

# WESTERN MINES LIMITED

(NON PERSONAL LIABILITY)

## CONSOLIDATED STATEMENT OF SOURCE AND USE OF WORKING CAPITAL for the six months period ended March 31, 1968

<b>SOURCE</b>			
Net income from operations	.....		\$ 2,104,733.09
Depreciation, which did not represent an outlay of cash	.....	\$ 246,597.97	
Less applied to disposal of fixed assets	.....	27,566.34	
			219,031.63
Proceeds from disposal of fixed assets	.....		6,417.25
Received from exercise of employees' stock options	.....		13,200.00
			2,343,381.97
<b>USE</b>			
Total funds	.....		1,726,238.81
Repaid on bank loan	.....	900,000.00	
Increase in long term debt maturing within one year	.....	826,238.81	
			617,143.16
<b>INCREASE IN WORKING CAPITAL</b>			1,141,461.52
<b>WORKING CAPITAL DEFICIENCY OCTOBER 1, 1967</b>			
<b>WORKING CAPITAL DEFICIENCY MARCH 31, 1968</b>			\$ 524,318.36
<b>REPRESENTED BY:</b>			
Current liabilities	.....	3,493,203.91	
Current assets	.....	2,968,885.55	
			\$ 524,318.36
<b>Note:</b>			
Current liabilities include:			
Trade liabilities	.....	\$ 450,606.23	
Installments on bank loan and mortgages due within one year	.....	1,896,347.72	
Interest on income debentures	.....	1,146,249.96	
			\$ 3,493,203.91

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# WESTERN MINES LIMITED

(NON PERSONAL LIABILITY)

One Bentall Centre  
505 Burrard Street  
Vancouver 1, B.C.

## INTERIM REPORT TO SHAREHOLDERS

QUARTER ENDED MARCH 31, 1968

# WESTERN MINES LIMITED

(NON PERSONAL LIABILITY)

To the Shareholders:

The following interim report covering the operations of your Company for the quarter and the six month's period ended March 31, 1968 is submitted for your information. The operations for the quarter ended March 31, 1968 produced a net income of \$1,159,897 compared with \$944,836 for the quarter ended December 31, 1967. The figures are subject to audit.

Mill feed averaged about 875 tons per day, almost entirely from the open pit. Mine development continued at a low level but will be accelerated towards the end of the current quarter-year.

A re-examination of the open pit operation indicates that an additional tonnage of underground reserves may be mined from the pit, thus enabling the present rate of operation to be maintained at least until the end of 1969. This however increases the amount of stripping required, with consequent increased costs.

By the end of March a total of 1¼ million dollars had been invested in short term securities to be available for the payment of debenture interest in June. In addition we have set aside \$400,000.00 which will be available for the next bank loan instalment, payable on July 15, 1968 in the amount of \$860,000.00. This plan of setting aside earnings on a monthly basis will be continued until the bank debt is liquidated. We have managed to keep well ahead of the debt repayment schedule since the terms of the bank loan were renegotiated last summer.

The Department of National Revenue has informed us that income derived from the operation of our mine during the period commencing February 1, 1967 qualifies for the three year tax exemption available to new mines.

April 21, 1968

W. G. JEWITT,  
President

OPERATING STATISTICS	Three months ended March 31, 1968	Six months ended March 31, 1968	SUMMARY OF EARNINGS	Three months ended March 31, 1968	Six months ended March 31, 1968
Tons milled .....	81,123	161,691	Gross smelter returns .....	\$ 3,004,431	\$ 5,871,844
Ore grade %			Less treatment and market charges .....	779,062	1,549,402
Copper .....	2.06	1.98		2,225,369	4,322,442
Zinc .....	9.11	9.16	Add U.S. Premium .....	190,607	355,798
Concentrate grade %			Net value of production .....	2,415,976	4,678,240
Copper .....	23.20	22.83	Operating costs including administration .....	1,036,477	2,017,053
Zinc .....	54.34	53.89	Operating profit .....	1,379,499	2,661,187
Recoveries %			Interest and miscellaneous charges, less interest earned .....	103,403	309,856
Copper .....	78.2	80.5	Net income before depreciation .....	1,276,096	2,351,331
Zinc .....	82.7	84.0	Depreciation .....	116,199	246,598
Average metal prices per pound U.S. cents			Net income .....	1,159,897	2,104,733
Copper .....	59.2	55.5	 <b>SHARES ISSUED AND OUTSTANDING</b> .....	 4,786,616	 4,786,616
Zinc .....	12.0	12.0	 <b>EARNINGS PER SHARE</b> .....	 24.2c	 43.9c

# WESTERN MINES LIMITED

(NON PERSONAL LIABILITY)

One Bentall Centre  
505 Burrard Street  
Vancouver 1, B.C.

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## INTERIM REPORT TO SHAREHOLDERS

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QUARTER ENDED JUNE 30, 1968

# WESTERN MINES LIMITED

(NON PERSONAL LIABILITY)

To the Shareholders:

Financial and operating data for the three months ended June 30, 1968 and the year to date are given below. Estimated Net Income for this quarter is \$1,010,202 compared with \$1,159,897 for the quarter ended March 31, 1968. The figures are subject to year end audit and adjustments.

Development has been started at the Paramount property where a new level 150 feet below the present "9" level is being driven. The drive has advanced about 200 feet and stations will be cut from which diamond drilling will be started next month. A crew is presently doing surface geology on the Lynx-Paramount-Price property. The limited development at the Lynx is continuing.

With the payment of an instalment of \$850,000 which was due on July 15 the bank loan has now been reduced to 2¼ million dollars. The Company also has 1 million dollars in short term securities which should be available to meet the next bank instalment due on October 15, 1968 of 1 million dollars. Interest on the Income Debentures which accrued from date of issue on July 22, 1965 to June 15, 1968 in the amount of 1¼ million dollars was paid to the debenture holders last month.

W. G. Jewitt,  
President.

July 18, 1968

## FINANCIAL SUMMARY

	Three months ended June 30, 1968	Nine months ended June 30, 1968
Estimated net value of production .....	\$ 2,331,163	\$ 7,052,046
Production costs & general administrative expenses	1,050,361	3,067,414
	<hr/>	<hr/>
	1,280,802	3,984,632
Interest expense less interest income .....	158,640	511,139
	<hr/>	<hr/>
	1,122,162	3,473,493
Provision for depreciation..	111,960	358,558
	<hr/>	<hr/>
Estimated net income .....	1,010,202	3,114,935
<b>Shares outstanding</b> .....	4,786,616	4,786,616
<b>Earnings per share</b> .....	21c	65c

## OPERATING STATISTICS

Tons milled .....	85,015	246,706
Ore grades %		
Copper .....	1.91	2.00
Zinc .....	8.86	8.94
Concentrate grades %		
Copper .....	24.27	22.73
Zinc .....	53.86	54.66
Recoveries %		
Copper .....	75.2	78.7
Zinc .....	83.9	83.9
Average metal prices per pound, U.S. cents		
Copper .....	48.3	53.0
Zinc .....	11.7	11.9

(N.B. As at this date the price of copper is 45.3 and the price of zinc 11.8 US cents per pound).

# **WESTERN MINES LIMITED**

(NON PERSONAL LIABILITY)

One Bentall Centre

505 Burrard Street

Vancouver 1, B.C.

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## **INTERIM REPORT TO SHAREHOLDERS**

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**QUARTER ENDED SEPTEMBER 30, 1968**

# WESTERN MINES LIMITED

(NON PERSONAL LIABILITY)

To the Shareholders:

On behalf of your Directors, I submit an interim summary of operations of your Company for the three months ended September 30, 1968. These figures are subject to year end audit and adjustments.

The complete financial statements including Balance Sheet, Statement of Earnings and Statement of Source and Use of Funds which will form part of the annual report for the year ended September 30, 1968, will be mailed to shareholders about the end of November.

The annual meeting of the Company will be held in Vancouver, B.C. on December 18, 1968. Formal notice of that meeting will be mailed with the annual report.

Vancouver, B.C.  
October 23, 1968

W. G. Jewitt  
President

## SUMMARY OF OPERATIONS

	<b>Three months ended September 30, 1968</b>
Estimated net value of production .....	\$ 2,301,461
Production costs and general administrative expenses .....	1,028,322
Estimated net operating profit .....	1,273,139
Interest expense less interest income..	144,851
	1,128,288
Provision for depreciation .....	203,490
Estimated net income .....	924,798
<b>Shares Outstanding</b> .....	4,786,616
<b>Earnings per share</b> .....	19c

## OPERATING STATISTICS

Tons milled .....	83,517
Ore grades %	
Copper .....	1.80
Zinc .....	9.63
Concentrate grades %	
Copper .....	25.01
Zinc .....	55.80
Recoveries %	
Copper .....	79.4
Zinc .....	88.7
Average metal prices per pound, U.S. cents	
Copper .....	45.9
Zinc .....	12.0

**REPORT OF THE ANNUAL  
MEETING OF SHAREHOLDERS**

**DECEMBER 18, 1968**

**WESTERN MINES LIMITED**

(Non-Personal Liability)

870 — ONE BENTALL CENTRE

505 BURRARD STREET, VANCOUVER 1, B.C.

## Report of the Annual Meeting of Shareholders

December 18, 1968

To The Shareholders:

The following report is given for the benefit of the shareholders who were unable to attend the Annual General Meeting of the Company which was held at the Hotel Vancouver in Vancouver, B.C., on December 18, 1968:

D. B. Armstrong, R. J. Armstrong, R. T. Hager, E. C. Hammond, W. G. Jewitt, J. A. McLallen, J. B. Magee, P. M. Reynolds, J. E. R. Wood and H. M. Wright were elected directors and McDonald, Currie & Co., Chartered Accountants, were reappointed Auditors for the ensuing year.

At a subsequent meeting of the Board of Directors, the following officers were appointed: W. G. Jewitt - President, R. T. Hager - Vice-President, F. A. Robertson - Secretary-Treasurer. An Executive Committee consisting of W. G. Jewitt, R. T. Hager, D. B. Armstrong and P. M. Reynolds was also appointed.

Those attending the meeting were handed the following statement of W. G. Jewitt, President:

"The following data on production in October and November supplement the year-end figures given in the Annual Report for the year ending September 30, 1968 which also are summarized and tabulated for purposes of comparison.

	Oct./Nov.	Year end Sept. 30
Average tons milled/day	1,023	902
Average grade - CU %	1.46	1.89
- ZN %	6.87	9.26
Production in tons/day		
Concentrate - CU	48.3	60.9
- ZN	105.8	128.7
Average costs per ton	\$11.64	\$12.53

\*Average development expenditures/month (direct) \$36,445      \$21,770

The estimated earnings for the two-month period, before depreciation and write-off of preproduction expense are \$322,532.

It will be noted that the feed grade during October and November was lower than the average of the ore reserves. However, the rate of feed was increased and the average costs per ton reduced. It is anticipated that the grade of the ore fed to the mill will increase and December results already show a substantial improvement.

The above tabulation shows an increase in development expenditures during the last two months. This increase will be intensified during the coming year as a result of further exploration at the Paramount, on the Price claims and north and west of the Lynx open pit. All three of these development projects are excellent exploration bets.

The development of new ore north and west of the Lynx open pit was mentioned in the Annual Report. During October and November further surface drilling has indicated a "fringe" zone of probably flat-lying ore extending for a length of about 1,300 feet. The drilling has shown that the zone terminates to the north and east but is open to the west, the most westerly hole having cut 12 feet of ore averaging 4.1% copper, 11.1% zinc. Ore in this zone, with the exception of about 30,000 tons, will be developed and extracted from underground workings. Further surface drilling has been deferred until next spring because of heavy snow falls and the difficult terrain.

The Lynx orebodies are characteristically irregular and will present problems in mining. However, recent results on 12 level in outlining the "J" orebody have been encouraging. Here a length of 700 feet of continuous ore has been developed averaging about 15 feet in width. The vertical dimension appears to be in the order of only 100 feet but the grade is above ore average and the extension to the east is still open, the last drill hole having averaged over 9% copper over 15 feet true width.

Your directors are pleased to report that at the present time the Company has \$800,000 in short term securities available for the repayment of the balance of the bank loan, which now stands at \$828,000. This balance is payable in two instalments on January 15 and April 15, 1969. About a year ago, the bank loan was at its maximum of 4 million dollars. We have also put aside \$300,000 for the payment of debenture interest which falls due next June. The total amount of interest payable at that time will be \$455,000."

\* included in "average costs per ton"

W. G. JEWITT  
President

Vancouver, B.C.  
January 13, 1969



# **WESTERN MINES LIMITED**

(NON PERSONAL LIABILITY)

One Bentall Centre  
505 Burrard Street  
Vancouver 1, B.C.

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## **INTERIM REPORT TO SHAREHOLDERS**

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**1**

**QUARTER ENDED DECEMBER 31, 1968**

# WESTERN MINES LIMITED

(NON PERSONAL LIABILITY)

To the Shareholders:

This is a report of the operations of your Company for the quarter ended December 31, 1968. Comparative information for the similar period of the previous year is also shown.

Recoveries and concentrate grades show improvement as compared to results in the similar period last year. However the grade of the ore from the open pit was lower, resulting in a substantially decreased operating profit in spite of the increased tonnage and lower unit costs. Improvement is expected in the current period although the extremely severe winter weather, including about eight feet of snow, and the necessity of obtaining mill feed from the low grade stockpile will affect earnings adversely in January.

The bank loan has been reduced to \$330,000 and sufficient funds are held in short term investments to meet this balance when it falls due on April 15, 1969. In addition there is \$400,000 on hand in similar investments available for the debenture interest payment of \$455,000 due on June 15, 1969.

Vancouver, B.C.  
January 27, 1969

W. G. Jewitt  
President

## MILL STATISTICS

	Three Months Ended December 31	
	1968	1967
Tons milled .....	89,026	80,568
Ore Grades %		
Copper .....	1.48	2.02
Zinc .....	6.82	9.13
Recoveries %		
Copper .....	84.30	82.80
Zinc .....	85.40	85.20
Concentrate grade %		
Copper .....	25.73	21.12
Zinc .....	54.66	55.84
Average metal prices per pound U.S. cents		
Copper .....	47.6	51.5
Zinc .....	11.9	12.1

Note:

Receipts for the recovery of gold, silver and cadmium are included in earnings.

## SUMMARY OF EARNINGS

	Three Months Ended December 31	
	1968	1967
Market value of production ....	\$1,766,755	\$2,262,264
Production, transportation and administration costs .....	1,049,974	980,577
	<u>716,781</u>	<u>1,281,687</u>
Interest expense less interest earned .....	125,769	206,452
	<u>591,012</u>	<u>1,075,235</u>
Depreciation .....	111,960	130,398
	<u>479,052</u>	<u>944,837</u>
Net Income .....	<u>479,052</u>	<u>944,837</u>
SHARES ISSUED .....	<u>4,787,816</u>	<u>4,786,616</u>
EARNINGS PER SHARE (cents)	10.0	19.7

**WESTERN MINES LIMITED**

(NON PERSONAL LIABILITY)

One Bentall Centre  
505 Burrard Street  
Vancouver 1, B.C.

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**INTERIM REPORT  
TO SHAREHOLDERS**

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**3**

**QUARTER ENDED JUNE 30, 1969**

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

To the Shareholders:

Financial and operating data for the three months ended June 30, 1969, with comparative information for the similar period in 1968, are submitted for your information, together with data for the financial year to date.

During the quarter net earnings amounted to \$1,141,654 or 22.1¢ per share, compared to \$1,010,202 or 21.1¢ per share for the similar period in 1968. Higher metal prices and improved metallurgy account for the increased profit.

In May of this year Northgate Exploration Limited purchased 350,000 of the Company's unissued shares for \$1,050,000, which funds have been earmarked for exploration and development, on and off our property. In addition to these funds, our working capital which continues to improve, includes \$1,148,000 in other short term securities. During the quarter we paid approximately \$450,000 for the 1969 interest due to holders of the Company's Income Debentures.

Underground development and ore extraction continued at an accelerated rate. The rate of feed to the mill has been in excess of 1,000 tons per day and concentrate grades and recoveries have improved.

Exploration on the Lynx - Paramount - Price properties and elsewhere has been stepped up following the sale of a block of treasury shares previously referred to. Geochemical

surveys have shown anomalies of interest which will be investigated. Underground diamond drilling was re-started at the Paramount. Surface drilling north-west of the open pit continues to show ore. The examination of other mining properties is being undertaken and will be intensified.

W.G. Jewitt,  
President.

Vancouver, B.C.  
July 24, 1969.

## MILL STATISTICS

	Three Months Ended June 30	
	1969	1968
Tons milled .....	96,358	85,015
Grade of ore%		
Copper .....	1.73	1.91
Zinc .....	7.76	8.86
Concentrate grade %		
Copper .....	25.56	24.27
Zinc .....	53.91	53.86
Recoveries %		
Copper .....	85.11	75.20
Zinc .....	83.85	83.90
Average metal prices per pound, U.S. cents		
Copper .....	59.8	48.3
Zinc .....	12.9	11.7

## SUMMARY OF EARNINGS

	Three Months Ended June 30		Nine Months to June 30, 1969
	1969	1968	
Concentrate Revenue less treatment and marketing charges .....	\$2,612,641	\$2,331,163	\$6,426,439
Operating costs and administration .....	1,258,224	1,050,361	3,378,605
Operating profit .....	1,354,417	1,280,802	3,047,834
Interest and depreciation .....	212,763	270,600	685,037
Net income .....	\$1,141,654	\$1,010,202	\$2,362,797
SHARES ISSUED .....	5,161,616	4,786,616	5,161,616
EARNINGS PER SHARE .....	22.1¢	21.1¢	47.5¢

# WESTERN MINES LIMITED

(NON PERSONAL LIABILITY)

One Bentall Centre  
505 Burrard Street  
Vancouver 1, B.C.

## STATEMENT OF SOURCE AND USE OF FUNDS

First Six Months of Fiscal Year to March 31, 1969

### SOURCE OF FUNDS:

Cash income from operations .....	\$ 1,472,376
Received from employees' share options .....	50,600
	<u>1,522,976</u>

### FUNDS WERE APPLIED TO:

Additions to plant and equipment .....	87,828
Exploration and development .....	23,927
Housing mortgage principal repayments .....	4,209
	<u>115,964</u>

INCREASE IN WORKING CAPITAL .....	1,407,012
WORKING CAPITAL AT BEGINNING OF THE PERIOD .....	387,714
WORKING CAPITAL AT END OF THE PERIOD .....	<u>\$ 1,794,726</u>

## INTERIM REPORT TO SHAREHOLDERS

# 2

QUARTER ENDED MARCH 31, 1969

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

To the Shareholders:

Financial and operating data for the three months ended March 31, 1969, with comparative information for the similar period in 1968 are submitted for your information. Also included are a Summary of Earnings and a Statement of Source and Use of Funds for the first six months of the present fiscal year, which commenced on October 1, 1968.

The quarter just ended produced net earnings of \$742,090 or 15.4c per share compared with \$1,159,897 or 24.2c per share for the similar quarter in 1968. Lower metal prices and lower mill feed grades together with the extremely bad weather this winter were the main reasons for the decrease in earnings.

The financial position of your Company continues to improve as will be noted from the Statement of Source and Use of Funds which shows that Working Capital has been increased during the past six months by \$1,407,012 to a favourable balance of \$1,794,726. This time last year the Working Capital position showed a deficiency of approximately \$500,000. I am also pleased to report that on the fifteenth of this month we paid the last instalment to the bank to fully retire the \$4 million bank loan. We are also holding sufficient short term investments to fully provide for the \$455,000 debenture interest payment which will be due on June 15, next.

Copper and zinc recoveries were lower during the quarter year chiefly because a high proportion of partly oxidized dump ore was treated during January and February when the heavy snow fall made access to the open pit extremely difficult. Metal recoveries in March were over 82% for both copper and zinc.

Underground development and ore extraction from underground are both being stepped up. Stoping so far has been normal, the production in March averaging approximately 175 tons per calendar day. The heavy snows forced a shut-down of the Paramount exploration.

Ore reserves have not been recalculated but it is estimated that new ore encountered in the pit and underground so far this year will be sufficient to replace the ore treated during the six-month period.

W. G. Jewitt  
President

Vancouver, B.C.  
April 25, 1969

## MILL STATISTICS

	Three Months Ended March 31	
	1969	1968
Tons milled .....	85,197	81,123
Grade of ore		
Copper % .....	1.47	2.06
Zinc % .....	6.91	9.11
Concentrate grade		
Copper % .....	25.96	23.20
Zinc % .....	52.15	54.34
Recoveries		
Copper % .....	71.7	78.2
Zinc % .....	79.8	82.7
Average metal prices per pound U.S. cents		
Copper .....	52.9	59.2
Zinc .....	12.1	12.0

## SUMMARY OF EARNINGS

	Three Months Ended March 31		First Six Months of fiscal year to March 31, 1969
	1969	1968	
Market value of production after treatment and marketing charges .....	\$ 2,047,044	\$ 2,481,082	\$ 3,813,799
Operating costs including administration .....	1,070,408	1,036,477	2,120,381
Operating income .....	976,636	1,444,605	1,693,418
Interest on Income Debentures and Bank Loan .....	105,773	158,009	221,042
Earnings which provide working capital .....	870,863	1,286,596	1,472,376
Other expenses			
Depreciation .....	111,960	111,960	223,920
Loss on disposal of fixed assets .....	6,313	4,239	6,313
Interest - Province of British Columbia .....	10,500	10,500	21,000
	128,773	126,699	251,233
Net earnings .....	\$ 742,090	\$ 1,159,897	\$ 1,221,143
SHARES ISSUED .....	4,811,616	4,786,616	4,811,616
EARNINGS PER SHARE (cents) .....	15.4	24.2	25.4