

Office of

WESTERN EXPLORATION COMPANY LIMITED, N.P.L.

Silverton, B.C.

Of possible Value

June 25th, 1957

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 Silverton, B.C. on TUESDAY, the 16th day of July, 1957, 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

WESTERN EXPLORATION CO. LTD.

Silverton, B.C.

June 25th, 1957

To The Stockholders,
Western Exploration Company Ltd.,

During the past year development work has continued in the Hecla and Buffalo-Mammoth Mines. The following is a list of footage driven:

Drifts and cross-cuts	385 lineal feet.
Raises	541 lineal feet.
Box holes	369 lineal feet.
Diamond drilling	2,340 lineal feet.

The diamond drilling was in the Hecla Mine and the results were not conclusive, however considerable more diamond drilling is planned in this section.

23,600 tons of custom ore was treated in the mill and the above mentioned development work resulted in the treatment of 5,700 tons of ore.

Both the Hecla and Buffalo-Mammoth Mines are approaching the production stage.

Mr. Charles C. Starr, our geologist, retired last fall. Mr. Starr has served the company for many years in a very capable and efficient manner.

Recently the Directors engaged Henry Hill and Associates as Managing Consultants.

The recent drop in the price of lead and zinc, coupled with adverse Canadian exchange, has created considerable uncertainty for lead-zinc producers.

Yours truly,

A.M. Ham

Vice President

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, 1957. 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, 1957 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 18, 1957

WESTERN EXPLORATION COMPANY LIMITED

(NON-PERSONAL LIABILITY)

(Incorporated under the Companies Act of British Columbia)

BALANCE SHEET as at APRIL 30, 1957

A S S E T S

CURRENT ASSETS

Cash		\$ 64,215.30	
Accounts receivable		16,726.76	
Estimated concentrate settlements receivable		13,830.64	
Concentrates on hand - at net realizable value		16,633.22	
Supplies on hand - at cost		<u>41,432.64</u>	\$152,838.56

MINING PROPERTIES

Cost of property and development expenditures thereon, to date, including \$113,246.91 representing discount on shares and promotion shares, etc.	\$714,667.66		
Less - Provision for depletion	<u>656,023.14</u>	\$ 58,644.52	
Other mining properties, at cost:			
Kimberley claims	\$105,810.70		
Minoru and Goodwin claims	10,000.00		
Minoru-Hecla development	250,142.41		
Miscellaneous claims	<u>623.88</u>	<u>366,576.99</u>	425,221.51

FIXED ASSETS, at cost

Land		\$ 925.00	
Building, machinery and equipment	\$693,513.40		
Less - Provision for depreciat- ion	<u>630,111.80</u>	<u>63,401.60</u>	64,326.60

PREPAID EXPENSES AND DEFERRED CHARGES

Unexpired insurance	\$ 3,625.19		
Prepaid taxes and licenses	1,521.34		
Other deferred charges	<u>3,603.30</u>		8,749.83

\$651,136.50

(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, 1957

LIABILITIES

CURRENT LIABILITIES

Salaries and wages payable	\$ 6,498.37	
Accounts payable	19,065.63	\$ 25,564.00

SHARE CAPITAL AND DEFICIT

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

Issued and fully paid		
1,675,272 shares 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	<u>168,464.77</u>	625,572.50
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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

651,136.50

WESTERN EXPLORATION COMPANY LIMITED

(Non-Personal Liability)

STATEMENT OF PROFIT AND LOSS AND DEFICIT

FOR THE YEAR ENDED APRIL 30, 1957

REVENUE

Production - Buffalo Mammoth	\$113,879.13	
Less - Handling charges	5,562.65	\$108,316.48
Custom milling		131,776.55
Royalty on ore leases		2,671.42
Miscellaneous		3,406.58
		<u>\$246,171.03</u>

EXPENSES

Buffalo Mammoth			
Mining and development	\$63,715.46		
Milling	<u>11,661.67</u>	\$ 75,377.13	
Milling - Custom ore		67,851.51	
Depreciation		21,171.45	
Depletion		8,667.07	
Maintenance of non-operating properties		1,704.32	
Timber sale deposit forfeited		1,578.05	
Administrative and general expense - Schedule 1		<u>36,849.39</u>	<u>213,198.92</u>
NET PROFIT FOR THE year			\$ 32,972.11
Deficit as at beginning of year			<u>201,436.88</u>
DEFICIT as at April 30, 1957			<u><u>\$168,464.77</u></u>

Silverton, B. C. August 12, 1957

Mr. A. M. Ham,
Vice-President,
Western Exploration Co. Ltd.,
Silverton, B. C.

} of possible values
C.C.S.

Dear Sir:

In regard to your question as to whether or not geological conditions are favorable for the downward extension of the Buffalo-Mammoth ore body below the present level, or more specifically for a vertical distance of 400 feet to the proposed deep level tunnel, I would reply as follows:

1. Ore now proven on the #9 Level is longer, nearly as wide, and considerably better in grade than the ore on #8 Level, especially in lead and silver. It is reasonable to expect this ore to extend downward for some distance.

2. In so far as geological conditions in the present mine, and on the surface region above the projected area of the ore body on the proposed tunnel level, no essential change is to be expected, although details of the geology in a contorted region, such as this, may and probably will be changed, but may still be expected to be favorable. This will, I believe, apply both to the structure and class of rock encountered.

Under the conditions, as I see them, I believe that the driving of a low level tunnel as proposed by Henry Hill & Associates is fully justified and that it should result in the development of considerable new ore which, together with the now known ore, can be mined and transported at a substantially lower cost than at present.

Yours truly,

Chas. C. Starr

Aug. 12, 1957

Mr. A. M. Ham, V. P.
Western Expl. Co. Ltd
Sedenton BC

Dear Sir: -

In regard to your question as to whether or not geological conditions are favorable for the downward extension of the Buffalo-Mammoth orebody below the present #9 level, or more specifically for a vertical distance of 400 feet to the proposed deep level tunnel, I would reply as follows:

1. Ore now proven on the #9 level is longer, nearly as wide, and considerably better in grade than the ore on #8 level, especially in lead & silver.

It is reasonable to expect this ore to extend downward for some distance.

2. In so far as geological conditions in the present mine, & over the surface ^{region} above ~~the~~ ~~and~~ ~~in~~ the ~~vicinity~~ of the projected area of the ~~proposed~~ orebody on the proposed tunnel level, no ~~essential~~ essential change is to be expected, although details of ^{the} geology ~~will~~ in a contorted region, such as this, may & probably will be changed, but may ^{still} be expected to ~~be~~ be favorable. This will, I believe, apply both to structure & class of Rock encountered.

A. M. H.

(2)

(Paragraph)

Under the conditions, as I see them, I believe that the driving of a low level tunnel as proposed by Henry Hill & Associates is ^{fully} justified and that it should result in the development of considerable new ore which, together with the now known ore ~~Buffalo Minnesota~~, can be mined & transported at a substantially lower cost than at present.

Yours truly,

Mr A. M. Ham
Silverton, B.C.

1110 W. Moreland St.
Phoenix, Arizona
August 18, 1957.

Dear Art:-

I got home 6 PM on the 15th after many bus changes & having my ticket re-routed to save spending a night in Spokane again. Slept fairly well en route.

Found everything OK here. Rose's sister was here most of the time I was away. I said "everything OK here" - that's true but all the furniture in the house had been moved from room to room or place to place so the interior did not look like home at all, but it is an improvement. It's still pretty hot down here.

I very much appreciate your and Elsie's care of me while I was in Silverton & hope I was not too much trouble. Rose and I again invite you to visit us when the B.C. weather gets too wild for you.

With our best regards to you both.

Yours sincerely,
Charlie

P.S. I would appreciate an occasional note re developments in the Mac, as well as personal news.

C.

August 12, 1957.

Henry L. Hill & Associates,
572 Howe St.,
Vancouver 1, B. C.

Dear Sirs:

Pursuant to your request to state my opinion of favorable places to look for ore in the Buffalo-Mammoth and Monarch-Hecla mines I give you the following:-

Buffalo-Mammoth Area

- (1) The opening of a new level 400 feet below #9 has, I understand, been decided on. I believe that this is the most favorable place on the property for the development of a substantial body of ore.
- (2) The shear-zone has never been explored for more than 200 feet east of the mined out ore, nor is there any exposed outcrop in that direction. I see no special evidence either for or against the presence of ore to the east but consider it a rather long-shot gamble.
- (3) From the west face of the original #7 level Mammoth west drift, a few feet west of survey station 733 to station 742, a distance of 640 feet, the main shear-zone has not been exposed. Some 540 feet above this stretch of shear-zone there is an old tunnel crossing the Mammoth-Monarch claim boundary in which stringers of good lead ore were found and a few tons shipped. In the #1 Hecla crosscut (at Sta. 742) there was a ton or more of fair ore, most of which has fallen out. The Company had planned to drill several flat holes across the unexposed 640 feet of shear some time in the future. I think this should be done, when convenient, although I do not consider it a specially promising prospect.

Monarch-Hecla Area

- (4) The intermediate level now being started in the 760 through-raise from the Hecla 5000 level to the Monarch tunnel is to develop and extend known ore rather than to search for new ore. However it is possible that it might eventually, depending on conditions, be advisable to extend it westward for a considerable distance to prospect the ground midway between the weakly mineralized area along the Monarch tunnel and the ore on the Hecla tunnel.
- (5) Last winter it was planned to drive a 200 foot crosscut south from the Hecla drift, starting near #10 Boxhole (Sta. 768), from which to fan out diamond drill holes to, if possible, locate downward extensions of the Hecla orebody. I believe this should be done reasonably soon.

- (6) The present west face of the Monarch tunnel, elevation 5360, is about 400 feet from ~~the~~ breaking through to the surface near Emily Creek. The face of the tunnel is in moderately favorable ground with a few quartz seams. A small cut in the bottom of Emily Creek shows specks of sphalerite in breccia three or four feet wide.

A sample of alder twigs at elevation 5650, a little below the projected apex of the shear, showed 55 parts per million of zinc, which is considered high enough to indicate a zinc source near by. The sample was taken at elevation (approx) 5650 about straight up the dip from the face of the tunnel. It would appear that while the extension of the tunnel might find ore the chance is hardly good enough to justify the cost of driving.

- (7) I know of no reason, geological or any other, why there may not be another ore body above the Monarch tunnel between No. 5 and No. 9 crosscuts, a distance of 850 feet. Neither do I know of any reason why there should be ore there except that the 850 feet mentioned contains spotty ore in kidneys and small lenses which might or might not turn into commercial ore above. The only possible way to explore the shear above mentioned is by drilling from long foot-wall crosscuts or by long raise or raises, either or which would be expensive and a gamble.

The above covers all the worth while exploration and some of doubtful worth that I have in mind.

Yours truly,

Chas. C. Starr
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Chas. C. Starr,
1110 West Moreland St.,
Phoenix, Arizona, U.S.A.