

REEVES MACDONALD MINES LIMITED
REMAC, B. C.

REC'D APR 5 '74

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April 2, 1974

Mr. J.E. McMynn
Deputy Minister
Department of Mines and Petroleum Resources
Parliament Buildings
Victoria, B.C.

REFERRED TO	DATE	INITIALS
ACTS		
C. C.		
C. G. C.		
C. I.		
C. M. B.		
C. P. E.		

Dear Mr. McMynn,

In reply to your letter of 26th March, 1974 and further to our telephone conversation of 1st April, 1974 the required information is reported below.

(a) Description of the Producing Claims:

Annex 1, Lot No. 14070 Crown Grant 23rd March, 1931
51.47 acres.

International Lead No. 2, Lot No. 12492 Crown Grant
12th March, 1931, 29.13 acres

Dreadnaught Lot No. 14034 Crown Grant 10th March 1931
27.90 acres.

River, Lot No. 14036 Crown Grant 10th March 1931
17.06 acres.

(b) Description of the Mineral Deposit:

The Reeves MacDonald Mine is on the Pend d'Oreille river about one mile southeast of the mouth of the Salmo River. The lead-zinc orebodies at the Reeves MacDonald mine are sulphide replacement deposits in dolomite zones in the Reeves limestone member of the Laib formation. The mine is in a major geologic structure called the "kootenay Arc."

(c) Rate of Production:

Production in 1973 was 191,438 tons of ore.

The delay in furnishing the above information is regretted.

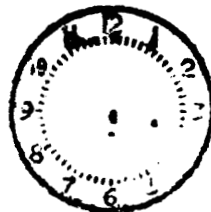
Yours truly
REEVES MACDONALD MINES LIMITED

MAY 1 '74 PM

W.N. Blayney

W.N. Blayney
Resident Manager

WNB/jb



DEPT. OF MINES
AND PETROLEUM RESOURCES

DEPT. OF MINES AND PETROLEUM RESOURCES MINERAL REVENUE DIVISION		
Rec'd APR 18 1974		

REEVES MacDONALD MINES LIMITED

March 29, 1974

To Our Shareholders:

Your directors submit herewith the Annual Report for the year ended December 31, 1973, which includes audited financial statements compared with those for the year ended December 31, 1972.

Operations produced 191,438 tons of ore during the year as compared with 180,188 tons during 1972. Concentrates produced yielded 5,641,589 lbs. lead, 15,727,522 lbs. zinc, 172,514 lbs. cadmium and 159,510 ozs. silver. Total revenues for concentrates produced amounted to \$2,564,074 as compared with \$2,549,326 for the year 1972.

Additional operating statistics for 1973, as compared with 1972, are included in the following pages of this report.

Revenues from sale of concentrates during the first nine months of 1973 were restricted by price controls imposed by the Federal Government in the United States, where Reeves concentrates are marketed. During the remainder of the year, a toll smelter arrangement was negotiated and Reeves was able to market its own metals on the more favorable world market. Suspension of U. S. price controls has since brought U. S. markets more in line with world prices and the Company has returned to its previous marketing arrangement. Average metal prices for the years 1973 and 1972 are compared as follows. Prices are as quoted by "Metals Week", a weekly metals review publication, and are in U. S. dollars.

	1973	1972
Lead (lb.)	\$.163	\$.151
Zinc (lb.)	.207	.177
Silver (oz.)	2.56	1.68
Cadmium (lb.)	3.64	2.56

Current prices (March 8) are: Lead \$.150, Zinc \$.315, Silver \$5.21 and Cadmium \$3.75.

Improved metal prices and the present optimistic outlook for the ferrous metals industry has justified a re-evaluation of areas of the Property which were previously unprofitable to mine. Sufficient reserves in the 1250 West area of the Annex Mine have now been developed to support operations for most of 1974. The projected revenue from this area, based on current economic indicators, justifies expenditures approximating \$2 million required to comply with directives of the Pollution Control Commission of British Columbia if operations are to continue beyond July 1, 1974. Development of the 240K zone, which lies east of the Annex, has also been accelerated. Drilling information from this area indicates a "probable" reserve of approximately 300,000 tons that could support an operation at existing levels.

Exploration work on the adjoining Redbird property, being done under contract with the owner, Hecla Operating Company, has not yet reached a stage that permits evaluation. As stated in prior reports, considerable experience has been gained from ground water interceptions.

On March 13, 1974, the majority shareholder of Reeves, Pend Oreille Mines and Metals Company, was merged with The Bunker Hill Corporation, Kellogg, Idaho, a wholly-owned subsidiary of Gulf Resources and Chemicals Corporation, Houston, Texas. Accordingly, The Bunker Hill Corporation now owns the 60.33% interest in Reeves formerly owned by Pend Oreille.

Respectfully,
F. G. Woodruff,
President.

REEVES MacDONALD MINES LIMITED

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OPERATING HI-LITES FOR THE YEAR ENDED DECEMBER 31, 1973 (with comparative figures for 1972)

OPERATING COSTS

Tons ore milled	1973 191,438		1972 180,188	
	Amount	P/Ton	Amount	P/Ton
Mining	\$1,468,514	\$ 7.67	\$1,674,364	\$ 9.29
Milling	256,115	1.34	244,510	1.36
Other Direct Costs	312,228	1.63	324,025	1.80
Administ. & General	30,155	.16	29,932	.17
Property Taxes	34,051	.18	35,657	.20
Interest	52,016	.27	42,733	.24
TOTAL	<u>\$2,153,079</u>	<u>\$11.25</u>	<u>\$2,351,221</u>	<u>\$13.06</u>

MINE STATISTICS

Drifting—Feet	6,144	9,422
Raising—Feet	2,532	1,461
Man Shifts Worked	23,292	20,883
Diamond & Long-hole exploratory drilling—Feet	19,590	20,455

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To the Shareholders of
Reeves MacDonald Mi

We have examined the
as at December 31, 1973
and application of funds
a general review of the
records and other supporting
circumstances.

In our opinion these figures
of the company as at December 31, 1973
the source and application of funds
ance with generally accepted
sistent with that of the

Vancouver, B. C.
February 26, 1974