

672907



# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

## 15th Annual Report

For the year ended September 30, 1967

**ANNUAL GENERAL MEETING**

The Annual General Meeting of Shareholders of the Company will be held on Monday, December 11, 1967 at 11:00 a.m. in the Thompson Room of the Bayshore Inn Hotel, Vancouver, B.C.

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

## AUTHORIZED CAPITAL

5,000,000 Common Shares  
Par Value \$2.00 each

## ISSUED

4,780,016

## REMAINING IN TREASURY

219,984

D. B. ARMSTRONG	- - - - -	Vancouver	<b>DIRECTORS</b>
R. J. ARMSTRONG	- - - - -	Montreal	
W. G. JEWITT	- - - - -	Victoria	
A. W. JOHNSTON	- - - - -	Toronto	
R. T. HAGER	- - - - -	Vancouver	
J. A. McLALLEN	- - - - -	Vancouver	
P. M. REYNOLDS	- - - - -	Vancouver	
J. E. R. WOOD	- - - - -	Vancouver	
H. M. WRIGHT	- - - - -	Vancouver	

W. G. JEWITT	- - - - -	President	<b>OFFICERS</b>
R. T. HAGER	- - - - -	Vice-President	
F. A. ROBERTSON	- - - - -	Secretary-Treasurer	

J. B. MAGEE **GENERAL  
MANAGER**

LAWRENCE, SHAW, STEWART & McLOUGHLIN **SOLICITORS**  
Vancouver

EASTERN & CHARTERED TRUST COMPANY **REGISTRAR and  
TRANSFER  
AGENT**  
Vancouver  
Toronto

McDONALD, CURRIE & CO. **AUDITORS**  
Chartered Accountants  
Vancouver

CANADIAN IMPERIAL BANK OF COMMERCE **BANK**  
Vancouver, Campbell River, Nelson

1290 ONE BENTALL CENTRE, 505 BURRARD STREET **HEAD OFFICE**  
Vancouver, B.C.

Vancouver Stock Exchange **SHARES OF  
THIS COMPANY  
ARE LISTED**  
Toronto Stock Exchange  
Canadian Stock Exchange

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

## AND WHOLLY-OWNED SUBSIDIARY COMPANIES

### 15th annual report of the board

TO THE SHAREHOLDERS:

#### CONSTRUCTION

All major items of the plant described in last year's report comprising mine plant, concentrator, hydro-electric power plant, access road, dock and loading facilities were completed late in 1966. Operations commenced early in 1967 and the full rate of treatment was attained by April 1. Since that time the concentrator has averaged approximately 98.8% of operating time.

Partly on account of financial difficulties described later in this report, it was not possible to proceed with the permanent mine camp. The provision of various items of mine equipment and mine preparation were deferred for the same reason.

#### PRODUCTION

From commencement to September 30, 1967, 230,036 tons of ore were milled averaging .07 oz. gold, 2.0 oz. silver, 1.9% copper, 0.8% lead, 8.2% zinc. Production totalled 14,570 tons of copper concentrate, 23,772 tons of zinc concentrate and 1,815 tons of a bulk lead-zinc concentrate. Difficulties developed in the production of the scheduled grade of concentrates and production of the bulk concentrate was discontinued in March, 1967. Intensive investigations resulted in overcoming most of the metallurgical problems and satisfactory copper and zinc concentrates have been produced since early in August. In September copper recovery averaged 82.1% and zinc recovery 89.7%. Testing is continuing and further improvement is anticipated.

The open pit provided 82% of the mill feed, 10% coming from underground and 8% from pre-production stockpiles.

#### MINE DEVELOPMENT

During the year 11,953 feet of lateral development and raising and 43,510 feet of diamond drilling were completed. Comparable figures for the previous year are respectively 5,027 feet and 53,981 feet. The intensive lateral development and surface exploration programme necessary for the full investigation of the property was deferred in order to maximize the cash flow.

Between the Lynx and the Paramount, drill holes from the surface located bedrock in the Myra Creek valley and established that 13 level on the Lynx can be extended beneath the valley to the Paramount.

#### ORE RESERVES

Ore Reserves—as at September 30, 1967

	Tons	Copper %	Lead %	Zinc %	Gold oz./ton	Silver oz./ton
<b>Lynx Mine</b>						
Proven Plus Probable .....	1,285,000	2.0	0.8	8.7	0.06	2.0
<b>Paramount Mine</b>						
Proven Plus Probable .....	37,000	0.8	1.7	9.2	0.06	3.6
<b>TOTAL</b> .....	<b>1,322,000</b>	<b>2.0</b>	<b>0.8</b>	<b>8.7</b>	<b>0.06</b>	<b>2.0</b>

In addition 447,000 tons are classed as "possible" ore, the information on ore in this category being insufficient to justify adding it to the ore reserves. However, further development is likely to transfer a substantial portion of this "possible" ore to the ore reserve classification. In addition, ore extensions laterally and to depth at the Lynx and Paramount, and surface exploration in at least two other locations on the property, are reasonably sure to develop further ore reserves. As previously mentioned, an extensive programme of exploration ultimately will be necessary to explore the full potential of the property.

Diamond drilling during the year obtained ore extensions down to 13 level. Drilling below that level totalling 2,700 feet so far has failed to develop ore but the holes are widely spaced and much lateral development as well as diamond drilling remains to be done.

Included in the foregoing tabulation are open pit ore reserves totalling approximately 406,000 tons.

The ore reserve estimate this year cannot be compared directly with previous estimates owing to a change in the method of calculation, made advisable by operating experience. Development during the year actually added about 433,000 tons to ore reserves. After subtracting production for the year this is a net gain of approximately 203,000 tons.

#### FINANCIAL

The gross value of concentrates produced in the eight months' period ended September 30, 1967 was \$6,273,373. Net income after providing for all operating costs, interest on long term debt and depreciation was \$861,344. Operations for the month of January have not been included in the earnings statement because of their preliminary nature.

The method to be used in writing off preproduction expense is outlined in Note 5(c) of the Notes to the Consolidated Financial Statements. The procedure employed by Bethlehem Copper Corporation Ltd. in writing off their preproduction expense and which was proven to be a satisfactory method was used as a precedent.

The Federal Taxation Division has not yet set the date of the commencement of the three-year tax exempt period.

In 1965, 5¾% Series A Debentures totalling \$4,000,000 and 6% Income Debentures totalling \$7,000,000 were issued in order to finance the cost of bringing the mine into production. In September, 1966 it was apparent that an over-expenditure would occur and 250,000 common shares were sold, the net to the treasury being \$1,012,500.

The reasons for the over-expenditure were outlined in a Statement to Shareholders dated June 30, 1967, which accompanied a notice of an extraordinary meeting of shareholders, the major reasons being

- (a) a six-month delay in completion of the plant, caused by delays in the delivery of plant and equipment and by construction labour strikes, and
- (b) a substantial escalation in the cost of both labour and materials.

In addition, although 80% of the value of the concentrates delivered to our Campbell River Dock is advanced by Philipp Brothers (Canada) Ltd., the slowness of final settlements plus the cost of inventories have required a substantial increase in working capital requirements.

In June, 1967 it was evident that further funds would be required and an extraordinary meeting of shareholders was called for July 14, 1967 to approve a proposal to increase the capitalization of the Company by 1,000,000 shares and to sell an unstated number of these shares pro rata to shareholders at \$2.00 per share. Unfortunately the two companies proposing to underwrite the issue withdrew their offer, pending a re-examination of the Company's situation, and the meeting was adjourned before any action was taken. The Company was unable to meet the first repayment of principal on the Series A Debentures due July 15, amounting to \$426,000 and on August 15, 1967 the Canadian Imperial Bank of Commerce, holders of the Series A Debentures, notified the Company it was in default.

Subsequently at a meeting of Debenture holders on September 27, 1967 the default was waived and the schedule of payments on the Series A Debentures deferred for six months. In return the Company agreed to an increase in interest on the Series A Debentures from 5¾% to 6¾% and an increase in interest on the Income Debentures from 6% to 6½%.

The following is quoted from a statement made to the Debenture holders on September 27:

"Forecasts of profits for the next eighteen months indicate that the Series A Debentures will be retired in the first quarter of 1969, and assuming these forecasts are realized the accrued interest on the Income Debentures amounting to approximately \$1,240,000 will be paid when due on June 15, 1968. Repayment of the Income Debentures will be due to commence immediately after the Bank is repaid. Repayment in full is due June 15, 1973.

After the end of the eighteen-month period, profits will be lower because of the depletion of open cut ore and the necessary change to production from underground sources. The underground ore-bodies are expected to produce a mill feed of somewhat better grade than the open pit. At the same time, costs will increase due, in part, to the irregular nature of the shoots and the strongly sheared, generally heavy ground in which they occur. Until some experience has been gained in underground mining it is not possible to make a forecast of profits. Limited underground operations during the coming year are expected to provide useful information in solving that problem.

Eventually, a greatly intensified programme of exploration and development will be necessary to fully investigate the ore possibilities of the property."

## GENERAL

Mine tailings are being deposited at the bottom of Buttle Lake and tests indicate there is no harmful result. This conforms to results in at least two other locations in British Columbia where similar mill tailings are similarly deposited. Dr. G. B. Langford, a well known authority, is conducting an impartial survey of the situation on behalf of the three parties concerned.

Effective May 23, 1967, Mr. H. M. Wright resigned as President, being replaced by the present incumbent. Mr. E. C. Hammond retired as Director on May 23, 1967. As with Mr. Wright, Mr. Hammond had been a director since the organization of the Company in 1951 and your Directors wish to express their appreciation of Mr. Hammond's and Mr. Wright's untiring efforts on behalf of the Company. Mr. Wright is continuing as a Director.

The appointment of Mr. C. M. Campbell, Jr. as General Manager terminated on September 30. He was succeeded by Mr. J. B. Magee.

As in previous years, no Directors' fees were paid by the Company.

Vancouver, B.C.  
November 1, 1967.

On behalf of the Board,  
**W. G. JEWITT,**  
President.

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

AND WHOLLY-OWNED SUBSIDIARY COMPANIES

**consolidated  
balance sheet  
as at  
september 30,  
1967**

## ASSETS

	1967 \$	1966 \$
<b>CURRENT ASSETS</b>		
Cash .....	318,527	55,997
Project fund (note 2) .....	96,557	292,878
Accounts receivable—sundry .....	27,804	22,547
Concentrate settlements receivable, at estimated realizable value (note 3) .....	396,227	
Concentrate inventories (for which a sales contract has been made) — at estimated net realizable value (less purchaser's advances thereon of \$412,637) .....	540,710	
Mine materials and supplies—at average cost .....	289,922	87,744
Prepaid expenses .....	120,219	7,546
	<u>1,789,966</u>	<u>466,712</u>
<b>INVESTMENT</b> —at cost, no quoted market value (note 1) .....	4,930	4,930
<b>FIXED ASSETS</b>		
Plant and equipment (note 4) .....	8,799,308	7,318,652
Idle plant—at cost less accumulated depreciation and proceeds of disposals (note 4) .....	392,545	392,650
Mining properties—at cost (notes 1 and 4) .....	853,618	853,618
	<u>10,045,471</u>	<u>8,564,920</u>
<b>DEFERRED PREPRODUCTION EXPENSE</b> (notes 1 and 5) .....	10,083,614	8,462,851
	<u>21,923,981</u>	<u>17,499,413</u>

The accompanying notes are an integral part of this statement.

SIGNED ON BEHALF OF THE BOARD:

**W. G. JEWITT, Director**

**R. T. HAGER, Director**

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

AND WHOLLY-OWNED SUBSIDIARY COMPANIES

## LIABILITIES

### CURRENT LIABILITIES

Accounts payable and accrued liabilities .....	959,927	1,378,414
Long-term debt maturing within one year (note 6):		
Bank loan, mortgages and contracts .....	1,052,750	204,030
Interest on income debentures .....	918,750	
	<u>2,931,427</u>	<u>1,582,444</u>

### LONG-TERM DEBT (note 6):

Bank loan—secured .....	4,000,000	2,300,000
Income debentures maturing 1973 (with accrued interest of \$918,750 - 1967; \$490,000 - 1966) .....	7,918,750	7,490,000
Province of British Columbia .....	731,500	
Mortgage loans and contracts payable .....	220,435	111,474
	<u>12,870,685</u>	<u>9,901,474</u>
Less: Long-term debt maturing within one year .....	1,971,500	204,030
	<u>10,899,185</u>	<u>9,697,444</u>
	<u>13,830,612</u>	<u>11,279,888</u>

## SHAREHOLDERS' EQUITY

### CAPITAL STOCK

Authorized—		
5,000,000 common shares with a nominal or par value of \$2 each		
Issued and fully paid (notes 7 and 8)—		
4,780,016 shares .....	7,270,609	6,258,109

### RETAINED EARNINGS (note 14):

Deficit—beginning of year .....	38,584	38,584
Less: Net earnings for the eight months ended September 30, 1967	861,344	
Balance—end of year .....	<u>822,760</u>	<u>38,584</u>
	<u>8,093,369</u>	<u>6,219,525</u>
	<u>21,923,981</u>	<u>17,499,413</u>

**consolidated  
balance sheet  
as at  
September 30,  
1967**

To the Shareholders of Western Mines Limited (Non-Personal Liability)  
and wholly-owned subsidiary companies.

We have examined the consolidated balance sheet of Western Mines Limited (Non-Personal Liability) and wholly-owned subsidiary companies as at September 30, 1967, and the consolidated statements of earnings, retained earnings and use and source of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

Generally accepted accounting principles applied to mining require that preproduction expenses be amortized by charges to income in amounts and over periods which can vary according to the rate at which proven and probable ore reserves will be absorbed into production. Although the Company's mine came into production during the year no such charge has been made to income. In our opinion the earnings of the period from February 1 to September 30, 1967, would have been reduced by approximately \$1,300,000 if preproduction expenses had been so amortized.

Subject to the qualification set out in the preceding paragraph, in our opinion, these consolidated financial statements present fairly the consolidated financial position of the companies as at September 30, 1967, and the consolidated results of their operations and the use and source of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.  
November 6, 1967.

**McDONALD, CURRIE & CO.,**  
Chartered Accountants.

**auditors'  
report**

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

AND WHOLLY-OWNED SUBSIDIARY COMPANIES

## consolidated statement of earnings

for the  
eight months  
from february 1, 1967  
to september 30, 1967

		\$
<b>REVENUE FROM CONCENTRATES PRODUCED</b> .....		6,273,373
Less: Treatment and marketing costs .....		1,734,310
		<u>4,539,063</u>
 <b>EXPENDITURES</b>		
Cost of concentrate production .....	2,606,517	
Administrative costs (note 13) .....	<u>241,970</u>	<u>2,848,487</u>
 <b>OPERATING INCOME</b> .....		1,690,576
 <b>OTHER EXPENSES</b>		
Interest on long-term debt .....	496,335	
Depreciation .....	<u>332,897</u>	<u>829,232</u>
 <b>NET EARNINGS FOR THE EIGHT MONTHS ENDED SEPTEMBER 30, 1967</b> (notes 5(c) and 10) .....		<u><u>861,344</u></u>

The accompanying notes are an integral part of this statement.



# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

AND WHOLLY-OWNED SUBSIDIARY COMPANIES

	1967 \$	1966 \$
<b>USE OF WORKING CAPITAL</b>		
Preproduction expenses (note 9(a)) .....	1,469,395	3,544,256
Purchase and construction of plant and equipment—net .....	1,793,316	5,533,753
Increase in long-term debt maturing within one year .....	1,767,470	200,000
Cost of staking mineral claims .....		120
	<u>5,030,181</u>	<u>9,278,129</u>
<b>SOURCE OF WORKING CAPITAL</b>		
Operations (note 9(b)) .....	1,482,991	
Bank loans .....	1,700,000	2,300,000
Mortgages and contracts .....	108,961	73,785
Sale of shares (note 7(b)) .....	1,012,500	42,500
Province of British Columbia .....	700,000	
	<u>5,004,452</u>	<u>2,416,285</u>
<b>DECREASE IN WORKING CAPITAL</b> .....	25,729	6,861,844
<b>WORKING CAPITAL (DEFICIENCY)—BEGINNING OF YEAR</b> .....	<u>(1,115,732)</u>	<u>5,746,112</u>
<b>WORKING CAPITAL DEFICIENCY—END OF YEAR</b> .....	<u>1,141,461</u>	<u>1,115,732</u>
<b>REPRESENTED BY:</b>		
Current liabilities .....	2,931,427	1,582,444
Less: Current assets .....	<u>1,789,966</u>	<u>466,712</u>
	<u>1,141,461</u>	<u>1,115,732</u>

**consolidated  
statement  
of use and  
source of  
working  
capital**

for the  
year ended  
september 30, 1967

The accompanying notes are an integral part of this statement.

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

AND WHOLLY-OWNED SUBSIDIARY COMPANIES

## notes to consolidated financial statements

for the  
year ended  
september 30, 1967

### 1. VALUES

The amounts shown for investment, mining properties and preproduction expenses represent costs to date and are not intended to reflect present or future values.

### 2. PROJECT FUND

This fund is made up of short-term investments plus accrued interest and is to be used for the payment of interest on the \$4,000,000 bank loan.

### 3. CONCENTRATE SETTLEMENTS RECEIVABLE

Concentrate settlements receivable are valued at the metal prices prevailing at the time of shipment. In accordance with the terms of the sales contract, final settlements are made at prices prevailing at a future date and the amounts which will be received by the Company may vary from those amounts shown as concentrate settlements receivable at September 30, 1967.

### 4. FIXED ASSETS

(a) Plant and equipment, construction in progress and related accumulated depreciation are classified as follows:

	1967			1966
	Cost \$	Accumulated depreciation \$	Net \$	Cost \$
Vancouver Island				
Plant and equipment .....	8,813,193	317,059	8,496,134	3,378,882
Staff housing .....	311,487	15,574	295,913	177,922
Construction in progress .....				3,758,100
Head Office equipment .....	7,525	264	7,261	3,748
	<u>9,132,205</u>	<u>332,897</u>	<u>8,799,308</u>	<u>7,318,652</u>

Depreciation of plant and equipment, except the idle Ainsworth plant, is at the rate of 5% per annum and automotive equipment is at the rate of 20% per annum, both computed on a straight line basis from February 1, 1967. No depreciation has been taken on the idle Ainsworth plant.

(b) The cost of mining properties as at September 30, 1967 is as follows:

	\$
Vancouver Island .....	193,868
Ainsworth, B.C. ....	659,750
	<u>853,618</u>

### 5. PREPRODUCTION EXPENSES

(a) The balance of preproduction expenses as at September 30, 1967 is as follows:

Total to September 30, 1966 .....	\$ 8,462,851
Expenditures during the period October 1, 1966 to January 31, 1967:	
Current development and preproduction costs including	
access road .....	1,787,084
Portion of interest on bank loan, income debentures and mortgages .....	74,275
Loss on disposal of fixed assets .....	63,868
	<u>1,925,227</u>
Deduct:	
Estimated recovery of costs through production of con- centrates during the period of plant testing and tune-up ...	<u>304,464</u>
Balance at September 30, 1967 .....	<u>1,620,763</u>
	<u>10,083,614</u>

(b) The preliminary period for the new plant and equipment is deemed completed January 31, 1967.

(c) No amount has been written off the preproduction expenses which are carried on the balance sheet as a deferred charge. Under the Income Tax Act these expenses can be deferred until the end of the three year tax-exempt period. It is the Company's intention to write them off to retained earnings after that period.

### 6. LONG-TERM DEBT

(a) Bank Loan

During the year ended September 30, 1967, the Company received an extension of its repayment terms of the bank loan. To effect this extension the Company approved an increase in the interest rate from 5¾% to 6¾% effective from June 30, 1967. The bank loan is secured by a debenture and under its terms a minimum repayment of \$1,026,238 must be made by September 30, 1968, and the final payment is to be made by April 15, 1969. Under an "earnings" clause in the debenture the repayments must be increased if the Company's earnings exceed certain stipulated amounts.

(b) Income Debentures

On July 22, 1965, the Company issued \$7,000,000 of Income Debentures bearing interest at the rate of 6% per annum which was subsequently increased to 6½% per annum effective July 1, 1967. The debentures mature June 15, 1973, with a proviso that they may be redeemed earlier at the option of the Company at various times in varying amounts. Accrued interest to September 30, 1967, in the amount of \$918,750, is shown on the balance sheet as a current liability. The Trust Deed provides that interest is payable on June 15 of each year commencing in 1968, but only to the extent that income is earned to March 31 immediately preceding such payment date. The debentures are secured by a first fixed and specific mortgage on all assets of the Company and a first floating charge on all assets to be acquired in the future.

(c) Province of British Columbia.

The British Columbia Department of Highways agreed to construct an access road to the Company's property in Strathcona Provincial Park, the cost of which was estimated at \$2,000,000 plus or minus 10% and was to be borne by the Company. \$1,500,000 has been paid and a balance of \$700,000 with interest at 6% is due in 1970.

By a letter dated February 26, 1967, the British Columbia Department of Highways requested the Company to pay for the full cost of construction of the access road, which is presently estimated to be \$3,500,000. The Company, on the advice of its solicitors, denied responsibility in excess of its contractual obligation as noted above.

## 7. CAPITAL STOCK

(a) As at September 30, 1967, shares issued, discounts and premiums related thereto were as follows:

	1967			1966	
	Shares	Par value	Discounts less premiums	Net	Net
		\$	\$	\$	\$
For cash .....	3,859,976	7,719,952	1,569,423	6,150,529	5,138,029
For properties	575,000	1,150,000	450,000	700,000	700,000
For services ..	345,040	690,080	270,000	420,080	420,080
	<u>4,780,016</u>	<u>9,560,032</u>	<u>2,289,423</u>	<u>7,270,609</u>	<u>6,258,109</u>

(b) During the year ended September 30, 1967, the Company issued 250,000 common shares for cash totalling \$1,012,500.

(c) The Company has granted 10 separate stock options to employees and officers to purchase a total balance of up to 57,000 shares during the period to July 1, 1973, at prices varying from \$4.00 to \$4.25 per share.

## 8. PARTICIPATION IN FINANCING

Cominco Ltd. has the right to participate in future financing, limited to a proportion equal to the percentage of Cominco's registered shareholdings in the Company at such time.

## 9. WORKING CAPITAL

(a) Working capital used for deferred preproduction expenses is as follows:	1967	1966
Total preproduction expenses (note 5 (a)) .....	\$ 1,620,763	\$ 3,748,530
Less: Charges not depleting working capital—		
Loss on disposal of fixed assets .....	63,868	13,720
Access road financing interest .....	31,500	
Income debenture interest .....	56,000	190,554
	<u>151,368</u>	<u>204,274</u>
Working capital used .....	<u>1,469,395</u>	<u>3,544,256</u>
(b) Working capital provided by operations is as follows:	\$	
Net earnings .....	861,344	
Add: Charges not depleting working capital—		
Depreciation .....	332,897	
Income debenture interest .....	288,750	
Working capital provided .....	<u>1,482,991</u>	

**10. INCOME TAXES**

Under the provisions of the Income Tax Act the Company is exempt from income taxes for a three year period from the date the Department of National Revenue deems the Company to have commenced operations. The Company has applied to the Department for this date.

**11. WHOLLY-OWNED SUBSIDIARY COMPANIES**

Myra Falls Mines Ltd.  
Price Creek Mines Ltd.  
Western Mines Holdings Limited  
Discovery Terminals Ltd.  
Myra Falls Management Ltd.

**12. COMMITMENTS**

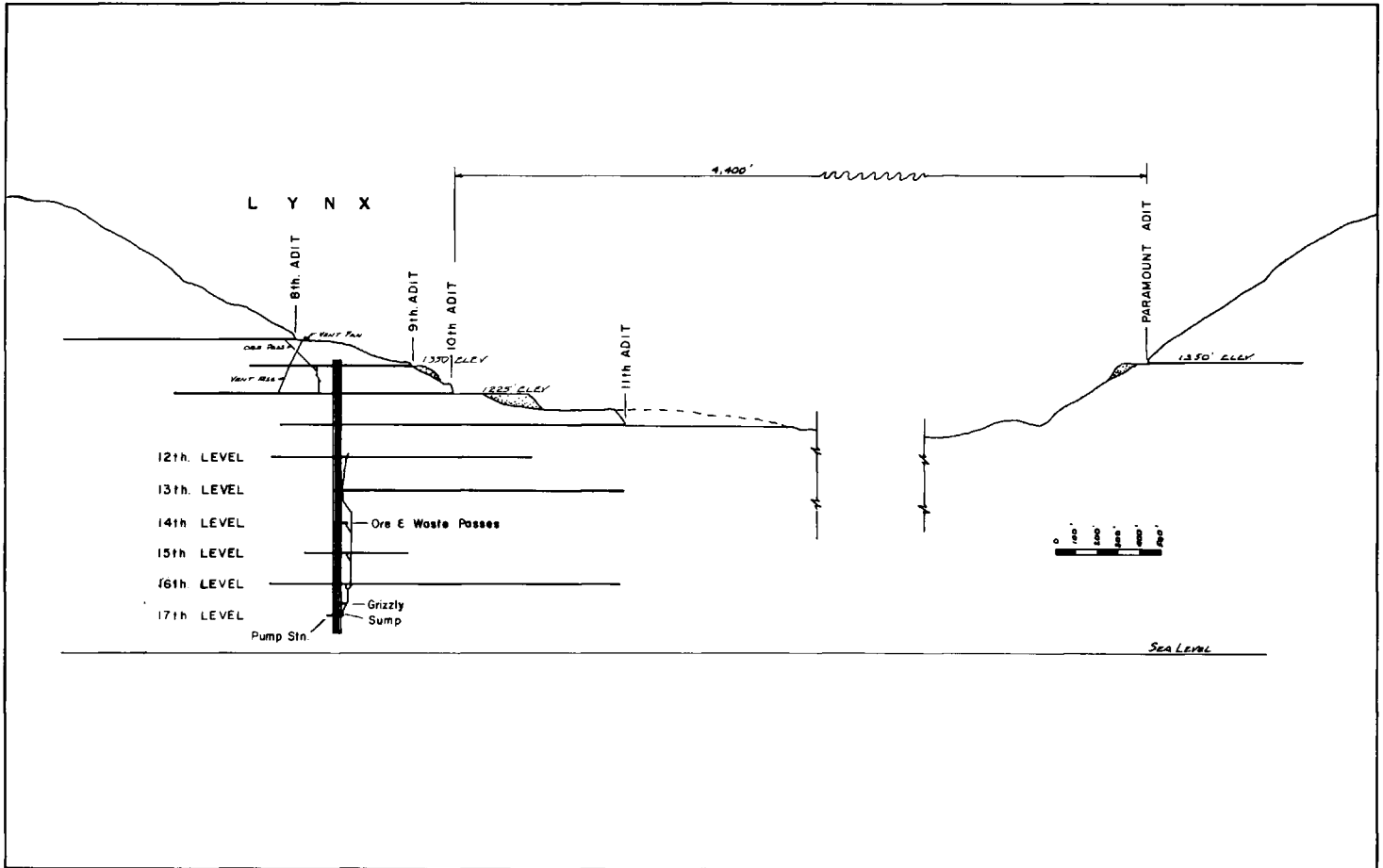
The Company has leased mining equipment for a total commitment of \$216,176 due in varying amounts to 1971.

**13. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS**

During the year ended September 30, 1967, the directors and senior officers of the Company, as defined by the British Columbia Securities Act, 1967, were paid aggregate remuneration totalling \$74,883 for their services as employees of the Company. No directors fees, as such, were paid during the year.

**14. DIVIDEND RESTRICTION**

Pursuant to the provisions of the Trust Deed, the Company may not declare or pay any dividends (other than stock dividends) so long as any of the Debentures remain outstanding.



**CROSS SECTION SHOWING UNDERGROUND DEVELOPMENT  
AT THE LYNX MINE  
MYRA FALLS, B.C.**

**OUR COVER**

Loading concentrates at the Company's Discovery  
Terminals dock at Campbell River, B.C.

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

1290 - One Bentall Centre, Vancouver 1, B.C.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Western Mines Limited (Non-Personal Liability) (hereinafter called the "Company") will be held in the Thompson Room of the Bayshore Inn Hotel, Georgia and Car-dero Streets, Vancouver, British Columbia, on Monday the 11th day of December, 1967 at the hour of 11:00 o'clock in the forenoon (local time) for the following purposes:

1. To receive and consider the report of the Directors and to consider the Balance Sheet and the Auditors' Report;
2. To elect Directors;
3. To appoint Auditors;
4. To confer general authority on the Directors to take or acquire shares in other corporations;
5. To consider and, if approved, to pass a Special Resolution:
  - (i) To increase the authorized capital of the Company from \$10,000,000.00 divided into 5,000,000 shares with a nominal or par value of \$2.00 each to \$15,000,000.00 divided into 7,500,000 shares with a nominal or par value of \$2.00 each.
  - (ii) To amend Clause 5 of the Memorandum of Association of the Company to read:  
"5) The authorized capital of the Company is \$15,000,000.00 divided into 7,500,000 shares with a nominal or par value of \$2.00 each."
6. To consider and, if approved, to pass a Special Resolution amending the Articles of Association of the Company as per Schedule "A" hereof.
7. To consider and, if approved, to pass an Ordinary Resolution ratifying and confirming an amendment to the employees stock options previously granted, reducing the purchase price on exercise of an option to \$2.00 per share subject to approval by the Vancouver, Toronto and Canadian Stock Exchanges.

A copy of the report of the Directors, the Balance Sheet and Auditors' report for the fiscal year ended September 30th, 1967 to be submitted to the meeting is forwarded herewith.

Shareholders who are unable to attend the meeting in person are requested to date and sign the attached form of Proxy and return it to the Secretary of the Company at the address shown above. An Information Circular accompanies this Notice.

DATED at Vancouver, this ..... day of ....., 1967.

BY ORDER OF THE BOARD  
F. A. ROBERTSON,  
Secretary.

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

## INFORMATION CIRCULAR

AS AT OCTOBER 31, 1967 FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON MONDAY, DECEMBER 11, 1967.

### SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation by the management of Western Mines Limited (N.P.L.) (the Company) of proxies to be used at the Annual General Meeting of Shareholders of the Company to be held at the time and place and for the purposes set forth in the attached Notice of Meeting. The cost of solicitation by the management will be borne by the Company.

### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are the President and the Vice-President of the Company. A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM AT THE MEETING HAS THE RIGHT TO DO SO, either by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, delivering the completed proxy to the office of the Company.

A shareholder who has given a proxy may revoke it either (a) By signing a proxy bearing a later date and delivering it to the office of the Company at 1290 One Bentall Centre, Vancouver 1, B.C. not less than 48 hours before the proxy purports to vote in respect thereof; or (b) As to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by signing written notice of revocation and delivering it to the office of the Company at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, or to the Chairman of the meeting.

### EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. IN THE ABSENCE OF SUCH DIRECTION, SUCH SHARES WILL BE VOTED FOR APPROVAL CONFERRING GENERAL AUTHORITY ON THE DIRECTORS TO TAKE OR ACQUIRE SHARES IN OTHER CORPORATIONS, THE SPECIAL RESOLUTION INCREASING THE AUTHORIZED CAPITAL OF THE COMPANY, THE SPECIAL RESOLUTION AMENDING THE ARTICLES OF ASSOCIATION OF THE COMPANY, AND THE ORDINARY RESOLUTION RATIFYING AND CONFIRMING THE AMENDMENT TO THE EMPLOYEES STOCK OPTIONS PREVIOUSLY GRANTED REDUCING THE PURCHASE PRICE UPON EXERCISE OF THE OPTIONS TO \$2.00 PER SHARE — ALL AS SET FORTH IN ITEMS 4, 5, 6, AND 7 OF THE NOTICE OF MEETING, AND FOR THE ELECTION OF DIRECTORS AND THE APPOINTMENT OF AUDITORS AS STATED UNDER THOSE HEADINGS IN THIS CIRCULAR. The enclosed form of Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the meeting. At the time of printing this circular the management of the Company knows of no such amendment, variations or other matters to come before the meeting other than the matters referred to in the Notice of Meeting.

### VOTING SHARES

On October 31st, 1967, the Company had outstanding 4,780,016 ordinary shares of a par value of \$2.00 each, each carrying the right to one vote per share. The Directors and Senior Officers of the Company do not know of any person or company beneficially owning, directly or indirectly, shares carrying more than 10% of the voting rights attached to all shares of the Company except Cominco Ltd., in whose name are registered 721,071 shares of the Company, being approximately 15.1% of the outstanding shares of the Company. Any registered shareholder of the Company at the commencement of the meeting will be entitled to vote at the meeting.

### ELECTION OF DIRECTORS

The Board consists of nine Directors to be elected annually. The persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below, all of whom are now members of the Board of Directors and have been since the dates indicated. The management does not contemplate that any of the nominees will be unable to serve as a Director but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each Director elected will hold office until the next Annual General Meeting and until his successor is duly elected, unless his office is earlier vacated in accordance with the Articles of Association.

The following table and the notes thereto state the names of all the persons proposed to be nominated for election as Directors, all other positions and offices with the Company now held by them, their principal occupations or employments, the year in which they became Directors of the Company, and the approximate number of shares of each class of the Company or of a Subsidiary of the Company beneficially owned directly or indirectly by each of them, as of October 31st, 1967.

Name	Date he Became Director	Shares Held Beneficially
D. B. Armstrong	Director, Nesbitt, Thomson and Company, Limited ..... August 1, 1965	100
R. J. Armstrong	Vice-President, Exploration and prior thereto Manager of Exploration Cominco Ltd. .... January 16, 1962	1
R. T. Hager	Chairman of the Board (formerly President) The Canadian Fishing Company, Limited ..... September 26, 1951	37,050
W. G. Jewitt	Until May 1967 President Pine Point Mines Ltd. formerly Vice-President i/c Mines, Cominco Ltd. .... May 23, 1967	1
A. W. Johnston	President, Consolidated Canadiao Faraday Ltd. .... January 28, 1963	1
J. A. McLallen	Vice-President and General Manager, Capilano Timber Company Limited and Chairman of the Board, Bethlehem Copper Corporation Ltd. .... July 24, 1961	23,500



P. M. Reynolds	President and Director, Bethlehem Copper Corporation Ltd. (formerly Secretary-Treasurer and Director) .....	December 29, 1966	24,000
J. E. R. Wood	President, Northwood Mining Limited .....	September 26, 1951	14,854
H. M. Wright	President, Wright Engineers Limited .....	September 26, 1951	185,240

## NOTES

- (a) The information as to shares beneficially owned not being within the knowledge of the Company, has been furnished by the respective Directors individually.
- (b) Unless otherwise stated above, each of the above named persons has held the principal occupation or employment indicated for at least five years.

### REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Aggregate direct remuneration paid or payable by the Company and its Subsidiaries for the fiscal year ending September 30th, 1967 to the Directors and Senior Officers of the Company (there were no directors' fees paid as such) \$ 74,883.00

### APPOINTMENT OF AUDITORS

The person named in the enclosed form of proxy intend to vote for the re-appointment of Messrs. McDonald, Currie & Co., Chartered Accountants, Vancouver, as auditors of the Company, to hold office until the next Annual Meeting of Shareholders. Messrs. McDonald, Currie & Co. have been auditors of the Company for more than three years and were first appointed on the 1st day of October, 1964.

### PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

As indicated in the Notice of Meeting, two Special Resolutions are to be submitted to the meeting of Shareholders, one dealing with an authorization to increase the authorized capital of the Company from \$10,000,000.00 divided into 5,000,000 shares with a nominal or par value of \$2.00 each to \$15,000,000.00 divided into 7,500,000 shares with a nominal or par value of \$2.00 each, and consequent thereon an amendment of the Memorandum of Association of the Company accordingly to provide that the authorized capital of the Company is \$15,000,000.00 divided into 7,500,000 shares with a nominal or par value of \$2.00 each.

The purpose of increasing the authorized capital is to have available additional shares should it become necessary to raise additional funds for any future expansion, or major exploration and development programs. However, it is not the intention of the Company at this time to issue any of the proposed additional authorized shares.

The other Special Resolution to be submitted to the meeting of Shareholders is to amend the Articles of Association of the Company as set forth in Schedule A to the Notice of Meeting.

The main purposes of the proposed amendments to the Articles of Association of the Company are to provide a broader scope of management by the increase in the Board of Directors from nine to ten; to provide the Board with authority to fix remuneration of Directors; to give full protection to the Directors in dealings with the Company as Directors or shareholders of other companies; to give indemnity and protection to Directors, officers and employees of the Company for expenses and liabilities incurred by them in the discharge of their duties; to facilitate the passing of resolutions and execution of documents.

An ordinary resolution to be submitted to the meeting to consider amending the employees stock options previously granted, by reducing the purchase price on exercise of an option to \$2.00 per share. The purpose of the Resolution is to reduce the purchase price on exercise of the option by an employee. The Vancouver Stock Exchange has indicated its approval to this change, and the Toronto and Canadian Stock Exchanges have also indicated their approval, subject to ratification by the shareholders of the Company.

## SCHEDULE "A"

### TO THE NOTICE OF ANNUAL GENERAL MEETING OF WESTERN MINES LIMITED (N.P.L.) FOR 1967.

RESOLVED by way of Special Resolution that the Articles of Association of the Company be amended as follows:

- (i) By deleting clause 77 of the Articles and substituting therefor:
77. Until otherwise determined by a general meeting, the number of Directors shall not be less than Three (3) nor more than Ten (10). The first Directors of the Company shall be the subscribers to the Memorandum of Association.
- (ii) By deleting clause 80 and substituting therefor:
80. The Directors shall be entitled to receive out of the funds of the Company by way of remuneration for their services, such sum as the Directors may from time to time determine.
- (iii) By deleting Clauses 83 and 83(a) and substituting therefor:
83. (a) That no Director shall vacate his Office by reason of his being a member of any company which has entered into a contract with or done any work for the Company; but a Director shall not vote in respect of any such contract or work, and if he does so vote his vote shall not be counted;
- (b) That no Director shall be disqualified by his office from holding any office or place of profit under the Company or under any company in which the Company shall be a shareholder or otherwise interested, or from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested, be avoided, nor shall any Director be liable to account to the Company for any profit arising from any such office or place of profit or realized by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relations thereby established, but it is declared that the nature of his interest must be disclosed by him at the meeting of the Directors at which the contract or arrangement is first taken into consideration if his interest then exists, or in any other case at the first meeting of the Directors after the acquisition of his interest. If a Director becomes interested in a contract or arrangement after it is made or entered into the disclosure of his interest shall be made at the first meeting of the Directors held after he becomes so interested. A general notice that a Director is a member of any specified firm or company, and is to be regarded as interested in all transactions with that firm or

company, shall be a sufficient disclosure under this clause as regards such Director and the said transactions, and after such general notice it shall not be necessary for such Directors to give a special notice relating to any particular transaction with that firm or company;

- (c) That no contract or other transaction between this Company and any other company, the majority of the voting shares of which are owned or controlled by this Company, and no contract or other transaction between this Company and any other company which owns or controls a majority or any number of the voting shares of this Company, shall in any case be void or voidable because of the fact that the Directors of this Company are Directors of such other company, nor shall any such Directors be deemed interested in such contract or other transaction under any of the provisions of this Article, or any rule of law or equity; nor shall any such Director be liable to account because of such interest, nor need any such interest be disclosed, nor shall such Director be disqualified;
- (d) That a Director of this Company may be or become a Director of any Company promoted by this Company, or in which this Company may be interested as shareholder, vendor or otherwise, or which may own or control shares of this Company, and no such Director shall be accountable for any benefits received as Director or member of such other Company.

(iv) By adding after Clause 97 the following Clause:

#### INDEMNITY AND PROTECTION OF DIRECTORS, OFFICERS AND EMPLOYEES

- 97(a) 1. Every Director, officer or auditor of the Company or any person (whether an officer of the Company or not) employed by the Company may be indemnified out of the funds of the Company against all liability incurred by him, otherwise than through his own wilful neglect or default, as Director, officer, auditor or employee in defending any proceedings whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, or in which judgment and/or costs may be given against him, or in connection with any application under the Companies Act, in which relief is granted to him by the Court.
2. Every Director, Officer or employee of the Company and his heirs, executors and administrators and estate and effects, respectively, shall, from time to time and at all times, be indemnified and saved harmless out of the funds of the Company from and against:
- (a) All costs, charges and expenses whatsoever which such Director, officer or employee sustains or incurs in or about any action, suit or proceeding which is brought, commenced or prosecuted against him, for or in respect of any act, deed, matter or thing whatsoever, made, done or permitted by him, in or about the execution of the duties of his office or employment and not occasioned by his own wilful neglect or default;
  - (b) All other costs, charges and expenses which he sustains or incurs in or about or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by his own wilful neglect or default.
3. The Directors of the Company are hereby authorized from time to time to cause the Company to give indemnities to any Director or other person who has undertaken or is about to undertake any liability on behalf of the Company or any company controlled by it and to secure such Director or other person against loss by mortgage and charge upon the whole or any part of the real and personal property of the Company by way of security and any action from time to time taken by the Directors under this paragraph shall not require approval or confirmation by the members.
4. No Director, officer or employee for the time being of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or employee, or for joining in any receipt or act for conformity, or for any loss, damage or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Board of Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Company shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation with whom or which any moneys, securities or effects shall be lodged or deposited or for any loss occasioned by any error of judgment or oversight on his part or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto unless the same shall happen by or through his own wilful neglect or default.
5. Directors may rely upon the accuracy of any statement or report prepared by the Company's auditors and shall not be responsible or held liable for any loss or damage resulting from the paying of any dividends or otherwise acting upon such statement or report.
6. The provisions of this Article 97 (a) shall be subject in all respects to the provisions of the Companies Act and if, by reason thereof, any of the provisions of this Article shall be void, illegal or invalid, the remaining provisions of this Article shall be construed and take effects as if such void, illegal or invalid provision had never been contained herein.

(v) By deleting Article 98 and substituting therefor:

98. A Resolution circulated amongst the Directors in one or more counterparts and approved in writing by at least two-thirds of the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted.

(vi) By adding after Clause 99 the following:

99. (a) **OFFICERS**—The Directors may, from time to time, appoint one or more of the following officers of the Company:
- A Chairman of the Board
  - A President
  - A Managing Director
  - One or more Vice-Presidents
  - A Treasurer
  - A Secretary
  - A Secretary-Treasurer
  - One or more Assistant Secretaries

And such other officers as they may think fit and the Directors may, at any time, revoke any such appointments.

(vii) By deleting Clause 100 and substituting therefor:

100. The Directors shall provide for the safe custody of the seal which shall not be affixed to any instrument except in the presence of the following persons, namely, (a) Any two Directors, or (b) any two of the Chairman of the Board, the President, the Managing Director, a Director, a Vice-President, the Secretary, the Treasurer, the Secretary-Treasurer, and Assistant Secretary and an Assistant Secretary-Treasurer, or (c) such other person or persons as the Directors may from time to time appoint and the said person or persons in whose presence the seal is so affixed to an instrument shall sign such instrument.

WESTERN MINES LIMITED

President's Statement at Annual Meeting  
December 11, 1967.

The Annual Report of the Directors summarizes production for the year ending September 30, 1967. The following tabulation illustrates the progress made.

	<u>Jan-March</u>			<u>April-June</u>			<u>June-Sept</u>		
Average tons/day	739			893			911		
	Cu%	Pb%	Zn%	Cu%	Pb%	Zn%	Cu%	Pb%	Zn%
Average Grade	2.1	0.9	8.5	1.9	0.8	8.6	1.7	0.7	7.4
*Average costs/ton	\$17.41			\$12.60			\$11.62		

During the two months October and November 53,657 tons of ore were treated in the mill averaging 2.25% copper, .90% lead, 9.93% zinc. Production totalled 4,631 tons of copper concentrate averaging 21.02% copper, 6.88% lead, 12.96% zinc and 7,536 tons of zinc concentrate averaging 1.34% copper, 2.17% lead, 56.78% zinc. Costs \* averaged \$12.86 per ton, including \$1.27 per ton write off of a previously deferred open cut account.

The estimated earnings for the two month period, before depreciation and write-off of pre-production expense are \$804,607.

It should be noted that the feed grade during October and November is higher than the ore reserve grade and metal prices, particularly copper, were higher than in previous months. Consequently the estimated earnings cannot be projected for the future. However, the estimated profits since July 1 so far are substantially higher than the "Forecast of profits for the next eighteen months" referred to in the Annual Report of the Directors.

Mine development is presently at a low level, the only important enterprise at present being the development of one experimental stope. An increased rate of development is planned, commencing later in 1968, in order to prepare for the transition from open cut to underground mining and to maintain ore reserves. In the meantime diamond drilling on the 13 level near the main shaft has given encouraging indications of further ore development. Drifting and drilling on this level will be continued.

A re-examination of development and diamond drilling data indicates that an additional 210,000 tons will be mined from the open pit. This is not new ore but a transfer from the "underground" reserves.

\* Not including depreciation, depletion nor pre-production write-off.

*Cu 4.45  
Pb 5.50  
Zn 7.00*

*Cu 80%  
Pb 85%  
Zn 85%*

WESTERN MINES LIMITED

President's Statement at Annual Meeting  
December 11, 1967.

The Annual Report of the Directors summarizes production for the year ending September 30, 1967. The following tabulation illustrates the progress made.

	<u>Jan-March</u>			<u>April-June</u>			<u>June-Sept</u>		
Average tons/day	739			893			911		
	Cu%	Pb%	Zn%	Cu%	Pb%	Zn%	Cu%	Pb%	Zn%
Average Grade	2.1	0.9	8.5	1.9	0.8	8.6	1.7	0.7	7.4
*Average costs/ton	\$17.41			\$12.60			\$11.62		

During the two months October and November 53,657 tons of ore were treated in the mill averaging 2.25% copper, .90% lead, 9.93% zinc. Production totalled 4,631 tons of copper concentrate averaging 21.02% copper, 6.88% lead, 12.96% zinc and 7,536 tons of zinc concentrate averaging 1.34% copper, 2.17% lead, 56.78% zinc. Costs \* averaged \$12.86 per ton, including \$1.27 per ton write off of a previously deferred open cut account.

The estimated earnings for the two month period, before depreciation and write-off of pre-production expense are \$804,607.

It should be noted that the feed grade during October and November is higher than the ore reserve grade and metal prices, particularly copper, were higher than in previous months. Consequently the estimated earnings cannot be projected for the future. However, the estimated profits since July 1 so far are substantially higher than the "Forecast of profits for the next eighteen months" referred to in the Annual Report of the Directors.

Mine development is presently at a low level, the only important enterprise at present being the development of one experimental stope. An increased rate of development is planned, commencing later in 1968, in order to prepare for the transition from open cut to underground mining and to maintain ore reserves. In the meantime diamond drilling on the 13 level near the main shaft has given encouraging indications of further ore development. Drifting and drilling on this level will be continued.

A re-examination of development and diamond drilling data indicates that an additional 210,000 tons will be mined from the open pit. This is not new ore but a transfer from the "underground" reserves.

\* Not including depreciation, depletion nor pre-production write-off.

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

## PROXY

THIS PROXY IS SOLICITED BY THE MANAGEMENT OF WESTERN MINES LIMITED (N.P.L.) (THE COMPANY) FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS ON DECEMBER 11th, 1967.

The undersigned, a registered shareholder of the Company being the owner of \_\_\_\_\_ shares, hereby appoints W. G. Jewitt, the President of the Company, or failing him, R. T. Hager, Vice-President of the Company, or \_\_\_\_\_ as Proxy, with power of substitution, to attend and vote for the undersigned at the Annual General Meeting of Shareholders to be held on the 11th day of December, 1967 at the hour of 11:00 o'clock in the forenoon, and any adjournments thereof,

1.  For or  Against approval of the conferring of general authority to take or acquire shares in other corporations;
2.  For or  Against increasing the authorized capital of the Company from \$10,000,000.00 divided into 5,000,000 shares with a nominal or par value of \$2.00 each to \$15,000,000.00 divided into 7,500,000 shares with a nominal or par value of \$2.00 each, and to amend Clause 5 of the Memorandum of Association of the Company to read:  
"5) The authorized capital of the Company is \$15,000,000.00 divided into 7,500,000 shares with a nominal or par value of \$2.00 each."
3.  For or  Against the Special Resolution to amend the Articles of Association of the Company as identified in the Information Circular and as set forth in Schedule "A" accompanying the Notice of Meeting.
4.  For or  Against the ordinary Resolution ratifying and confirming an amendment to the employees stock options previously granted, reducing the purchase price on exercise of an option to \$2.00 per share subject to approval by the Vancouver, Toronto and Canadian Stock Exchanges.
5. For the election of Directors;
6. For the appointment of Auditors;
7. Upon any other matter that may properly come before such meeting.

THE UNDERSIGNED HEREBY AUTHORIZES SAID PROXIES TO VOTE FOR PROPOSALS NOS. 1, 2, 3, and 4 ABOVE UNLESS AN INSTRUCTION TO VOTE AGAINST SUCH PROPOSAL IS INDICATED. I hereby revoke any prior proxy or proxies.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 1967.

\_\_\_\_\_  
Signature of Shareholder

J. Cameron Stephen,  
221 W. Rockland Dr.,  
North Vancouver, B.C.

A proxy will not be valid unless it is deposited at the office of the Company, 1290 One Bentall Centre, Vancouver, B.C. not less than 48 hours before the person named therein purports to vote in respect thereof.

Where the instrument is signed by a corporation, either its common seal must be affixed to the proxy or it should be signed by the corporation under the hand of an officer or attorney duly authorized in writing, which authority must accompany this proxy.

