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ANNIS *Mines Ltd.*

(NON PERSONAL LIABILITY)

ANNIS MINES LTD.
1413 Tranquille Road,
Brocklehurst, Kamloops, B. C.

PROGRESS REPORT

FEBRUARY, 1966

The friends of Annis Mines Ltd., should be informed about the men responsible for operating this project and spending the money the shareholders put at their disposal. So that you may know who they are, and the backgrounds of experience they bring to the exploration and development of Annis property, here are short biographies of the men guiding this venture.



JAMES S. McKECHNIE

James S. McKechnie, President of Annis Mines Ltd., has had a long and active business career, during which he engaged in a variety of projects. One of the earliest was in Red Deer, Alberta, where he was Superintendent of the Red Deer Lumber and Brick Co., and at the same time operated his own ranch on which he had 1400 horses. For a while he was Superintendent of the Planer Department of the Staples Lumber Co., and later General Superintendent of Crowsnest Lumber Co. He subsequently founded the Tunnel Creek Lumber Co., near Crowsnest Pass, and also opened up the Cayuse Mine near Kimberley. Then for a while he was Mill Superintendent of the East Africa Exploration Co., on the Omineca River. Although he officially retired at the end of that tour of duty, he engaged in a varie-

ty of minor projects, until he and Donn Spankes discovered the mineral deposits on the Annis claims. The first company organised on that discovery was the Tongo Mines Ltd., of which Jim McKechnie was Secretary-Treasurer, and Donn Spankes a Director. On the liquidation of that company, Jim McKechnie became President and Donn Spankes Secretary-Treasurer of the new company, Annis Mines Ltd.



WILLIAM CAMPBELL

William Campbell, Vice President of Annis Mines Ltd., is at present employed by Sicamous Sawmill, but has had long experience in mining. He started as a miner in the National Gold Mines. From there he went to Boson Mines in the Slocan as a foreman. Then at the Molly Hughes Mine, in the same area, he became shift boss. Proceeding later to Zeballos, he was selected as a special blaster, in charge of blasting in the high grade stopes where the recovery of the gold had to be carefully organised. From Zeballos he went to North Vancouver and became a charge-hand in the North Van Ship Repairs shops. Later, he was foreman for Canadian Stevedore Co., until he moved to Sicamous. When Tongo

Mines was operating the present Annis property, Bill Campbell worked on the crew which drove the tunnel we are now extending.



DONN SPANKES

Donn Spankes, Secretary-Treasurer of Annis Mines, has been prospecting and mining for fourteen years, and at the same time running his business in Monte Lake. There, he is the proprietor of the Kelduri Esso Service, a service station and motel. Prior to that he had operated a trucking service out of Monte Lake in connection with road construction. He and his brother at one time owned the Kelduri Electrical Service for house and industrial wiring. He was a director of Tongo Mines, organised to exploit the mineral discoveries made by him with Jim McKechnie. On the liquidation of Tongo and the organisation of Annis Mines, he became the Secretary-Treasurer of the latter.

It is he who has been the spark-plug and organiser of Annis, and who has kept the work going at the property. The company is deeply indebted to him for his devotion to its projects.



SHERWIN F. KELLY

Sherwin F. Kelly, Consulting Geologist to Annis Mines, received his B. Sc. in Mining Engineering from the University of Kansas in 1917. After service as a pilot in WWI, he spent five years in graduate work on geology and mineralogy at the University of Kansas, the University of Toronto, and in Paris at the Sorbonne and Ecole des Mines. While abroad, he carried out geological and geophysical work in France and North Africa. On returning from France, he introduced the Schlumberger methods of electrical prospecting, including resistivity and spontaneous polarisation, to North America, which marked the inception in the western hemisphere, of commercial geophysical work by electrical techniques.

He has engaged in geological and geophysical work in North, Central and South America and the Caribbean, first as Assistant Manager of the Schlumberger's American company and then as the head of his own firms, Sherwin F. Kelly Geophysical Services Inc., of Wilmington, Delaware, and Geophysical Explorations Ltd., of Toronto.

He is a Member of the Canadian Institute of Mining and Metallurgy (CIM) and a Senior Member of the American Institute of Mining, Metallurgical and Petroleum Engineers (AIME). In the latter organisation he served two terms as a Director of the Society of Mining Engineers, one of the constituent Societies of the AIME. He has also served as Chairman of its Geophysics Subdivision, and of its Geophysics Education Committee. In the CIM, he has been Chairman of the Geophysics Committee, and Co-Chairman of the Committee for a Case Book in Mining Geophysics, a publication issued by the CIM on the occasion of the holding in Canada, in 1957, of the 6th Commonwealth Mining and Metallurgical Congress.

He also managed to sandwich in three years of teaching, two as Graduate Instructor in Geology and one as Demonstrator in Mineralogy, at the University of Toronto. He has lectured at many other universities and is the author of numerous scientific papers.

His biography is listed in "American Men of Science", and in "Who's Who in Engineering". He is a Director of Amalgamated Resources Ltd., and of Vastlode Mining Co. Ltd., of Vancouver.

To continue the story, you will want to know what these men have done with the property this past season - how much exploration work was done, what kind of work and what it revealed. The report which follows, and the map, by our Consulting Geologist, Sherwin F. Kelly, will give you that information.



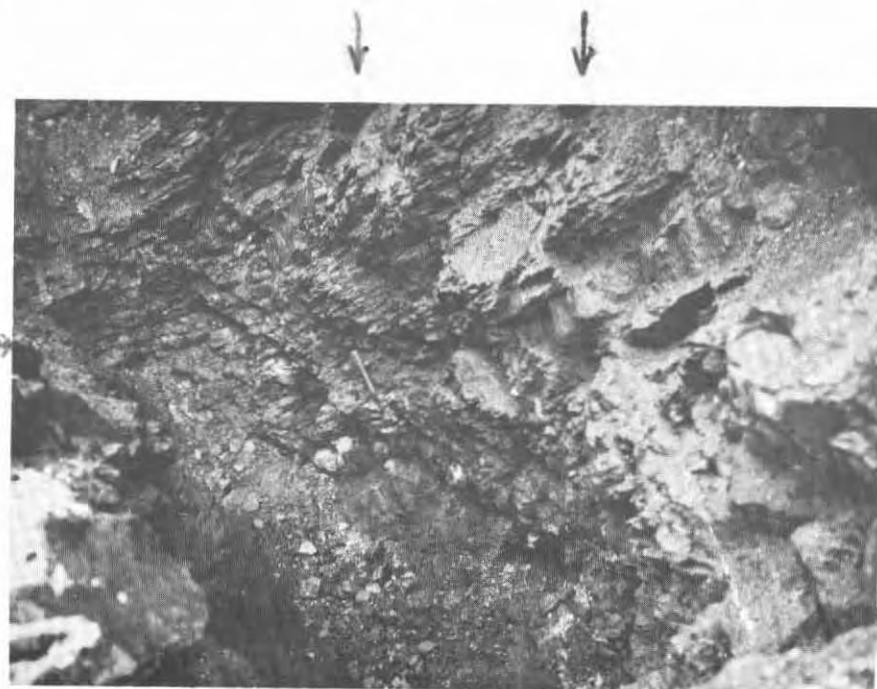
Secretary Donn Spankes (left) with President Jim McKechnie and the bulldozer

Report of Progress

Exploration work has been proceeding steadily this past season, on the lead-zinc property held by Annis Mines Ltd., near Sicamous. In order not to interrupt the orderly progress, the camp has been winterised and the crew has continued working during the winter months, bulldozing trenches, improving the access road, and preparing to extend the tunnel.

A geophysical survey by the spontaneous polarisation method was carried out in the summer, over an initial area 1800 ft. long by 1200 ft. wide, with occasional, individual profiles probing as much as 3000 ft. outside the main area. Tested over the known showings, the method indicated that it would give a strong response to the predominating type of mineralisation, which consists of galen, sphalerite, pyrrhotite and pyrite, and minor chalcopyrite.

An impressive set of anomalies was recorded in the area south of the pre-existing workings, as well as to the northwest. Strong indications were also obtained on a single, probing profile some three thousand feet southwest of the main area of investigation. These results imply a widespread mineralisation. Expanded investigation of this new area to the southwest is required; to assess its significance, an attempt was made to bulldoze trenches on two of the anomalies in that area, but bedrock was not reached. Further studies are called for to trace the northwesterly continuation of the already known, mineralised zone, down the mountain slope towards Annis Bay on Salmon Arm.



Trench No. 3. Vein, 4 1/2 ft. wide, is between two geologist's hammers, opposite arrows.

In the newly indicated zone, 500 ft. to 1000 ft. south of the earlier trenches, six trenches were bulldozed this past autumn. Two of them were carried five feet or so into bedrock, by drilling and blasting. In Trench #2, three veins were revealed, 1 ft. to 3 ft. wide, assaying 3% to 5.5% combined lead and zinc, with silver in the range of 1/2 to 3/4 of an ounce per ton. Trench #3, 150 ft. to the east uncovered a vein 4 1/2 ft. wide, assaying 3.6% lead, 1.83% zinc, and 2.5 ounces of silver per ton. A selected specimen from this vein ran 5.15 ounces of silver per ton, 6.1% lead and 5.05% zinc. These two trenches are 150 ft. apart, and probably on the strike (nearly E-W) of the mineralisation, so may be on the same vein system. One hundred feet west of Trench #2, and close to the same strike, bulldozing in Trench #6 uncovered three mineral showings in the rock floor of the trench. They will need to be blasted open to assess their importance, but a composite grab sample yielded 4.8 ounces of silver per ton, 13.9% lead and 2.75% zinc. Diamond drilling is called for on this vein system.

Four hundred feet north of the above, and on a different structure, Trench #5 revealed two small veins, not yet blasted open, samples from which yielded 1.5% to 2.5% combined lead and zinc, with 10w silver. This needs more extensive investigation.

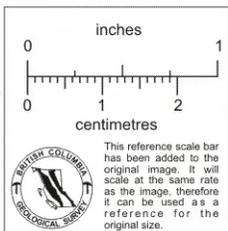
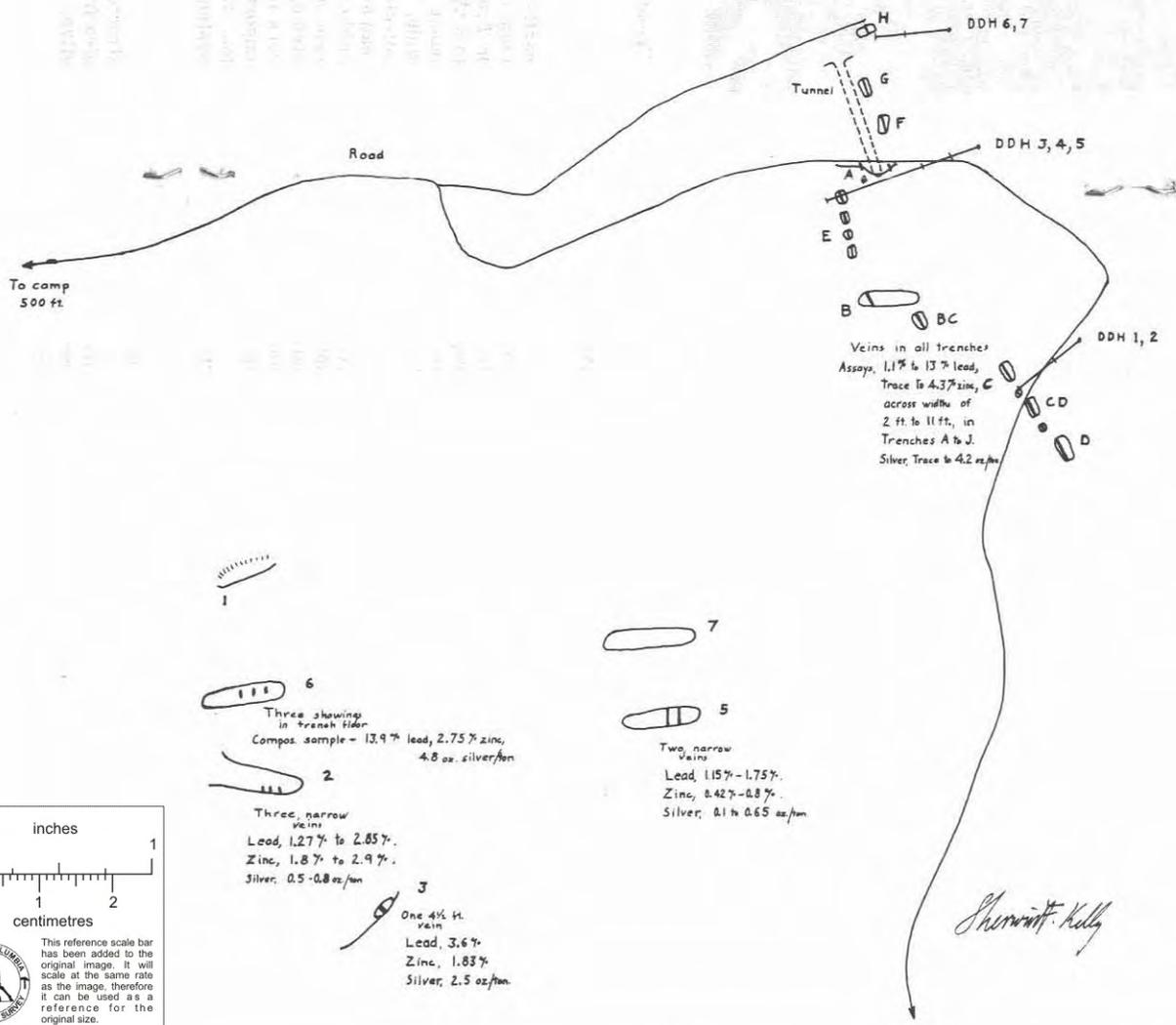
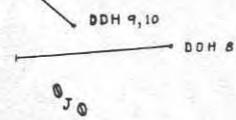
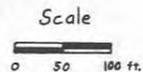
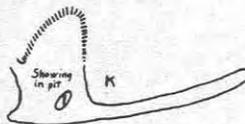
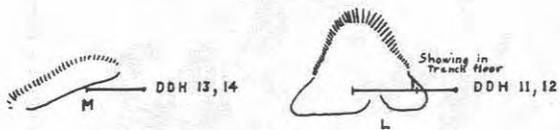
Annis Mines Ltd

Trenches & Diamond Drill Holes

on
Claims near Sicamous, Brit. Col.
January, 1966

Legend

- DDH3 Diamond drill holes
-  B Trenches A to J, and part of K, were first ones dug. Heavy lines indicate veins. For assays, see F.J. Hemsworth report in Prospectus of April, 1965
-  6 Trenches 1 to 7, and part of K to M, were dug after geophysical survey. Heavy lines indicate veins. For assays see accompanying report by S.F. Kelly, also for DDH core assays.





Annis Mines, Trench No. 2. Approximate positions of three veins in wall, indicated by arrows.

The diamond drilling has been concentrated thus far, in the area of the original trenching, and downhill therefrom, northwesterly towards Annis Bay. Fourteen short holes were drilled, principally under the prior trenching.

The prevailing rock formations consist of alternating, thin beds of quartzite, muscovite schist and biotite schist, of the Precambrian Shuswap Terrane. The mineralisation by the lead, zinc and iron sulphides, has taken place by replacement of selected beds, predominantly the biotite schists. The strike is usually about E-W, and the dip northerly at about -45° .

Most of the drill holes encountered lead-zinc veins, of varying thicknesses and values. In general, there seems to be an improvement on going northwest from the old workings. The first two holes, nos. 1 and 2, were aimed under the vein uncovered in trenches "C" and "CD". Six mineralised bands from 1.5 to 6 ft. wide were intersected with values ranging from 0.65% combined lead and zinc across four feet, to 2.29% combined metals across six feet, and 6.16% combined metals with 1.1 ounces silver per ton, across 1.5 feet.

Three holes were drilled, nos. 3, 4 and 5, from one set-up and all in the same plane, under trench "A"; the plane of the holes passes very close to the end of the old adit, which is now being extended. The mineralisation is a little irregular here, and faulting may have interrupted the continuity of the bands from one hole to another. Bands 5 ft. wide, assaying up to .98% lead and zinc, to 1 ft. wide assaying 5.74% lead plus zinc and 1 ounce silver per ton, were encountered. Two holes, nos. 6 and 7, drilled near the portal of the adit, yielded only minor mineralisation, and another, no. 8, some 200 ft. to the northwest near trench "J", produced

nothing of interest. This area, just northwest of the portal, may be one in which faulting has interrupted the continuity of the mineralised zones, as the spontaneous polarisation reactions were weaker in this vicinity.



Drilling diamond drill hole #3, Annis Mines Ltd.

A short distance further northwest, strong geophysical reactions appear on two geophysical profiles, and two holes, nos. 9 and 10, were put down to investigate the causative mineralisation. The flatter one of these two, no. 9 at -35° , encountered three mineralised zones in intersections from 4 ft. to 14 1/2 ft. long. Since the holes were at an angle to the strike in this case, the true widths are somewhat less. The values occurred in bands of varying widths within each zone, and ranged from 1.25% combined metals across 2 ft. to 4.2% lead plus zinc across 4 ft. A steeper hole, no. 10, at 60° , under this one, encountered nothing of interest. The upper portion of the prior hole had given strong evidence of major faulting, however, and it is highly probable that the fault cut off a portion of the mineralised zones, and the steeper hole passed under the fault, and so failed to intersect them.

Four hundred feet to the northwest again, a strong geophysical reaction, probably representing the above zone faulted a little north, or else a paralled one, was tested by two diamond drill holes, nos. 11 and 12. They encountered a mineralised zone about 12 feet wide (true thickness) in which the mineralised bands assayed from 0.5% across 3 feet, to 2.9% across 4 feet (percentages are of lead plus zinc). Two narrow zones of strong mineralisation were encountered deeper in these holes, with values up to 5.9% combined lead and zinc across 0.75 ft.

The final holes, nos. 13 and 14, encountered no lead or zinc minerals, but did traverse a strong band of muscovite mica which may have a marketable value; this line of investigation is being pursued. There was a strong geophysical reaction in the vicinity of these holes, and it is believed the causative mineralisation may lie just off the line of the drill holes; this possibility will be further investigated.



Ore car at Portal Annis Mines Ltd.

In giving assay results above, silver has been mentioned only when it assayed an ounce or over, per ton. Nevertheless, silver is nearly always present, usually about half an ounce per ton, more or less.

The old adit, or tunnel is being cleaned out, and will be continued by swinging it to the left (north). It will be driven to intersect the mineralised bands encountered in drill holes nos. 3, 4 and 5 which drilled just beyond the end of the adit. On reaching the expected mineralisation, it will be turned again, and drive along the veins to determine their width, tenor and continuity. It is hoped that some marketable ore may be excavated in the process.

The plans for the coming season include a continuation of the geophysical survey to the northwest. This will investigate the prolongation in that direction, down the slope towards Annis Bay, of the set of geophysical anomalies and associated mineralisation which have already been traced from the site of the first trenches, for a thousand feet to the northwest. More work may also be done to the southwest. Furthermore, continued bulldozing and trenching are required on the area of anomalies lying to the south of the first trenches. This is needed to reveal more information about the causative mineralisation, and assist in spotting drill holes.



Drilling at the face in the tunnel.

An extensive diamond drilling campaign is needed to continue the task of outlining and tracing, along strike and down-dip, the various zones of mineralisation already partially outlined, as well as those barely indicated in the recent trenching. It is expected that the proposed continuation of the geophysical program and of the trenching, will also yield further indications which will require drilling.



Bulldozing a trench at Annis Mines Ltd.

The mineralisation already uncovered in the trenching and intersected in the drill holes, is of highly promising character. Although the sketchy exposures thus far made, can not be said to have revealed any ore bodies as yet, the lead, zinc and silver values in the widths cut, are close to ore value, and warrant an energetic program to search for localities where the widths and values are right for commercial exploitation.

Respectfully submitted,

"Sherwin F. Kelly"

Sherwin F. Kelly
Geophysicist and Geologist

P. O. Box 325,
Merritt, B.C.
Feb. 9, 1966.

Thus far, this pamphlet has told you about the men managing the Annis Mines exploration program, and what has been done to date. It remains only to outline what is in mind for the coming season, which will be starting soon. In fact, work is now in progress on the next phase of the development plans. The tunnel is being driven deeper into the mountain, and turned to intersect the veins indicated in the geophysical survey and in the trenching, and verified in the diamond drilling. Further trenching on the geophysical anomalies is planned as soon as the snow is off the ground. Additional geophysical work will be carried out, and an extensive diamond drilling campaign is envisaged to outline more completely the mineralisation already indicated, and to follow up any indications obtained from further geophysical work and bulldozer trenching. This program, it is hoped, will succeed in outlining substantial mineralisation of commercial grade.

Yours Sincerely

"J. S. McKechnie"

J. S. McKechnie, President
Annis Mines Ltd.

Kamloops, B. C.
Feb. 28, 1966