

BETHLEHEM COPPER CORPORATION LTD. (N.P.L.)PROGRESS REPORTFROM THE PRESIDENT TO THE SHAREHOLDERSA. HIGHLAND VALLEY
BETHLEHEM-AMERICAN SMELTING PROJECT

Exploration has been carried on continuously since June, 1955 with an average crew of from 40 to 50 men, including technical personnel.

Equipment used -

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|-----|--|-------------------------------------|
| (1) | 1 - D-8 Caterpillar Tractor | - continuously |
| (2) | 3 - NX Diamond Drills | - continuously |
| (3) | 1 - Rotary Drill | - since July, 1957 |
| (4) | 1 - Churn Drill | - July, August, and September, 1957 |
| (5) | Complete camp, including trucks, jeeps, etc. | |

Summary of work done to September 30th, 1957 -

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| (1) | 35,600 ft. of large hole diamond drilling |
| | 3,856 ft. of rotary drilling |
| | 1,830 ft. of churn drilling |
| | <u>41,286 ft. of drilling</u> |
| (2) | 20 to 25 miles of jeep road on the property. |
| (3) | Several thousand feet of bulldoze trenching. |

Summary of favorable results -

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| (1) | Iona Zone | 25,000,000 tons of inferred ore grading 0.70% copper. |
| (2) | Jersey Zone | 30,330,000 tons of indicated ore grading 0.796% copper. |
| | | 22,245,000 tons of indicated ore grading 0.518% copper. |
| | | 5,400,000 tons of indicated ore grading 0.357% copper. |
| | | 15,000,000 tons of inferred ore grading 0.500% copper. |
| (3) | East Jersey Zone | 7,000,000 tons of inferred ore grading from 1% to 2% copper, with limits of ore body not defined. |

On November 15th, 1957 Dr. William Harrison White, P. Eng., reported to us on the East Jersey ore body as follows:

"The summer's activity was highlighted by the discovery of the East Jersey ore body in a drift-covered area some 1500 feet east of Jersey Lake and 2000 feet north of the main Iona workings. Actually, the name is a misnomer because the deposit is more closely related to Iona than to Jersey structures. Mineralization was first encountered in 'scout hole' CD-35 and subsequently exposed in shallow bulldozer cuts. Drill holes completed to date are shown on the assay plan. Although many more holes will be required to define this ore body, thus far it appears to be a steeply-dipping body between 200 and 300 feet thick that strikes northerly. Its present known length is 700 feet and its vertical range is more than 400 feet. Thus, its possible size to date is roughly 7,000,000 tons. Assays suggest that the grade will average between 1 and 2 per cent copper.

"Bornite is the principal ore mineral, but there is some chalcopyrite and primary chalcocite and little molybdenite. The sulphides occur as fine-grained disseminations, coarser aggregates, and as high-grade stringers in altered and strongly fractured rock.

"The geological environment of the East Jersey deposit is significant. The deposit lies along the contact of older Guichon quartz diorite to the east and various rocks of the 'Younger Complex' to the west. This same contact extends some 6000 feet from the White Zone north and northwest to beyond Jersey Lake. This entire contact, a locus of strong fracturing and rock alteration, is a potential ore-making structure that warrants the most careful investigation.

"Exploration results of the past six months have been encouraging, the event of major importance being the discovery of the East Jersey ore body. During the coming winter it is expected that exploration will be energetically carried forward, with emphasis on more precise measurement operations in the Jersey and East Jersey ore bodies."

B. MAMIT LAKE

This property has reverted to us as of November 4th, 1957, with all claims in good standing and approximately 90% of the claims in good standing for a period of three years or more.

C. GENERAL EXPLORATION

1. Elizabeth Group, Yalakom River Area

305' of drifting was done on the west vein. Due to the altitude of the property, snow conditions permit only a short season of exploration. Bulk sampling has been postponed until next spring.

2. Laverdiere Group, Atlin Area

This property has been kept in good standing but no work was done during the 1957 season.

3. Prospecting Program

During the months of June, July and August we engaged Dr. William Harrison White, Dr. K.C. McTaggart and Dr. R.M. Thompson, along with three geology students of the University of British Columbia to conduct a prospecting expedition on our behalf. No mineral occurrences of economic importance were found.

D. FINANCIAL

Expenditures on our Highland Valley property to date have amounted to approximately \$1,000,000.00, most of which funds have been provided by American Smelting & Refining Company who are responsible for supplying all the funds necessary to bring the property into production. As reported to you previously, our Company is in an excellent financial position having in excess of \$600,000.00 cash on hand with monthly expenditures amounting to approximately \$6,000.00.

E. GENERAL

In spite of the presently depressed market for copper, we look to the future with confidence and optimism. The mineral resources of our Highland Valley property are constantly being expanded and we are being further encouraged by new finds of high grade ore. We are supported in our optimism by Roy H. Glover, Chairman of Anaconda Co., who recently said that the current tarnish on copper was fast wearing off and the industry should soon return to the days when it never had enough to go around. "This", he said, "should naturally be followed by rising prices."

It is of further interest to know that two of the world's largest producers

of copper have moved into the Highland Valley area and are carrying on exploration programs. These companies are Kennecott Copper Corporation and Phelps Dodge Corporation. Highland Valley is rapidly approaching the prediction which we made in our Annual Report to the shareholders of February 29th, 1956 . . . "that Bethlehem Copper Corporation Ltd. (N.P.L.) will substantially add to the world copper reserves."

H. H. Huestis, President
Bethlehem Copper Corporation Ltd. (N.P.L.)