

Sheba Copper Mines Limited has made a 75-25 exploration agreement on its property in the Highland Valley area of B.C. with Western Mines Ltd. The letter of intent is subject to the approval of Sheba Copper shareholders and to formal documentation. Under the agreement Western Mines has committed to a minimum exploration program of \$50,000 by Dec. 31, 1976, with options to spend \$75,000 by Sept. 1, 1977; \$100,000 by Sept. 1, 1978; and \$125,000 by Sept. 1, 1979. If a feasibility study shows the property is worthy of production then Western Mines will earn a 75% interest in the property. Sheda has a 10% carried interest in the property and the right to pay 25% of the costs to production after feasibility and thereby retain a 25% interest in the property.

The Sheba claims in the Highland Valley total 81 and are located east of Lornex and south of Bethlehem Copper. The initial program by Western will start shortly and will consist largely of drilling.

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WESTERN MINES LIMITED

GCNL #162, Aug. 24th 1976

<u>Six Months Ended June 30,</u>	<u>1976</u>	<u>1975</u>
Net Concentrate Revenue	\$8,528,072	\$7,495,439
Production Costs	5,234,527	4,197,187
Administration Costs	241,145	258,143
Depreciation & Amortization	683,338	867,448
Exploration	944,981	959,737
Interest & Other Income	(266,366)	(416,743)
Loss on Asset Sale(gain)	40,257	(7,144)
Exchange loss & Other Expenses	295,116	--
Earning Before Taxes	1,355,074	1,636,811
B.C.Mining & Other Taxes	594,400	966,085
Federal Income Taxes	451,000	548,521
NET EARNINGS	\$ 309,674	\$ 122,205
Earnings Per Share	6¢	2¢
Cash Flow Per Share	17¢	16¢
Working Capital	\$11,430,260	\$11,555,146

Production Figures

Tons of Ore Milled	158,250	153,285
Ore Grades:Copper	1.19 %	1.17 %
Zinc	7.86	7.55
Lead	1.46	1.41
Gold Oz/Ton	.091	.084
Silver Oz/Ton	4.73	4.54

The most significant changes in the income statement of Western Mines Limited for the current year are in the increase in net smelter return of 14% reflecting higher grades and copper prices, increased production costs of 25% reflecting the accelerated mine exploration and development program and higher labour costs, exchange losses incurred in the current year and a decrease of 31% in the provision for taxes in the period. In reporting results Hugh R. Snyder, president stated that tonnage milled averaged 847 tons per calendar day during the quarter compared to 846 tons per day in 1975. Lateral development and diamond drilling increased by 38% and 50% respectively, whilst vertical development decreased by 9% reflecting a shortage of raise miners.

The Pine Point-Great Slave Reef Joint Venture is summarized as follows: "Detail diamond drilling adjacent to other significant intersections is planned this winter after geophysical and

geochemical surveys are completed.....A mineralized zone some 1,600 feet long and 400 feet wide containing an estimated 2,800,000 tons grading 11.9% zinc and 4.1% lead has now been indicated by diamond drilling at 200-foot centres."

Western Mines Limited has made a 75-25 agreement with Sheba Copper Mines Limited covering 81 claims in the Highland Valley area of B.C. The claims are located east of Lornex and south of the Bethlehem Copper Mine. Sheba Copper has a 10% carried interest in the property and has the option to pay 25% of costs after a feasibility study and thereby retain a 25% property interest. To date, 28 percussion holes have been drilled in a mineralized zone 3,500 feet north-south by approximately 2,000 feet east-west. Assays have been received from 15 holes with the balance pending. Hole #E-5 at the north end cut 50 ft. (from 50 to 100 feet) assaying 0.35% copper. At the south end, hole #E-14 cut 40 feet of 1.08% copper and 0.11% molybdenum (not molybdenite). This is within a 90-foot section (20 ft. to 110 ft.) assaying 0.63% copper, 0.08% molybdenum. Additional work is planned for this area as well as 20 holes in a second target zone.

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