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**SECOND  
ANNUAL REPORT**

FOR THE PERIOD ENDED JANUARY 31st, 1962

*Earlcrest Resources Ltd.*

(NON-PERSONAL LIABILITY)

# EARLCREST RESOURCES LTD.

(NON-PERSONAL LIABILITY)

## HEAD OFFICE

Suite 213 - 678 Howe Street, Vancouver, B.C.

## DIRECTORS AND OFFICERS

EARL M. OLTS, Vancouver, B.C.	-	-	-	-	-	<i>President</i>
W. E. SIMPSON, West Vancouver, B.C.	-	-	-	-	-	<i>Secretary-Treasurer</i>
CLARENCE H. GILLIS, West Vancouver, B.C.	-	-	-	-	-	<i>Director</i>
J. AUSTIN, Vancouver, B.C.	-	-	-	-	-	<i>Director</i>

## REGISTRAR AND SHARE TRANSFER AGENT

THE GUARANTY TRUST COMPANY OF CANADA,  
Vancouver, B.C.

## SOLICITORS

NEMETZ, AUSTIN, CHRISTIE & BRUK,  
Vancouver, B.C.

## AUDITORS

FREDERICK FIELD & Co., *Chartered Accountants*,  
Vancouver, B.C.

# EARLCREST RESOURCES LTD.

(NON-PERSONAL LIABILITY)

## DIRECTORS' REPORT TO THE SHAREHOLDERS

This is the occasion of the second Annual Report of the Company and your Directors are pleased to submit the following report on the activities of the Company in the past year.

### Property

During the calendar year 1961 your Company added by staking an additional group of twenty mineral claims or mineral claim fractions to the Gold Coin property of twenty-seven mineral claims located on the northern flank of Shawatum Mountain in the Skagit area of British Columbia approximately twenty-five miles south and east of Hope, B.C. These new claims were located in order to cover promising showings adjacent to the Gold Coin property which had been detected by our work party. Also during the summer of 1961 two of the key mineral claims of the Gold Coin property were converted to Crown Mineral Leases.

Based on a decision of your Directors to participate in the mining and exploration activity in the Merritt area of British Columbia, the Company has carefully considered several opportunities to participate in exploration, either by joining in ventures with other companies or by obtaining mineral properties. After careful consideration, your Company has obtained by staking over the winter of 1961-62 a group of forty-four mineral claims known as the "Resources" group. The location of the Resources group is immediately north of the old Aberdeen and Vimy mines and approximately midway between the Craigmont Mine and the Bethlehem Mine.

### Development

Details of the development programme carried on during 1961 in respect of the Gold Coin property are contained in the report of your Company's Engineer in Charge, R. B. Stokes, which is included in this Annual Report. Unfortunately, the programme of exploration on the Gold Coin property was hindered in the early part of 1961 by problems of access including extreme difficulty in bringing in suitably sized equipment. It was not until well on in the season that the necessary road into the Gold Coin property was completed and a good deal of the proposed exploration programme had to be terminated soon thereafter owing to the onset of winter conditions. The work done on the Gold Coin property in 1961 succeeded in outlining a large area of mineralization containing values in zinc, lead, copper, gold, silver, germanium and other minerals. Some of the showings when tested by exploration proved to be lower in value than expected but a good part of the area of interest has not received any of the required and recommended work. Your Directors propose to continue and complete in 1962 the exploration programme required by the Gold Coin property in order to determine whether the widespread mineralization found is susceptible to economic production.

In respect of the Resources group, an energetic exploration programme has been launched under the direction of Mr. Stokes, the Company's engineer, and considerable work has been done to this date as outlined in Mr. Stokes' report contained in this Annual Report. Your Directors consider that the Resources group is located in a favourable area for the occurrence of economic mineralization and

plan to carry out in the 1962 exploration season all work necessary to properly evaluate the Resources group including geochemical and geophysical exploration.

### **Financial**

Your Company's financial condition continues to be satisfactory in spite of the expenditure for exploration and development during the year ended January 31st, 1962. Your Company has on hand sufficient financing to carry out the programme in sight on the Gold Coin property and the Resources property and also to continue general exploration with the purpose of obtaining additional properties of merit. In the event that satisfactory results are obtained in respect of the Gold Coin property, the Resources property or any other property which, in the opinion of your Directors, justifies the raising of additional funds for large scale exploration and development, then such funds will be obtained through the sale of additional common shares of the Company from Treasury. At this time, somewhat less than half of the authorized share capital of the Company has been issued and the Company retains in its Treasury more than enough common shares to support the raising of whatever capital may, in the future, be required. At this time, the Company has no offer outstanding to the public. Your Directors will at all times continue to pursue a cost-conscious programme in order to obtain the best value for money expended.

### **Exploration**

Up to this time your Directors have given consideration to many properties in addition to those which have been discussed in this report but none of such properties were considered by your Directors to be of sufficient merit to require serious attention. While your Company will direct a large part of its 1962 exploration programme to the Gold Coin property and the Resources property, nonetheless your Company is maintaining an active search for other properties of merit.

### **General**

Your Directors consider that the 1962 exploration programme offers considerable promise for the location and determination of properties of value. Your Directors will continue the issuance of periodic reports in order to advise of the work of the Company.

ON BEHALF OF THE BOARD OF DIRECTORS,

E. M. OLTS,

*President.*

# EARLCREST RE SOURCES LTD.

(NON-PERSONAL LIABILITY)

**BALANCE SHEET AS AT JANUARY 31st, 1962**

## ASSETS

**CURRENT:**

Cash—at bankers.....	\$ 607.05	
—on deposit.....	7,071.33	7,678.38

**INVESTMENTS—at cost:**

100,000 common shares of General Resources Ltd. (N.P.L.)..... (market value \$19,000.00)	20,000.00	
500 common shares of Craigmont Mines Ltd. (N.P.L.)..... (market value \$9,000.00)	9,600.00	29,600.00

**CAPITAL ASSETS—at cost:**

Mining properties and claims .....	9,993.85	
Road .....	2,650.00	
Machinery, tools and equipment .....	5,642.02	
Office equipment .....	495.34	
	18,781.21	
Exploration and development costs per Schedule 1 .....	80,002.83	98,784.04

**INCORPORATION EXPENSE.....**

3,000.00

\$139,062.42

NOTE 1: At the date of this balance sheet two non-cumulative share options were outstanding, both for 20,000 shares, available 5,000 per year at 60 cents per share.

**APPROVED ON BEHALF OF THE BOARD:**

E. M. OLTS, *Director.*

W. E. SIMPSON, *Director.*

## LIABILITIES

**CURRENT:**

Accounts payable.....	\$ 1,159.91
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**REFUNDABLE DEPOSIT.....**

400.00

## SHAREHOLDERS' EQUITY

**SHARE CAPITAL:**

Authorized:

3,000,000 no par value

Issued and fully paid (see note 1)

1,400,005 no par value common shares for an amount of.....	137,502.51
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(including 536,000 shares held in escrow subject to the order of the Superintendent of Brokers)

\$139,062.42

*To the Members*

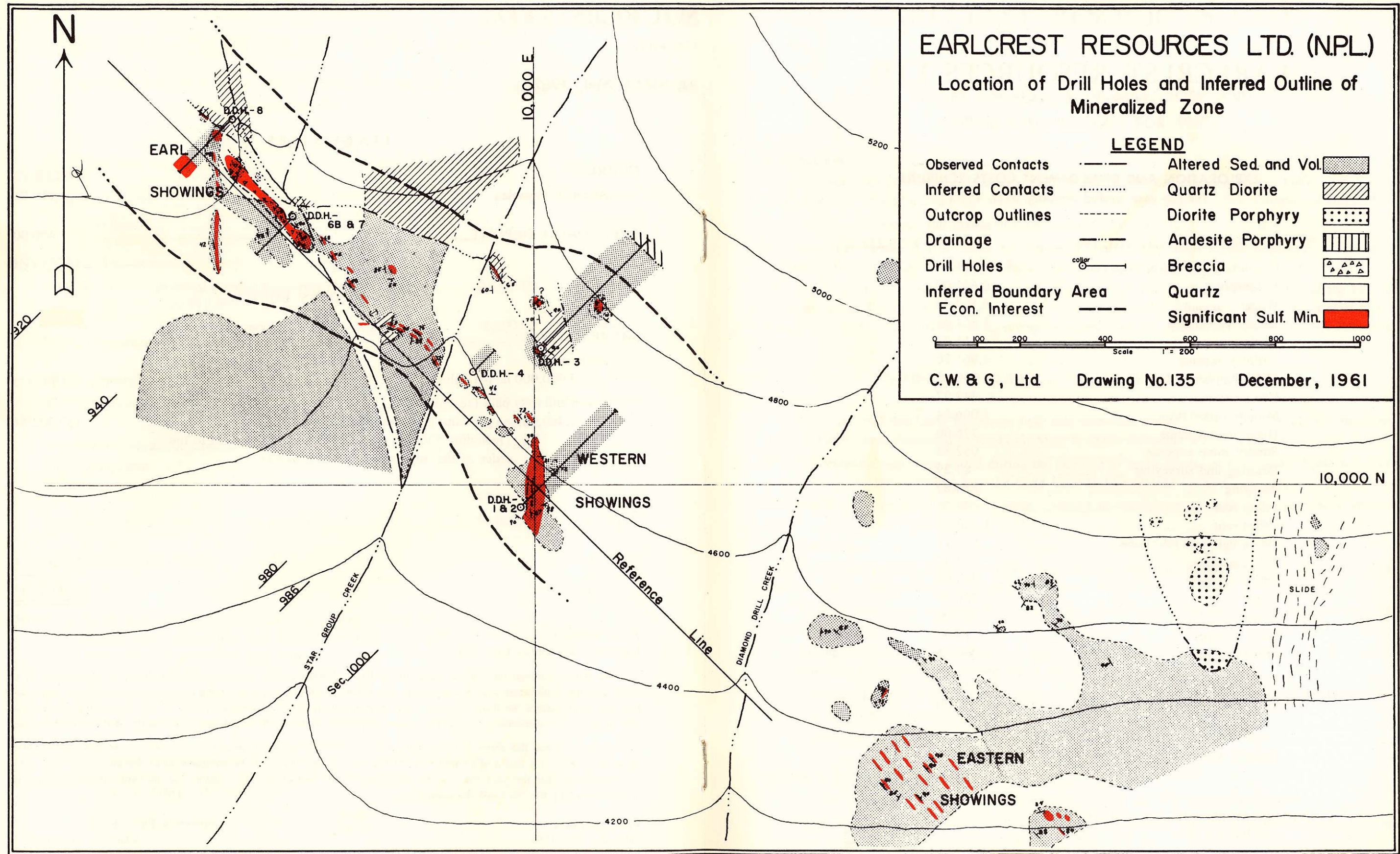
EARLCREST RESOURCES LTD. (N.P.L.)

We have examined the balance sheet of Earlcrest Resources Ltd. (non-personal liability), as at January 31st, 1962, and the exploration and development costs schedule for the year then ended and have received all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

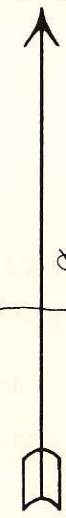
In our opinion, the above balance sheet and exploration and development costs schedule, are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at January 31st, 1962, and its expenditures for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the company.

Vancouver, B.C.  
February 20th, 1962.

FREDERICK FIELD & Co.,  
*Chartered Accountants*



N



10,000 E

10,000 N

EARL

SHOWINGS

WESTERN

SHOWINGS

EASTERN

SHOWINGS

Reference Line

STAR GROUP CREEK  
 Sec. 1000

DIAMOND DRILL CREEK

SLIDE

940

980

986

4200

4400

4600

4800

5000

5200

D.D.H.-8

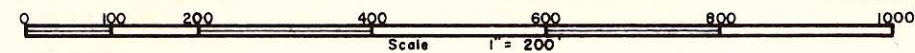
D.D.H.-6B & 7

D.D.H.-4

D.D.H.-3

D.D.H.-1 & 2

920



# EARLCREST RESOURCES LTD.

(NON-PERSONAL LIABILITY)

## EXPLORATION AND DEVELOPMENT COSTS SCHEDULE for the year ended January 31st, 1962

TOTAL COSTS to January 31st, 1961 .....		\$ 39,254.68
<i>add:</i> Consulting geological engineers .....	\$ 4,521.86	
Engineering .....	6,642.00	
Wages .....	9,104.43	
Employee benefits .....	1,664.06	
Explosives .....	411.88	
Drilling expense .....	4,961.20	
Mine supplies .....	718.87	
Camp expense .....	342.97	
Mine transportation .....	1,066.34	
Horse maintenance .....	376.00	
Sundry mine expense .....	952.82	
Drafting and surveying .....	87.29	
Assaying .....	884.87	
Filing fees .....	694.50	
Office rent .....	1,320.00	
Office light and telephone .....	615.11	
Office expense .....	827.97	
Office salaries .....	450.00	
Legal .....	926.85	
Audit .....	400.00	
Bank charges .....	19.00	
Miscellaneous .....	3,004.11	
	<u>39,992.13</u>	
<i>add:</i> loss on sale of equipment .....	1,331.00	
	<u>41,323.13</u>	
<i>deduct:</i> deposit interest earned .....	574.98	
	<u>40,748.15</u>	
TOTAL COSTS to January 31st, 1962		
—to balance sheet .....		<u><u>\$ 80,002.83</u></u>

# EARLCREST RESOURCES LTD.

(NON-PERSONAL LIABILITY)

## REPORT ON RESULTS OF 1961 WORK AND SCHEDULED PROGRAM FOR 1962

### Introduction

The activities of Earcrest Resources Ltd. for 1961 were concentrated on the Gold Coin Group and associated claims located to the north of Ten Mile Creek, twenty-five miles southeast of Hope, B.C.

This was the second full season of exploration on the property.

Over the winter of 1961-1962 the company acquired, by staking, the Resources 1-30 claims located to the northeast of Craigmont Mine and close to the Aberdeen Mine.

By doing this, not only did the company acquire ground in the "copper belt" around the Merritt area, but expanded the season of exploration very considerably. Whereas work could not start in the Skagit before May, line cutting and surveying commenced on the "Resources" claims in early February.

### WORK DONE IN 1961 — GOLD COIN CLAIMS, SKAGIT

#### Claims

Early in 1961 Earcrest Resources held title to twenty-seven claims. Two key claims, the Gold Coin 4 and 6, were converted to leases on May 1, 1961, following a B.C. land survey.

Additional claims were added during the summer to make a total of two Crown Mineral Leases and forty-seven claims divided into the Gold Coin and Grubstake Groups.

The latter, consisting of fifteen claims, covers a newly discovered mass of outcropping sulphides.

#### Road Building

In previous seasons three pack horses were used to carry supplies up the steep track to the camp and on to the main workings at 4,600 feet.

In May, a 4.3-mile road was started from the Silver-Skagit Road which runs south to the U.S. border from Hope.

Eleven switchbacks and three creek crossings were necessary to carry it along the north slope of the Shawatum Creek Valley in which the camp lies.

Attributable costs of road building were \$11,600 of which \$5,500 was contributed by the Government on the mines access road program.

Part of the road costs were returned by sale of timber on the right-of-way.

#### Diamond Drilling

On the Gold Coin Group, diamond drilling explored the Western and Earl Showings.

Eight holes with a core size of EX were drilled for a total of 1,377 feet. A B.B.S.1 and an X-ray machine were used on the contract with Boyles Bros.



The drill holes intersected the high grade zones exposed on the surface, cut a number of narrow high grade stringers and considerable lengths of disseminated sulphides.

From the recovered core 436 feet were cut for assay and checks were made on a large number of sludge samples. The overall core recovery for the holes was 88.2%, a very good figure considering the small drill size, core size and fractured ground encountered.

*a. Geology*

The zone which has been drilled is a band of interbedded, highly metamorphosed tuffs and sediments of the Hozameen Group.

Petrographic microscopic studies have shown that there has been intense alteration and silicification with mineralization in several stages.

The rock as well as the mineral zones have been intensely silicified; other alteration products are chlorite and epidote.

*b. Mineralization*

The main sulphide mineralization is iron in various forms, with pyrrhotite the most abundant sulphide. Gold up to 0.2 oz/ton and some silver averaging around 0.5 oz/ton are associated with these sulphides. These values make up to half the potential value of the economic zones encountered.

Later phases of mineralization brought in sphalerite, chalcopyrite and galena. Spectrographic analysis has revealed interesting values of germanium, the expensive semi-metal used in transistors and diodes.

*c. Economic Values*

Throughout the zone being drilled, sulphides were encountered frequently. Richer lenses or pods provided the centres of interest. Values were not always indicated visually and high gold values were encountered in rock low in sulphides.

Values considered economic were encountered in:

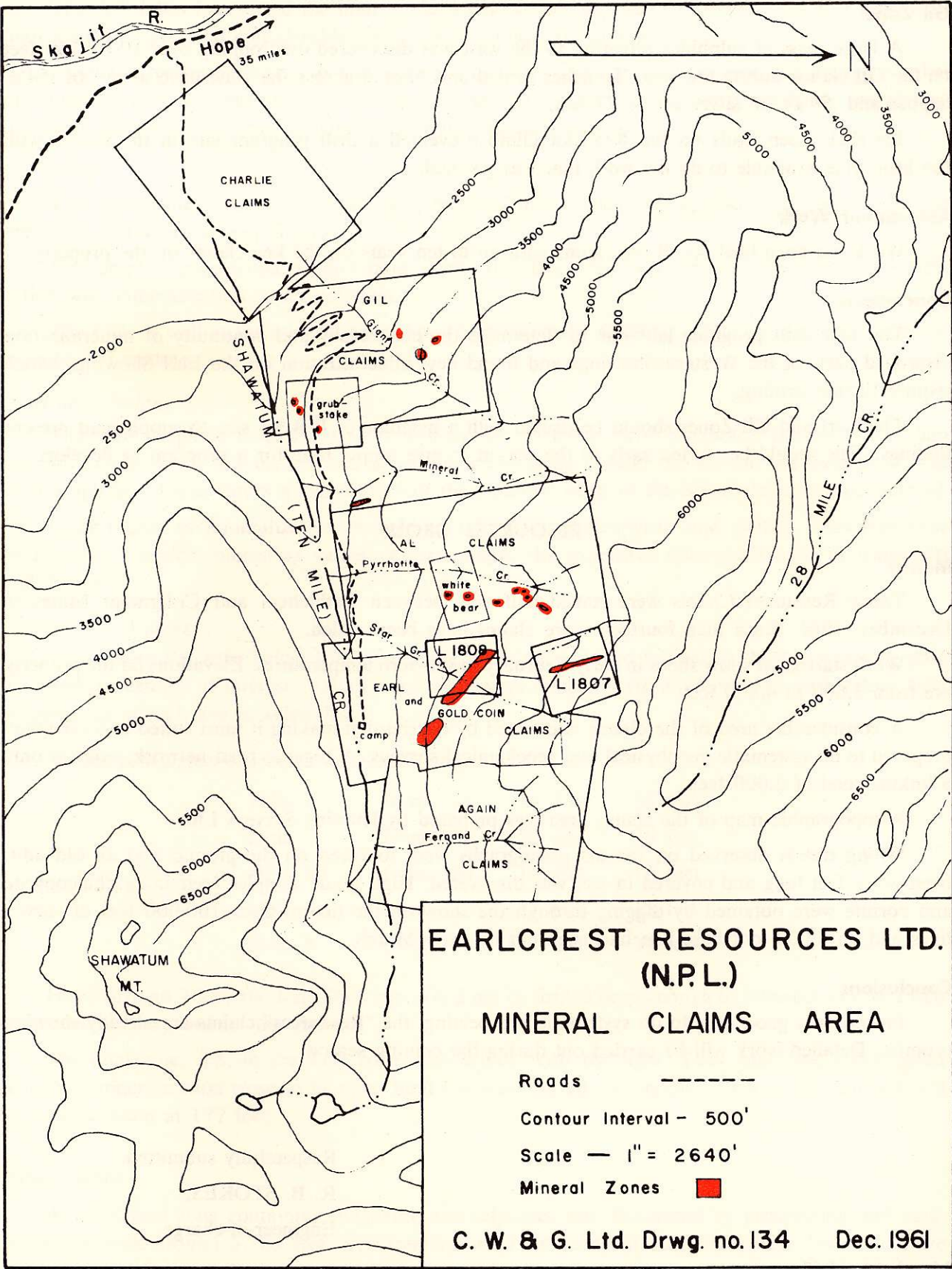
Hole 1	from 11 - 46 feet	35 feet
Hole 2	from 125 - 150 feet	25 feet
Hole 6B	from 20 - 35 feet	15 feet
Hole 7	from 22 - 37 feet	15 feet
Hole 8	from 140 - 177 feet	37 feet

Holes 6B and 7 into the Earl Showings could not be drilled deep enough to intersect a mineralized cross structure exposed on the surface.

The final hole, #8, in the Earl zone, also drilled with the light X-ray machine, encountered economic mineralization close to its rated limit but was coaxed for another 30 feet and finished still in mineralization at 177 feet.

**Upper Zones**

A 1,000-foot zone containing magnetite and sulphides was discovered by prospecting and magnetometer work around 5,700 feet. Ten trenches were cut across it but values were lower than the main zone which was drilled.

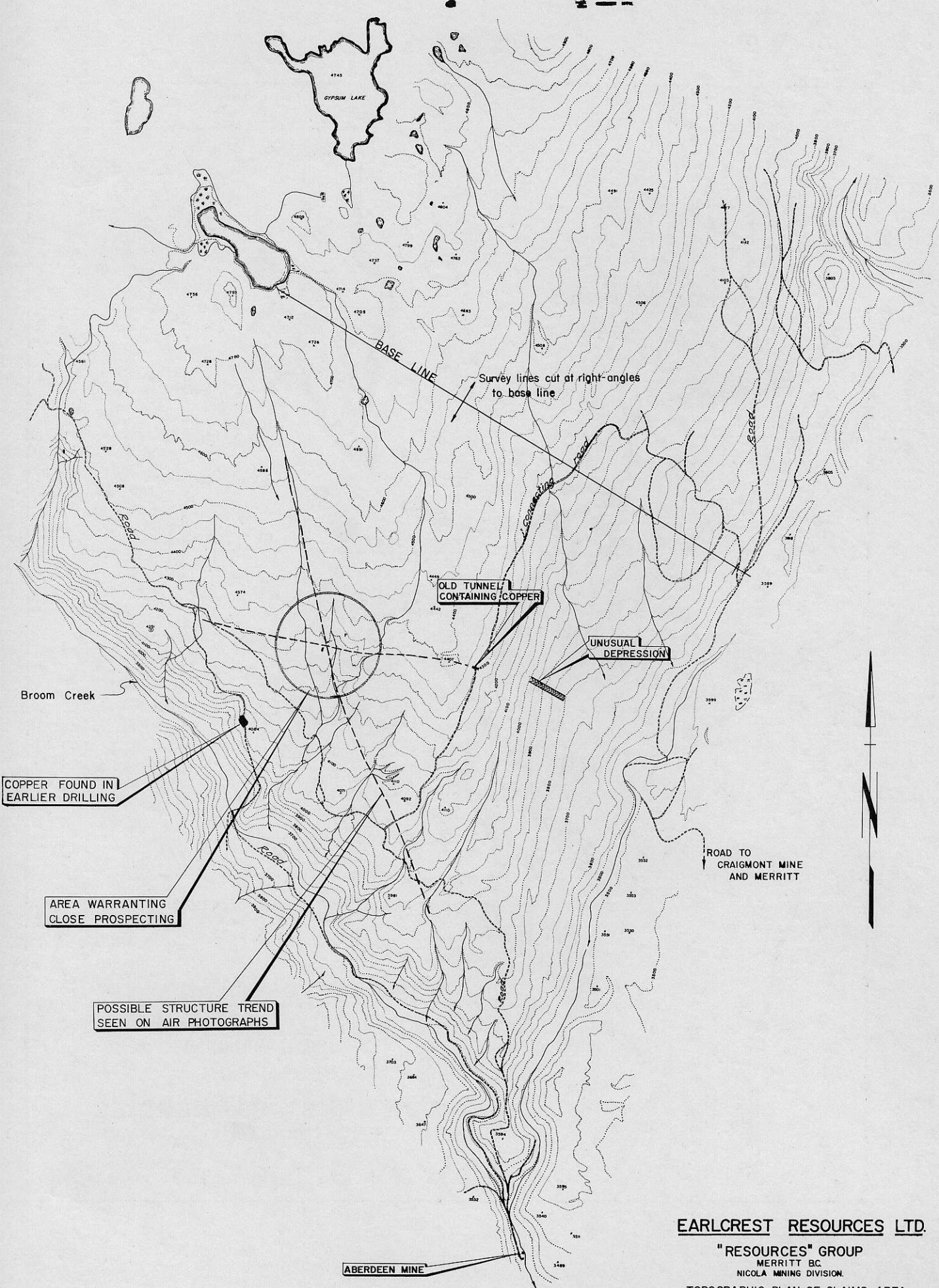


**EARLCREST RESOURCES LTD.  
(N.P.L.)**

**MINERAL CLAIMS AREA**

- Roads -----
- Contour Interval - 500'
- Scale - 1" = 2640'
- Mineral Zones ■

C. W. & G. Ltd. Drwg. no. 134 Dec. 1961



COPPER FOUND IN EARLIER DRILLING

AREA WARRANTING CLOSE PROSPECTING

POSSIBLE STRUCTURE TREND SEEN ON AIR PHOTOGRAPHS

OLD TUNNEL CONTAINING COPPER

UNUSUAL DEPRESSION

ROAD TO CRAIGMONT MINE AND MERRITT

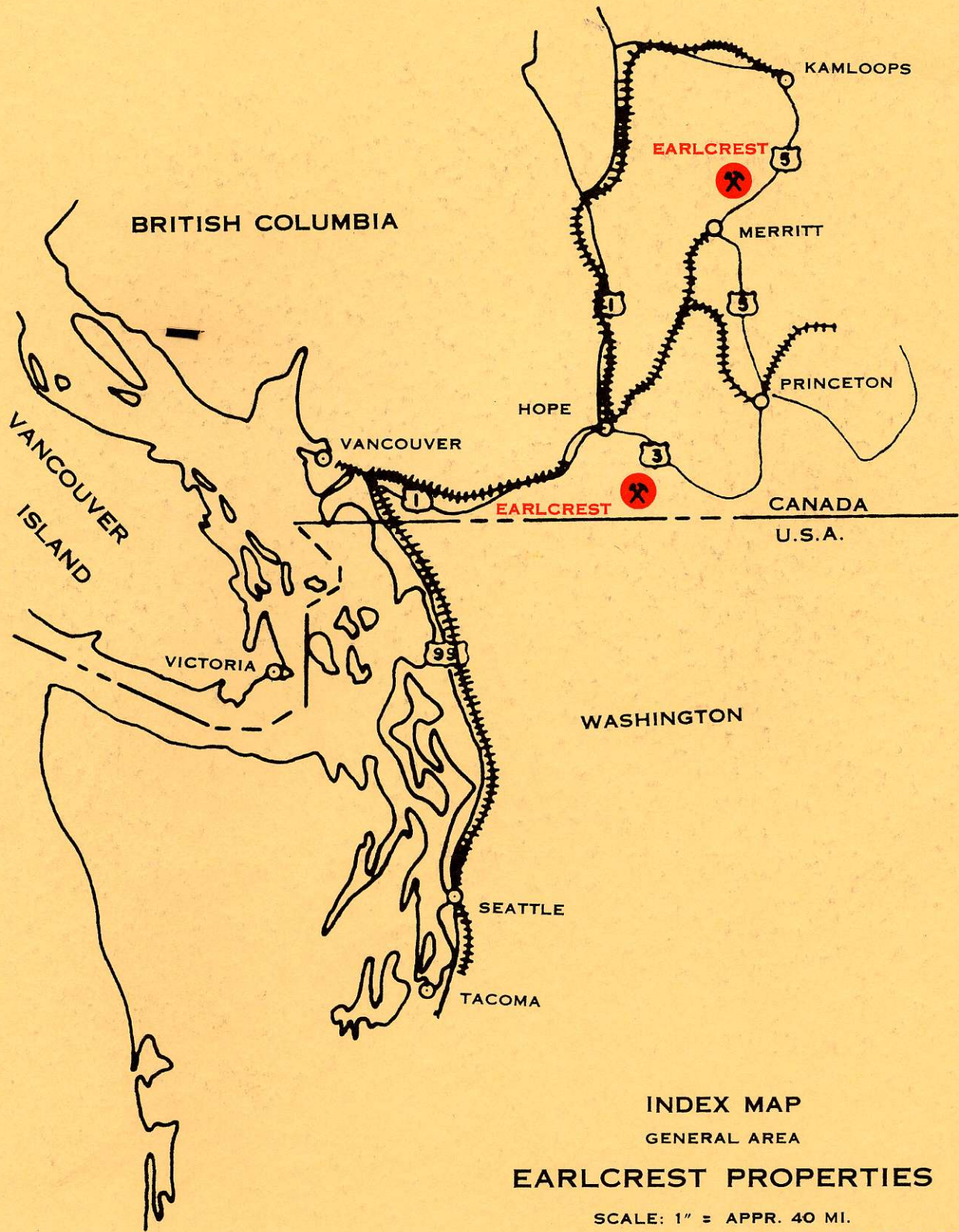
ABERDEEN MINE

**EARLCREST RESOURCES LTD.**

"RESOURCES" GROUP  
MERRITT BC  
NICOLA MINING DIVISION.

TOPOGRAPHIC PLAN OF CLAIMS AREA





INDEX MAP  
 GENERAL AREA  
**EARLCREST PROPERTIES**

SCALE: 1" = APPR. 40 MI.

C. W. & G. LTD. DRWG. NO. 83 DECEMBER 1960