

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE is hereby given of the Annual Meeting of shareholders of Western Exploration Company Limited, Non-Personal Liability will be held at the office of the Company at Silverton, British Columbia on Tuesday the 15th day of July, 1958 at the hour of ten o'clock in the forenoon, for the following purposes:

1. To select directors for the ensuing year;
2. To receive and consider the report of the Directors and the financial statement for the past year and the auditor's report thereon;
3. To appoint auditors;
4. To consider, and if thought fit, to pass the following extra-ordinary resolution;

"THAT WHEREAS it is desirable in the interest of the Company that additional capital be available for future requirements. NOW THEREFORE IT IS HEREBY RESOLVED that the memorandum of association of the Company be amended to increase the capital of the Company from One Million (\$1,000,000.00) dollars to One and one half Million (\$1,500,000.00) dollars and the number of shares from two million shares with a par value of fifty cents a share to three million shares with a par value of fifty cents a share.

Such new shares to rank pari passu with the present stock issue and to be sold or otherwise disposed of in such a manner as the directors may think most beneficial to the Company.

5. To transact such other business as may properly be brought before the meeting.

By order of the Board of Directors

"H.P. Klinestiver"

Secretary

Dated 25 June, 1958

WESTERN EXPLORATION COMPANY LIMITED

NON - PERSONAL LIABILITY

June 9, 1958

To the Shareholders,
Western Exploration Company Limited, N.P.L.,

Following is the report of Henry L. Hill and Associates,
operating managers.

A.M. Ham,
Vice-President

The President & Directors,
Western Exploration Company Limited,
Silverton, B.C.

Gentlemen:

The following report covers the operation of Western
Exploration Company Limited during the fiscal year which ended
April 30th, 1958.

GENERAL

During the past year, the first complete year of operation
at the increased production rate, 17,182 tons of ore were milled,
which averaged 5.2% lead, 6.2% zinc and 14.0 ozs. silver per ton.
Production figures for the past two years are shown below:

<u>Year</u>	<u>Tonnage Milled</u>	<u>Ozs. Silver</u>	<u>Lbs. Lead</u>	<u>Lbs. Zinc</u>
1956	5,217	60,977	592,382	691,274
1957	17,182	240,897	1,799,082	2,147,210

During the year the price of silver decreased from 91.375¢
to 88.625¢ per ounce, lead decreased from 16¢ to 12¢ per pound, and
zinc decreased from 13.5¢ to 10.0¢ per pound.

In spite of the increased tonnage rate and the higher grade
of mill feed, the decline of metal prices resulted in a slightly
lower operating profit for 1957, as shown below:

<u>Year</u>	<u>Heads</u>			<u>Operating Profit</u> (Before depreciation or depletion)
	<u>Silver</u>	<u>Lead</u>	<u>Zinc</u>	
1956	11.7	5.7	6.6	\$62,672
1957	14.0	5.2	6.2	50,206

9,625 tons of custom ore were milled during the year,
however, no heavy shipments were received after December, 1957.

ORE RESERVES

Proven and indicated ore reserves on the Mammoth-Monarch-Hecla ore zones are estimated at 18,000 tons. In addition there are approximately 5,300 tons of reserves in the Enterprise Mine, which is located some 14 miles by road from Silverton. No estimate has been made of the indicated ore below the 900 level of the Mammoth, or possible ore in other sections of the mine.

MINE

(a) Extraction

During the year approximately 80% of the tonnage milled was extracted from the Mammoth ore zone from stopes between the 900 and 800 levels. The remaining 20% ^(37.3%) was extracted from the Hecla and Monarch ore zones. All ore was selectively mined by the square setting method.

(b) Exploration

Only a limited amount of exploration was done during the year. A sub-level was established on the Monarch ore zone and exploration raises were completed to test and to prepare the Monarch ore zone for mining.

Two exploration raises were driven from the Hecla stopes.

DEPTH DEVELOPMENT PROGRAM

In order to develop and mine the Mammoth ore zone below the 900 level, and to test the Buffalo at depth, a 2,500 foot tunnel was started 400 feet vertically below 900 level. On completion the tunnel will permit the ore zone to be developed on three new levels, and also will allow gravity flow of ore from the upper levels. This ore will then be trucked over the new $3\frac{1}{2}$ mile road to the Hewitt road, thence 3 miles to Silverton.

To date the 12 level tunnel has been advanced 740 feet on a one shift basis since January 1st, 1957.

MILLING

During the year the mill treated 17,182 tons of Lead-Zinc ore. Metallurgical and operating performance were considered excellent.

COSTS

Operating costs during the year totalled \$20.51 per ton, as summarized below:

	<u>Per Ton</u>
Mining	\$ 13.23
Milling	3.46
Transportation	1.32
Administration	2.50
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	\$ 20.51
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CAPITAL EXPENDITURES

Capital expenditures during 1957 totalled \$53,184, as summarized below:

12 Level Tunnel - road, equipment, building and 550 foot tunnel	\$32,029.
New Substation and mining equipment	<u>21,154.</u>
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	\$53,184.
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SUMMARY

In order to offset the effect of the decline in the price of base metals, mining has been concentrated in the Monarch ore zone which carries high silver values and curtailed in some sections of the Mammoth ore zone due to zinc content.

The object of the present operation is to make sufficient profit to withstand the cost of driving the new 12 level tunnel.

The successful completion of the drive, and the subsequent development of ore below 900 level, coupled with metal prices, will determine the future of the operation.

Yours very truly,

HENRY L. HILL & ASSOCIATES

by: "Henry L. Hill"

HLH/mjr

RIDDELL, STEAD, GRAHAM & HUTCHISON

Chartered Accountants

Established 1869

Royal Trust Building

Vancouver 2, B.C.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of Western Exploration Company Limited (a British Columbia Corporation) for the year ended April 30, 1958. 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 of the company's mining claims.

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 income and deficit together with the notes appearing thereon 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, 1958 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 26, 1958

WESTERN EXPLORATION COMPANY LIMITED

(NON-PERSONAL LIABILITY)

BALANCE SHEET AS AT APRIL 30, 1958

A S S E T S

CURRENT ASSETS

Cash		\$ 45,694.02	
Government of Canada treasury bill, at cost plus accrued interest		49,866.13	
Accounts Receivable		1,223.81	
Estimated concentrate settlement receivable		26,816.15	
Concentrates on hand - at net realizable value		6,306.38	
Supplies on hand - at cost		<u>35,437.78</u>	\$165,344.27

FIXED ASSETS, at cost

Land		\$ 925.00	
Buildings, machinery and equipment	\$718,739.02		
Less - accumulated depreciation	<u>655,368.86</u>	<u>63,370.16</u>	64,295.16

MINING PROPERTIES

Cost of property and development expenditures thereon, to date, including \$113,246.91 representing discount of shares and promotion shares, etc.	\$714,667.66		
Less - Accumulated depreciation	<u>680,592.96</u>	\$ 34,074.70	

Other mining properties, at cost:

Kimberley claims	\$104,415.02		
Minoru and Goodwin claims	10,000.00		
Minoru-Hecla development	250,142.41		
Buffalo-Mammoth #12 level	32,029.96		
Miscellaneous claims	<u>623.88</u>	<u>397,211.27</u>	431,285.97

PREPAID EXPENSES AND DEFERRED CHARGES

Unexpired Insurance		\$ 3,709.15	
Prepaid taxes and licenses		<u>1,902.82</u>	<u>5,611.97</u>
			<u>\$ 666,537.37</u>

WESTERN EXPLORATION COMPANY LIMITED

(NON-PERSONAL LIABILITY)

BALANCE SHEET AS AT APRIL 30, 1958

LIABILITIES

CURRENT LIABILITIES

Salaries and wages payable	\$ 8,066.25	
Accounts payable	<u>31,276.41</u>	\$ 39,342.66

SHARE CAPITAL AND DEFICIT

Share capital	
Authorized	
2,000,000 shares at 50¢ each,	
par value	\$1,000,000.00

Issued and fully paid	
1,675,272 shares of 50¢ each,	
par value (Note 2)	\$ 837,636.00

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

	\$ 794,037.27
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Deficit as per attached statement	<u>166,842.56</u>	627,194.71
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		<u>\$ 666,537.37</u>
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NOTE - 2

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

WESTERN EXPLORATION COMPANY LIMITED

(Non-Personal Liability)

STATEMENT OF INCOME AND DEFICIT

FOR THE YEAR ENDED APRIL 30, 1958

REVENUE

Production	\$ 397,878.31	
Less - Handling charges	<u>20,201.78</u>	\$ 377,676.53
Custom milling		59,229.01
Royalty on ore leases		627.54
Miscellaneous		<u>2,135.21</u>
		\$ 439,668.29

EXPENSES

Operating expenses		
Mining and development	\$ 246,057.98	
Milling	84,230.95	
Shipping concentrates	2,946.75	
Maintenance of non-operating properties	1,629.50	
Administrative and general expenses	<u>54,597.12</u>	<u>389,462.30</u>
		\$ 50,205.99

Depreciation	\$ 24,013.96	
Depletion	<u>24,569.82</u>	<u>48,583.78</u>

NET INCOME for the year \$ 1,622.21

Deficit as at beginning of year 168,464.77

DEFICIT as at April 30, 1958 \$166,842.56