>380,213</u>
<u>APPLICATION OF FUNDS</u>		
Development and administrative expenditure	56,535	293,310
Charges not requiring funds	-	28,437
	<u>56,535</u>	<u>264,873</u>
Purchase of minority shares of Copper Cliff Mines Ltd.	12,000	-
Acquisition of fixed assets	4,283	44,796
Decrease in equipment contracts	-	35,577
	<u>72,818</u>	<u>345,246</u>
Increase in working capital	8,550	34,967
Working capital at beginning of year	<u>113,449</u>	<u>232,655</u>
WORKING CAPITAL AT SEPTEMBER 30, 1970	\$ <u>121,999</u>	\$ <u>267,622</u>

DOLLY VARDEN MINES LTD. (N.P.L.)

DOLLY VARDEN MINES LTD. (N.P.L.) AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF DEFERRED DEVELOPMENT AND ADMINISTRATIVE EXPENDITURE
for the six months ended September 30, 1970

Subject to audit and year-end adjustment

<u>DEVELOPMENT</u>	<u>1970</u>	<u>1969</u>
Assaying and sampling	\$ 2,311	\$ 7,594
Assessment fees and taxes	4,065	6,622
Board and lodging	-	24,832
Bridge and road maintenance	-	56,745
Camp salaries and maintenance	5,750	6,940
Drifting and raising	-	32,310
Engineering and supervision	11,588	53,705
Equipment rental	1,482	-
Insurance	191	180
Machinery maintenance	905	32,274
Salaries and benefits	10,893	11,739
Transportation and freight	2,752	8,720
	<u>39,937</u>	<u>241,661</u>
 <u>ADMINISTRATIVE</u>		
Advertising and public relations	1,690	1,153
Interest and bank charges	70	4,042
Legal and audit	2,958	4,896
Office	2,241	3,388
Rent	2,252	3,627
Salaries and benefits	9,083	21,293
Transfer and listing fees	570	6,142
Travelling	1,248	7,108
	<u>20,112</u>	<u>51,649</u>
	60,049	293,310
Interest earned	<u>3,514</u>	<u>-</u>
	56,535	293,310
Deferred Expenditure At Beginning Of Year	<u>2,094,908</u>	<u>1,609,532</u>
DEFERRED EXPENDITURE AT SEPTEMBER 30, 1970	<u>\$2,151,443</u>	<u>\$1,902,842</u>



Silver Mines
ALICE ARM, B.C.

AUG 18 1970
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DOLLY VARDEN MINES LTD. (NPL)

1400-409 GRANVILLE STREET, VANCOUVER 2, B. C. PHONE 682-4296

August 12, 1970.

IMPORTANT News for Shareholders

Results to date from our current exploration program on the copper belt are of sufficient importance to warrant this brief bulletin.

Our last letter to shareholders dated June 22nd, referred to high grade discoveries on the copper belt which is 2½ miles long and 2,000 feet wide, and consists of a feldspar porphyry intrusive. By and large, we have now substantially confirmed these old discoveries (except on the Copper Cliff and new Dana claims which are currently being examined).

In addition, we have developed the following:

- 1) two geochemical copper anomalies covering areas approximately 900 ft. x 600 ft., and 3,000 ft. x 600 ft.,
- 2) molybdenum geochemical anomalies over most of these areas,
- 3) a vein completely unknown previously, on which only one four-foot sample was taken across its apparent width which assayed 67.6 ozs. of silver per ton.

The above information is based on surface exploration only, as no underground work has been done yet. However, the nature and broad disposition of the findings are strong indications of possibly significant deposits: veins which can be mined with the known silver mines, and/or a separate large tonnage copper-molybdenum ore body.

A detailed and up to date summary of all findings will be included in our Annual Report to be mailed next month.

DOLLY VARDEN MINES LTD.
Peter Cromie, President

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<input type="checkbox"/>	M.G.R.	<input type="checkbox"/>
<input type="checkbox"/>	J.H.F.	<input type="checkbox"/>

(E.C.J.)		

JUN 26 1970



DOLLY VARDEN MINES LTD. (NPL)

Silver Mines
ALICE ARM, B.C.

1400-409 GRANVILLE STREET, VANCOUVER 2, B.C. PHONE 682-4296

June 22, 1970

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Information for Shareholders

1. Musketeer vein length doubled on surface
2. Adjacent copper claims staked
3. Mineralized vein traced 400 feet on edge of copper belt

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E.C.J.	<input checked="" type="checkbox"/>

Exploration on the property under the direction of Company geologist, Marvin Mitchell, is continuing with a high degree of success. While mapping the previously located section of the Musketeer South Vein, and locating sites for diamond drilling later this summer, Mr. Mitchell traced the quartz vein an additional 500 feet, for a horizontal length on surface of 900 feet and averaging about 12 feet in width. It actually crosses under our road, which will greatly simplify drilling, and future mining if it proves out. The outcrop has a vertical exposure of 850 feet.

The crew built a new cable footbridge across the Kitsault River to the copper belt. Work has just started there, but already Mr. Mitchell has traced a quartz breccia vein with chalcopryite mineralization for a length of 400 feet, where earlier work has shown values up to 7% copper, 7.65 ozs. silver and 0.4 oz. gold. Sampling of this vein and geochemical sampling of the surrounding area is now in progress. Six new claims were staked and named the Dana claims #1 to #6, immediately west of our Copper Cliff claims. These were staked to cover ground where very old assays reported values of 10.9% copper, 20.7 ozs. silver and 0.3 oz. gold.

Our whole copper zone (feldspar porphyry intrusive) is heavily fractured throughout its 2½ mile by 2,000 feet area. It could be a large-tonnage low-grade deposit, or alternatively, it might contain several mineable high-grade veins which could be treated by the facilities handling ore from our proven silver mines.

The copper belt exploration is an exciting phase of our development, and we will keep you informed as results come in during the summer.

DOLLY VARDEN MINES LTD.

Peter Cromie, President

FEB 11 1970

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DOLLY VARDEN MINES LTD. (NPL)

Silver Mines
ALICE ARM, B.C.

1400-409 GRANVILLE STREET, VANCOUVER 2, B. C. PHONE 682-4296

February 9, 1970

Progress Report

1. Important Claims Acquired

Six new claims located between the Torbrit and the Wolf mines and known as the Musketeer group, have been obtained with a Royalty payable to the owners out of production. The present owners' family purchased the claims in 1919 for \$90,000 and have maintained them ever since! B.C. Minister of Mines Reports of 1918 and 1951 make reference to the claims, although no serious exploration was ever carried-out. Since then, a substantial length of vein-structure on strike with, and similar to, the Wolf orebodies has been traced on surface. Indications suggest a continuity of structure from the Dolly Varden to the North Star, Torbrit, Kitsol, Musketeer group, right up through the Wolf, a total distance of over 12,000 feet. Recent surface sampling on the Kitsol vein, which continues into the Musketeer, produced a weighted average on four samples of 7.04 ozs. of silver across a width of 10.8 feet, with the highest sample being 14.2 ozs. across 13 feet.

2. The final settlement of the Sunshine Mining Company trial, \$435,000, was received in December.
3. The merger of Bralorne Pioneer Mines Ltd. and Can-Fer Mines Ltd. into Bralorne Can-Fer Resources Ltd. is now complete, and our agreement is with this aggressive larger company.
4. Bralorne is now carrying out new geological studies on the Torbrit mine. Bralorne must declare its decision concerning the property by April 30th.
5. Bralorne's drilling below the 1,200-foot level at the Wolf No. 2 vein has failed to extend the depth of the known ore. However, there is a good possibility that ore on the Torbrit and Musketeer claims will more than offset this potential.
6. The outlook for the price of silver is most encouraging. It has recently moved up from \$1.80 Cdn. per oz. to \$2.05. The U.S. Treasury has been "stabilizing" the price by selling 1,500,000 ozs. each week and will likely be out of silver by October of this year. Since industrial consumption still exceeds annual production by over 140,000,000 ozs., many observers predict the price will reach \$2.50 to \$3.00 this year.

V.P.
 G.M.
 R.D.S.
 B.O.S.
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DOLLY VARDEN MINES LTD.

Peter Cromie, President