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the Louvem mine and mill at Val d'Or, for milling of the Belmoral gold ore.

CAMBLO MINES LIMITED: Higher prices for gold and an increase in oil and gas revenues boosted net income before extraordinary items to \$4,057,253, or \$1.17 share in 1978.

An extraordinary gain of \$1,739,814, or 50¢ share was made from the sale of an Ohio coal deposit by Camflo's subsidiary, La Luz Mines Limited. Net income in 1977 was \$3,700,992, or \$1.08 share.

A shut down of coal operations in the first quarter due to the United Mine Workers strike in the United States contributed to a loss by La Luz Mines of \$1,690,489, or 49¢/share, compared to \$330,948, or 9¢/share in 1977. Camflo increased its interest in La Luz to 57% during 1978.

Total proven and indicated reserves of gold ore at the end of 1978 were 2,200,000 tons grading 0.16 oz/ton of gold, compared to 2,100,000 tons grading 0.17 oz/ton in 1977. Proven natural gas reserves increased by about 40% to 49-million mcf.

COMINCO LIMITED: In 1978, net earnings amounted to \$65.2-million from sales of \$901.2-million compared to 1977 earnings of \$62.2-million from sales of \$759.2-million.

Production of lead concentrate in 1978 was 362,800 tons compared to 301,300 tons in 1977, while zinc concentrate production was reduced slightly to 618,200 tons from 636,700 tons in 1977. The Pine Point mine in the Northwest Territories and the Sullivan mine in BC produced most of the concentrates with the remainder coming from the Magmont mine in Missouri, the Black Angel Mine

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in Greenland, and the HB mine in BC prior to its closure in August 1978.

The major expansion project begun in 1977 at the metallurgical plants at Trail and the Sullivan mine at Kimberley is proceeding on schedule. By the end of 1978 over \$170-million had been committed to the project which will increase the annual capacity of refined zinc to 300,000 tons and of refined lead to 200,000 tons.

The newly expanded facilities at the Con operations at Yellowknife produced 114,500 oz of gold compared to 92,900 oz in 1977. Total gold production was 133,200 oz, a 23% increase from the previous year.

The company's fertilizer and chemical operations in Alberta, BC, and the US manufactured 1,758,000 tons of product, compared to 1,484,000 tons in 1977. The increased production came mainly from the fertilizer complex at Carseland, Alberta, which completed its first year of operation.

Earnings from associated companies were \$9.5-million. The principal contribution, \$7.8-million compared to \$4.9-million in 1977, came from Fording Coal Limited. Fording's production of 3.1-million tons of coal was approximately the same as in 1977 but sales improved significantly.

Exploration expenditures totalled \$33.9-million including \$4.8-million for associated companies. Work at existing mines continued to add to existing ore reserves and some new areas were identified where further development will be pursued. In the Burkesville, Kentucky, zinc area underground work will be completed in 1979 and in addition to zinc and lead, increased emphasis will be placed on the search for uranium, molybdenum, tungsten, tin and gold.

For the first quarter of 1979, net earnings rose to \$38.3-million, or \$2.14 share, compared to \$9.5-million, or 49¢ share in 1978.

Lead, zinc and silver sales increased and a strong demand enabled full operation of all facilities. Fertilizer and potash sales increased significantly and prices improved.

David Minerals Ltd., directly and indirectly, have arranged to acquire 100% interest in the Merida property, Ainsworth area, Slocan mining division, B.C. David Minerals are to buy all outstanding shares of Merida Developments Limited for 66,750 common shares of David. Merida Developments, jointly with Chernoff Brothers Sawmill Ltd., own a one-half interest in the property. Then David agreed to buy the one-half interest of Chernoff Brothers Sawmill for 62,500 shares of David. The property includes 57 mineral claims, the "Hector" Crown grant and surface rights on some 555 acres.

David Minerals have agreed to buy from Cominco Ltd. their H.B. mine and mill together with adjoining properties for \$750,000, of which \$50,000 was paid on 8 May 81 and \$700,000 is due 6 Aug 81. The sale is subject to completion of certain documentation. David have granted incentive options to directors Paul W. Richardson and Norman C. Croome to buy up to 20,000 shares each in the year started 15 July 81 at \$1.70 per share.