

WESTERN EXPLORATION CO. LTD.

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(Non-Personal Liability)

Silverton, B.C.

June 25th, 1956

To The Stockholders,
Western Exploration Co. Ltd.,

Since our last report the Hecla tunnel with cross cuts was advanced 829 feet. The raise from the Hecla tunnel to the Monarch tunnel was advanced 159 feet. An ore body of approximately 500 feet was exposed in the Hecla drift. This ore varies in width up to five feet and carries very good silver values. Eleven box holes were put up in this ore section for a few rounds each, total length of box holes being 220 feet. The above work was completed on December 15th when it was decided to discontinue development work for the winter months.

The road was plowed out to the mine the latter part of April, and we now have men on development work in the Hecla. Cross cuts are being driven in the hanging wall of the vein, and we expect to start diamond drilling below the ore section in the Hecla immediately. The raise from the Hecla to the Monarch is about thirty feet below the ore body found by diamond drilling from the Monarch and this raise will be extended to the Monarch tunnel.

We have a few men on the No. 9 level, Buffalo mine, where we have considerable development work to do, to open up ore found by diamond drilling.

We are operating the Mill on a custom basis, and plan on developing ore in the Hecla and Buffalo Mines this Summer and Fall. Ore from this development work will be milled.

Enclosed you will find balance sheet, and profit and loss statement as at April 30th, 1956. Floods in June and July last caused considerable damage to our roads, dam, pipe line and flume, and it took some time to make repairs.

Yours truly,

A.M. Ham,

General Manager

P R O X Y

The Western Exploration Co. Ltd., N.P.L.
SILVERTON, B.C.

I, _____ of _____
being a Stockholder of the Western Exploration Company Limited
N.P.L., hereby appoint M.P. McCullough, H.P. Klinestiver or
A.M. Ham, or _____ as my
PROXY, to vote for me and on my behalf at the ordinary General
Meeting of the Company to be held in Silvertown, B.C. on
TUESDAY, the 17th day of July, 1956, at 10 o'clock a.m., and
at any adjournment thereof.

WITNESS:

Office of
WESTERN EXPLORATION COMPANY LIMITED, N.P.L.
Silvertown, B.C.

June 25th, 1956

To the Stockholders,
Western Exploration Company Ltd., N.P.L.

Please take notice that the regular Annual Meeting of
Stockholders and Election of Officers will be held in the
Office of the Company, in Silvertown, B.C. on TUESDAY, the
17th day of July, 1956, at the hour of 10 o'clock A.M. for
the purpose of electing Directors of the said Company for
the ensuing year, and for the transaction of such other
business as may come before the meeting.

H.P. KLINESTIVER, Secretary
WESTERN EXPLORATION CO. LTD. NPL

RIDDELL, STEAD, GRAHAM & HUTCHISON
Chartered Accountants
Established 1869
Royal Trust Building
VANCOUVER 2, B.C.

AUDITORS' REPORT TO THE SHAREHOLDERS
WESTERN EXPLORATION COMPANY LIMITED
(Non-Personal Liability)

We have examined the books and accounts of Western Exploration Company Limited (Non-Personal Liability) for the year ended April 30, 1956. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We have not examined the title records relating to certain mining properties referred to in the accompanying balance sheet.

Subject to the foregoing, we have obtained all the information and explanations we have required and, in our opinion, the accompanying balance sheet and the related statement of profit and loss and deficit are properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as at April 30, 1956 and the results of its operations 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.

Riddell, Stead, Graham, & Hutchison
Chartered Accountants

Vancouver, B.C.
May 18th, 1956

WESTERN EXPLORATION COMPANY LIMITED

(NON-PERSONAL LIABILITY)

(Incorporated under the Companies Act of British Columbia)

BALANCE SHEET as at APRIL 30, 1956

A S S E T S

CURRENT ASSETS

Cash		\$	36,538.87	
Accounts receivable			13,109.32	
Estimated concentrate settlements receivable			8,053.03	
Concentrates on hand - at net realizable value			8,400.28	
Supplies on hand - at cost			43,989.32	\$110,090.82
			<u> </u>	

MINING PROPERTIES

Cost of property and development expenditures thereon, to date, including \$113,246.91 represent- ing discount on shares and promotion shares, etc.	\$714,667.66			
Less - Provision for depletion	<u>647,356.07</u>	\$	67,311.59	
Other mining properties, including development expenditures thereon, at cost:				
Kimberley claims	104,319.21			
Minoru and Goodwin claims	10,000.00			
Minoru-Hecla development - Schedule 2	221,930.15			
Miscellaneous claims	<u>602.13</u>			
			<u>336,851.49</u>	404,163.08

FIXED ASSETS, at cost

Land		\$	925.00	
Building, machinery & equipment	\$686,770.72			
Less - provision for depreciation	<u>607,160.78</u>		<u>79,609.94</u>	80,534.94

PREPAID EXPENSES AND DEFERRED CHARGES

Unexpired insurance		\$	4,365.81	
Timber sale deposit			1,578.05	
Tramway repairs			4,831.90	
Prepaid taxes and licenses			<u>2,640.99</u>	13,416.75
				<u>\$608,205.59</u>

(For Liabilities - see next page)

WESTERN EXPLORATION COMPANY LIMITED

(NON-PERSONAL LIABILITY)

(Incorporated under the Companies Act of British Columbia)

BALANCE SHEET AS AT APRIL 30, 1956

LIABILITIES

CURRENT LIABILITIES

Salaries and wages payable	\$ 6,223.60	
Accounts payable	<u>9,381.60</u>	\$ 15,605.20

SHARE CAPITAL AND DEFICIT

Share capital	
Authorized	
2,000,000 shares of 50¢ each,	
par value	<u><u>\$1,000,000.00</u></u>

Issued, fully paid	
1,675,272 share of 50¢ each, par value	\$837,636.00

Less - Discounts, less premium,	
arising from share	
issue, conversion and	
adjustments	<u>43,598.73</u>

\$794,037.27

Deficit as per attached statement	<u>201,436.88</u>	592,600.39
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NOTE:

Of the above subscribed shares, 32 shares represent the obligation of the company to convert 96 original shares still outstanding.

Approved on behalf of the Board

Director

Director

\$608,205.59

WESTERN EXPLORATION COMPANY LIMITED

(NON-PERSONAL LIABILITY)

STATEMENT OF PROFIT AND LOSS AND DEFICIT

FOR THE YEAR ENDED APRIL 30, 1956

TONS MILLED - Wet		<u>26,246</u>
REVENUE		
Custom ore		
Milling & handling charges	\$147,068.51	
Shipping charges	<u>4,381.41</u>	\$151,449.92
Royalty on ore leases		1,280.93
Concentrate production revenue		<u>2,745.23</u>
		\$155,476.08
EXPENSES		
Operating expenses		
Milling expense	\$ 75,563.90	
Shipping expense	4,539.04	
Depreciation on buildings and equipment	<u>26,217.25</u>	
	\$106,320.19	
Administrative and general expense - Schedule 1	<u>34,320.05</u>	<u>140,640.24</u>
Net profit from operations		\$ 14,835.84
OTHER INCOME		
Gain on sale of concentrate inventories	\$ 5,258.72	
Miscellaneous	<u>1,643.91</u>	
		<u>6,902.63</u>
		\$ 21,738.47
OTHER EXPENSE		
Maintenance of non-operating mines	\$ 1,641.96	
Obsolete supplies written-off	<u>3,721.88</u>	
		<u>5,363.84</u>
NET PROFIT for the year		\$ 16,374.63
Deficit as at beginning of year		<u>217,811.51</u>
DEFICIT as at April 30th, 1956		<u>\$201,436.88</u>