

672909

WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)



16th ANNUAL REPORT

For the year ended September 30, 1968

ANNUAL GENERAL MEETING

Wednesday, December 18, 1968 at 11:00 a.m. in the Waddington Room of the
Hotel Vancouver, Vancouver, B.C.

WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)
AND SUBSIDIARY COMPANIES

(NON-PERSONAL LIABILITY)

AUTHORIZED CAPITAL

7,500,00 Common Shares
Par Value \$2.00 each

ISSUED

4,786,616

For the year ended September 30, 1968

D. B. ARMSTRONG - - - - -	Vancouver	DIRECTORS
R. J. ARMSTRONG - - - - -	Montreal	
W. G. JEWITT - - - - -	Victoria	
R. T. HAGER - - - - -	Vancouver	
E. C. HAMMOND - - - - -	Vancouver	
J. A. McLALLEN - - - - -	Vancouver	
P. M. REYNOLDS - - - - -	Vancouver	
J. E. R. WOOD - - - - -	Vancouver	
H. M. WRIGHT - - - - -	Vancouver	

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

J. B. MAGEE **GENERAL
MANAGER**

LAWRENCE & SHAW **SOLICITORS**
Vancouver

CANADA PERMANENT TRUST COMPANY **REGISTRAR and
TRANSFER
AGENT**
Vancouver
Toronto

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

CANADIAN IMPERIAL BANK OF COMMERCE **BANK**

870 ONE BENTALL CENTRE, 505 BARRARD 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 SUBSIDIARY COMPANIES

16th annual report of the board

To the Shareholders:

PRODUCTION

During the year ended on September 30, 1968, 330,223 tons of ore were milled averaging .07 oz. gold, 2.2 oz. silver, 1.9% copper, 0.9% lead, 9.3% zinc. Production totalled 22,113 tons of copper concentrate averaging 23.3% copper and 46,670 tons of zinc concentrate averaging 55.0% zinc. No bulk lead-zinc concentrate was produced. Recoveries averaged 78.9% of the copper in the copper concentrate, 85.1% of the zinc in the zinc concentrate as compared to 75.0% and 71.0% respectively in the previous fiscal year. Certain portions of the ore bodies have proved to be extremely refractory and testing will continue.

The open pit provided 96.8% of the mill feed, 2.4% coming from underground development and experimental stoping and 0.8% from stock piles. No undue difficulty was experienced in the experimental cut and fill stope and the work will be extended in the coming year.

MINE DEVELOPMENT

During the year 7,684 feet of lateral development and raising, 29,116 feet of underground diamond drilling and 2,223 feet of surface drilling were completed. Comparable figures for the previous year are respectively 11,953 feet, 43,510 feet and zero. A new lower level was started at the Paramount and driven 686 feet, included in the above mentioned lateral advance. Geological studies have indicated an area of interest beyond a fault some 1,000 feet from the portal.

Surface drilling immediately to the northwest of the open pit indicated a new lense of good grade ore, about 30,000 tons. Although small, this development may be important since the ore occurs in an area that previously had not been considered as likely to carry ore. Surface drilling will continue in this area and also will be extended to investigate a nearby geochemical anomaly. Underground development will be started towards the area as part of an intensified development program planned for the coming year.

A small program of surface drilling, following further geological studies, is planned to investigate the claims held by Price Creek Mines Ltd., a wholly owned subsidiary of the Company.

ORE RESERVES

As at September 30, 1968:

	Tons	Copper %	Lead %	Zinc %	Gold oz./ton	Silver oz./ton
Lynx Mine						
Proven plus probable	1,249,000	2.0	0.7	7.9	0.05	1.7
Paramount Mine						
Proven plus probable	37,000	0.8	1.7	9.2	0.06	3.6
TOTAL	1,286,000	2.0	0.7	7.9	0.05	1.7

No "possible" ore is now reported as the category is a technical one and would not be included in ore reserves. The "ore potential" of the property continues to be attractive and further additions to ore reserves may reasonably be expected.

It is of interest to note that although development was held at a comparatively low level the new ore added to ore reserves totalled approximately 294,000 tons, thus replacing the ore milled with the exception of about 36,000 tons.

Included in the foregoing tabulation are open pit ore reserves totalling 437,500 tons. It now appears probable that the open pit will be operated until the middle of 1970 and the present rate of production maintained at least until that time.

EARNINGS

The net income for the year, \$4,039,732 was equivalent to 84 cents per share. This compares with \$861,344.00 for the eight months period from the start of production to September 30, 1967 equivalent to 18 cents per share. These earnings represent the gross return from concentrate production after deducting all charges including treatment and marketing, operating costs, interest on debt and depreciation.

INCOME TAX

The three year tax exempt period provided under the Income Tax Act for new mines has been granted to the Company and commenced on February 1, 1967. When this exempt period ends on January 31, 1970 the Company will commence the write-off of preproduction expense for tax purposes. The write-off permitted each year will be an amount equal to the net income for that year and can be continued until the total amount of these deferred charges, which are shown on the Balance Sheet as \$9,929,656, have been written off in full.

DEBT

Your Directors are pleased to report that at October 16, 1968 the bank loan, which stood at the original amount of \$4,000,000 this time last year, had been reduced to \$828,483.20.

The Trust Deed provides that retirement of the \$7,000,000 Income Debenture debt is to commence immediately following the payment in full of the bank loan. 80% of the amount of the operating profit of the Company from the date of retirement of the bank loan must be allocated to retirement of this debt.

On June 15, 1968 \$1,251,037.81 was paid to the debenture holders for interest on the debenture issue for the period from July 1965 to the date of the interest payment. Interest at 6½ % is payable annually on June 15, if sufficient income has been earned. A fund for the payment of this interest has been established and is added to monthly. At the date of this report the fund, which has been invested in short term securities, amounted to \$250,000.00.

CAPITAL EXPENDITURES

Capital expenditures during the year amounted to \$188,690.00, covering equipment and plant replacements and mine development of a capital nature. It is estimated that \$485,000.00 will be required for capital expenditure in the current year.

GENERAL

Effective August 28, 1968 Mr. A. W. Johnston resigned as director. Your Directors wish to express their appreciation of Mr. Johnston's services to the Company.

A modest start on "outside" exploration was made during the year, two properties being examined, one of which is of further interest.

A new union agreement was negotiated in July. Wages were raised to levels comparable with those elsewhere in the mining industry, and in exchange the duration of the agreement was extended by one year now terminating in September 1970.

October 16, 1968
Vancouver, B.C.

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

WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

AND SUBSIDIARY COMPANIES

**consolidated
balance sheet
as at
september 30,
1968**

ASSETS

CURRENT ASSETS

Cash	
Accounts receivable	
Concentrate settlements receivable—at estimated realizable value (note 3)	
Concentrate inventories (for which a sales contract has been made) —at estimated net realizable value (less purchaser's advances thereon of 1968 - \$597,211; 1967 - \$412,637)	
Mine materials and supplies—at cost	
Prepaid expenses	

1968	1967
\$	\$
990,937	415,084
85,444	27,804
271,799	396,227
447,824	540,710
149,707	289,922
43,620	120,219
<u>1,989,331</u>	<u>1,789,966</u>

INVESTMENT—at cost, no quoted market value

4,930 4,930

FIXED ASSETS

Plant and equipment (note 4)	
Mining properties—at cost (notes 1 and 4)	

8,742,332	9,191,853
853,618	853,618
<u>9,595,950</u>	<u>10,045,471</u>

DEFERRED EXPENSES (note 1)

Preproduction (note 5)	
Exploration and development	

9,929,656	9,929,656
207,087	153,958
<u>10,136,743</u>	<u>10,083,614</u>
<u>21,726,954</u>	<u>21,923,981</u>

The accompanying notes are an integral part of this statement.

SIGNED ON BEHALF OF THE BOARD

W. G. JEWITT, Director

P. M. REYNOLDS, Director

WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)
AND SUBSIDIARY COMPANIES

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	633,185	959,927
Income debenture interest accrued	132,449	918,750
Long-term debt maturing within one year	835,983	1,052,750
	<u>1,601,617</u>	<u>2,931,427</u>

LONG-TERM DEBT (note 6)

Bank loan	828,483	4,000,000
Income debentures	7,000,000	7,000,000
Province of British Columbia	773,500	731,500
Mortgages	213,035	220,435
	<u>8,815,018</u>	<u>11,951,935</u>

Less: Long-term debt maturing within one year

1968 \$	1967 \$
633,185	959,927
132,449	918,750
835,983	1,052,750
<u>1,601,617</u>	<u>2,931,427</u>
828,483	4,000,000
7,000,000	7,000,000
773,500	731,500
213,035	220,435
<u>8,815,018</u>	<u>11,951,935</u>
835,983	1,052,750
<u>7,979,035</u>	<u>10,899,185</u>
<u>9,580,652</u>	<u>13,830,612</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (notes 7 and 8)

Authorized—		
7,500,000 common shares with a nominal or par value of \$2 each		
Issued and fully paid—		
4,786,616 shares	7,283,809	7,270,609

RETAINED EARNINGS (note 11)

4,862,493	822,760
<u>12,146,302</u>	<u>8,093,369</u>
<u>21,726,954</u>	<u>21,923,981</u>

consolidated
balance sheet
as at
september 30,
1968

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

auditors'
report

We have examined the consolidated balance sheet of Western Mines Limited (Non-Personal Liability) and subsidiary companies as at September 30, 1968 and the consolidated statements of earnings and retained earnings and source and use 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 on February 1, 1967 no such charge has been made to income in 1967 or 1968 (note 5). In our opinion the earnings for the year ended September 30, 1968 would have been reduced by approximately \$1,700,000 if preproduction expenses had been so amortized and total amortization from commencement of production to September 30, 1968 would be approximately \$2,800,000.

Subject to the qualification set out in the preceding paragraph, in our opinion these consolidated financial statements present fairly the financial position of the companies as at September 30, 1968, and the results of their operations and the source and use 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.

October 31, 1968.
Vancouver, B.C.

McDONALD, CURRIE & CO.,
Chartered Accountants.

WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

AND SUBSIDIARY COMPANIES

**consolidated
statement of
earnings and
retained
earnings**

for the year ended
september 30, 1968

	1968 \$	Eight months ended September 30, 1967 \$
REVENUE FROM CONCENTRATES PRODUCED	12,783,076	6,273,373
Less: Treatment and marketing costs	<u>3,429,568</u>	<u>1,734,310</u>
	<u>9,353,508</u>	<u>4,539,063</u>
EXPENDITURES		
Cost of concentrate production	3,838,433	2,678,924
Administrative costs (note 10)	<u>192,684</u>	<u>169,563</u>
	<u>4,031,117</u>	<u>2,848,487</u>
OPERATING INCOME	5,322,391	1,690,576
INTEREST ON INCOME DEBENTURES AND BANK LOAN	<u>678,610</u>	<u>464,835</u>
EARNINGS WHICH PROVIDE WORKING CAPITAL	<u>4,643,781</u>	<u>1,225,741</u>
OTHER EXPENSES		
Depreciation	447,840	332,897
Loss on disposal of fixed assets	114,208	
Interest—Province of British Columbia	<u>42,000</u>	<u>31,500</u>
	<u>604,048</u>	<u>364,397</u>
NET EARNINGS FOR THE YEAR (note 9)	4,039,733	861,344
RETAINED EARNINGS (DEFICIT)—BEGINNING OF YEAR	<u>822,760</u>	<u>(38,584)</u>
RETAINED EARNINGS—END OF YEAR	<u>4,862,493</u>	<u>822,760</u>

The accompanying notes are an integral part of this statement.

WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)
AND SUBSIDIARY COMPANIES

	1968 \$	1967 \$
SOURCE		
Operations	4,643,781	1,225,741
Fixed asset disposals	76,162	127,025
Capital stock issued	13,200	1,012,500
Bank loan		1,700,000
Province of British Columbia		700,000
Mortgages and contracts	19,113	108,961
	<u>4,752,256</u>	<u>4,874,227</u>
USE		
Preproduction		1,528,786
Fixed asset additions	188,690	2,004,341
Exploration and development	53,129	28,109
Bank loan	2,973,762	826,238
Income debenture interest—1966		490,000
Mortgages	7,500	22,482
	<u>3,223,081</u>	<u>4,899,956</u>
INCREASE (DECREASE) IN WORKING CAPITAL	1,529,175	(25,729)
WORKING CAPITAL (DEFICIENCY)—BEGINNING OF YEAR	(1,141,461)	(1,115,732)
WORKING CAPITAL (DEFICIENCY)—END OF YEAR	<u>387,714</u>	<u>(1,141,461)</u>
REPRESENTED BY:		
Current assets	1,989,331	1,789,966
Current liabilities	1,601,617	2,931,427
WORKING CAPITAL (DEFICIENCY)—END OF YEAR	<u>387,714</u>	<u>(1,141,461)</u>

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

for the year ended
september 30, 1968

The accompanying notes are an integral part of this statement.

WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)
AND SUBSIDIARY COMPANIES

notes to consolidated financial statements

for the year ended
september 30, 1968

1. VALUES

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

2. PRINCIPLES OF CONSOLIDATION

All of the subsidiary companies, as follows, are wholly-owned and included in the consolidated statements:

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

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, 1968.

4. FIXED ASSETS

(a) Fixed assets and related accumulated depreciation are classified as follows:

	1968			1967
	Cost \$	Accumulated depreciation \$	Net \$	Net \$
Vancouver Island				
Plant and equipment	8,751,936	737,257	8,014,679	8,496,134
Staff housing	359,279	31,347	327,932	295,913
Ainsworth idle plant	418,309	25,764	392,545	392,545
Head office equipment and leasehold improvements	7,440	264	7,176	7,261
	<u>9,536,964</u>	<u>794,632</u>	<u>8,742,332</u>	<u>9,191,853</u>

Depreciation of plant and equipment 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. No depreciation has been taken on the idle Ainsworth plant during this year.

(b) The cost of mining properties as at September 30, 1968 is as follows:

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

5. PREPRODUCTION EXPENSES

No amount has been written off the preproduction expenses which are carried on the balance sheet as a deferred expense. Under the Federal 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, which ends January 31, 1970.

6. LONG-TERM DEBT

(a) Bank loan

The bank loan is secured by a 6¼% debenture and under its terms the final payment is to be made by April 15, 1969.

(b) Income debentures

- (i) The Company has issued \$7,000,000 in 6½% income debentures which mature June 15, 1973.
- (ii) The debentures are secured by a first fixed and specific mortgage on all assets of the Company and its subsidiaries and a first floating charge on all present and future assets of the companies.

(iii) Upon retirement of the bank loan in full the Company must establish a sinking fund, and on June 15 of each year the Company and subsidiaries must transfer thereto a sum equal to 80% of operating profits, as defined, calculated from date of repayment of the bank loan to March 31 immediately preceding such June 15 and thereafter annually. The trustee for the sinking fund shall immediately call income debentures for redemption to the extent of sinking fund monies available.

(c) Province of British Columbia

Under a contract with the British Columbia Department of Highways, the Company is responsible for the payment of \$2,000,000, plus or minus 10%, being the estimated cost of constructing an access road to the Company's property in Strathcona Provincial Park. \$1,500,000 has been paid and a balance of \$700,000 with interest at 6% is due in 1970. Subsequent to this agreement, the Department of Highways asked the Company to pay the full cost of the construction of the access road. The Company declined and relied on the contract. On advice of its solicitor, the Company has no responsibility in excess of the liability as noted above.

7. CAPITAL STOCK

(a) As at September 30, 1968, shares issued, discounts and premiums related thereto were as follows:

	1968			1967	
	Shares	Par value	Discounts less premiums	Net	Net
		\$	\$	\$	\$
For cash	3,866,576	7,733,152	1,569,423	6,163,729	6,150,529
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>4,786,616</u>	<u>9,573,232</u>	<u>2,289,423</u>	<u>7,283,809</u>	<u>7,270,609</u>

- (b) The Company changed its authorized share capital, effective December 27, 1967, from 5,000,000 common shares with a nominal or par value of \$2.00 each to 7,500,000 common shares with a nominal or par value of \$2.00 each.
- (c) During the year ended September 30, 1968, the Company issued 6,600 common shares for cash totalling \$13,200 under the terms of stock options outstanding.
- (d) the Company has outstanding stock options to employees and officers for 66,400 shares at prices ranging from \$2.00 to \$2.12 per share exercisable on varying dates to 1971.

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. INCOME TAXES

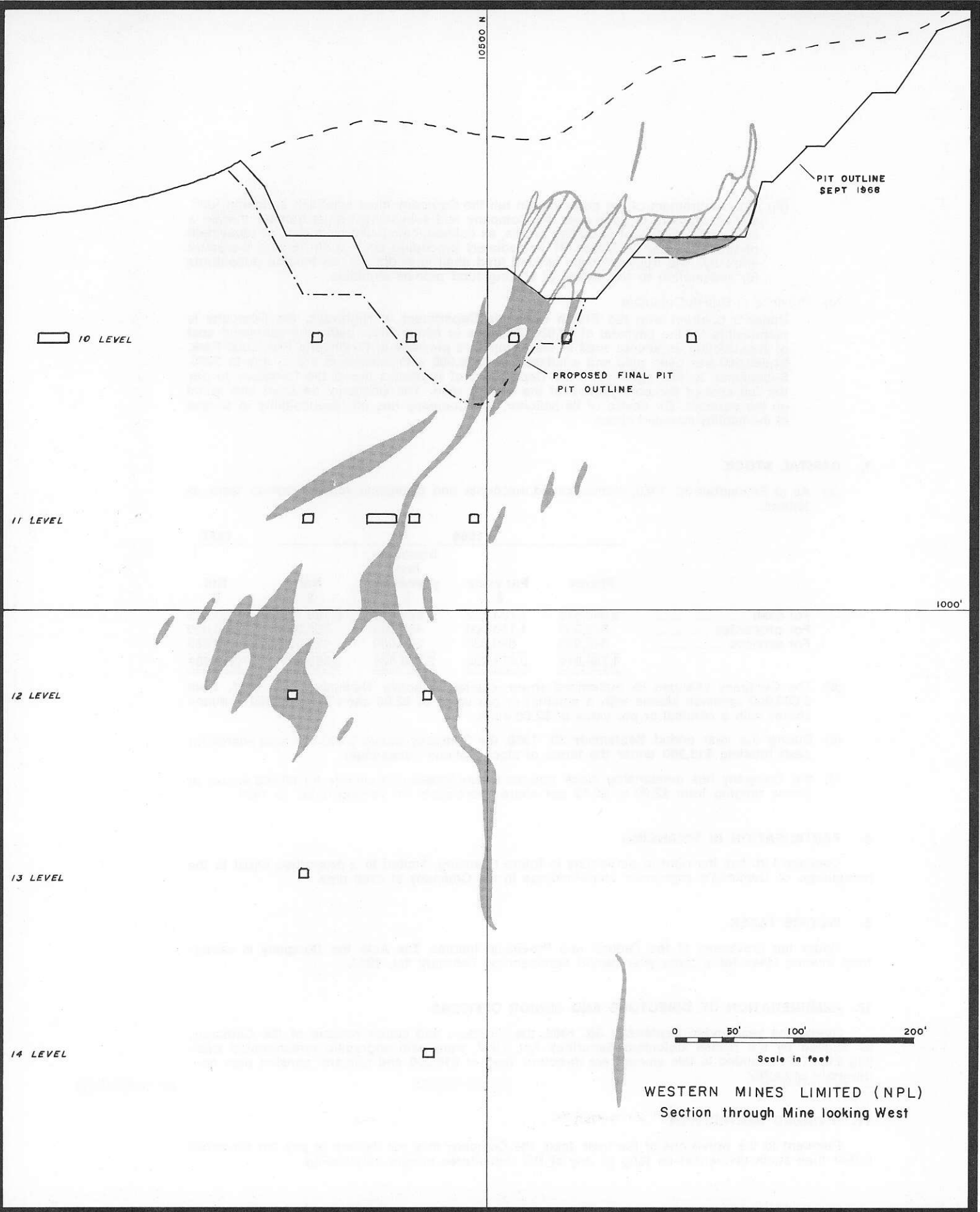
Under the provisions of the Federal and Provincial Income Tax Acts the Company is exempt from income taxes for a three year period commencing February 1st, 1967.

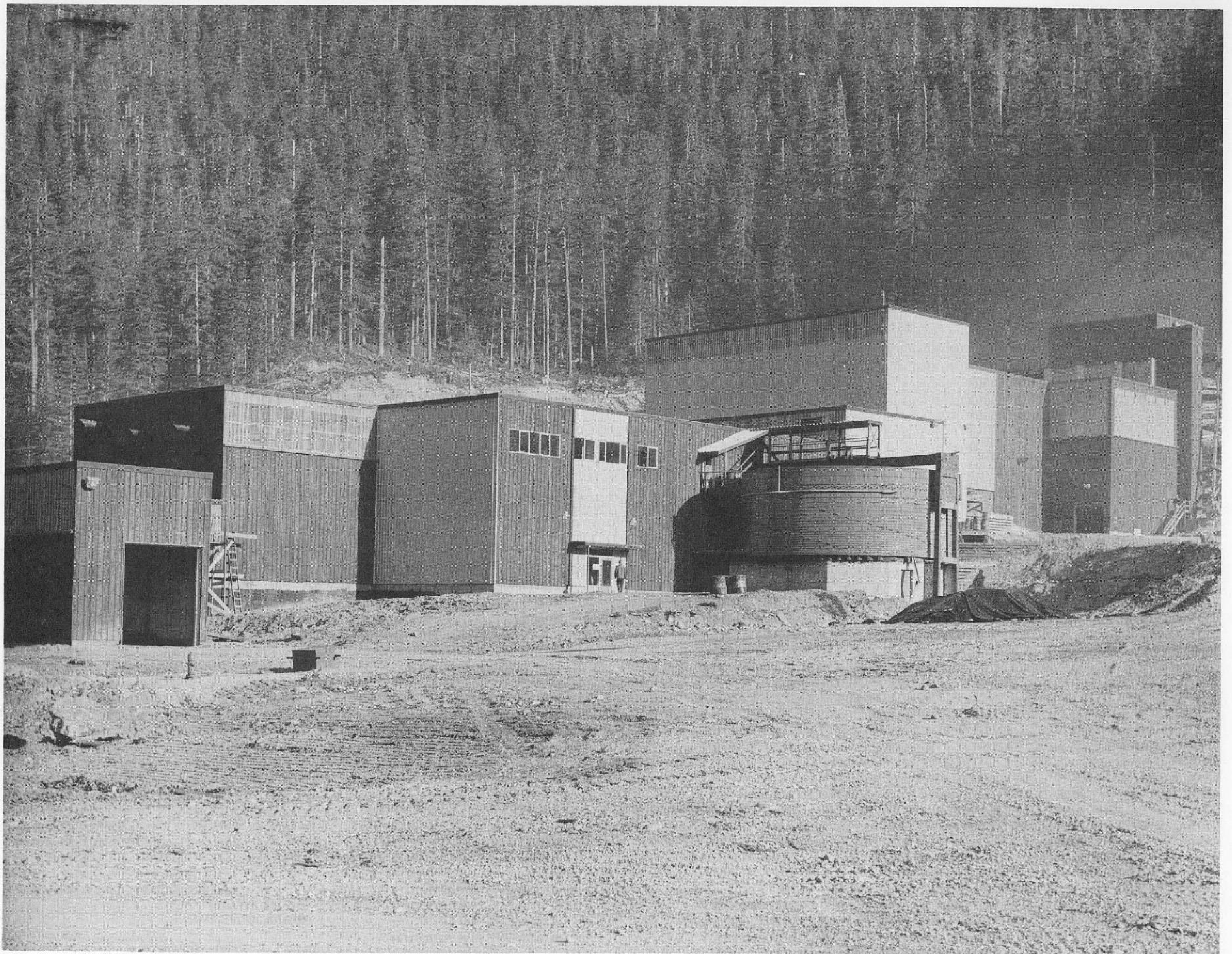
10. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

During the year ended September 30, 1968, the directors and senior officers of the Company, as defined by the British Columbia Securities Act, 1967, were paid aggregate remuneration totalling \$104,782. Included in this amount are directors' fees of \$18,000 and officers' pension plan contributions of \$4,282.

11. 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.





Concentrator at Company's property on Vancouver Island.

COVER PHOTO

Carrier and trailer on access road
at Buttle Lake, with load of
concentrate enroute to the Company's dock
at Campbell River, B.C.

WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

870 One Bentall Centre, Vancouver, 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 Waddington Room of the Hotel Vancouver, 900 West Georgia Street, Vancouver, British Columbia, on Wednesday, December 18, 1968 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 containing Financial Statements and Auditors' Report thereon;
2. To elect Directors;
3. To appoint Auditors and authorize the Directors to fix the remuneration to be paid to the Auditors;
4. To confer general authority to purchase or otherwise acquire securities of any other corporation;
5. To transact such other business as may properly come before the meeting or any adjournment thereof.

A copy of the report of the Directors, the Financial Statements and Auditors' Report to be presented to the meeting is enclosed herewith. An Information Circular also accompanies this Notice.

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.

DATED at Vancouver, British Columbia, this 20th day of November 1968.

BY ORDER OF THE BOARD

F. A. ROBERTSON
Secretary

INFORMATION CIRCULAR

As at October 29, 1968 for the Annual General Meeting to be held on Wednesday, December 18, 1968.

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 870 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 COMPANY TO TAKE OR ACQUIRE SHARES IN OTHER CORPORATIONS 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 to 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, variation or other matter.

VOTING SHARES

At the date hereof the Company had outstanding 4,786,616 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 ten 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 except J. B. Magee 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 of the Company.

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, 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, namely:

Name	Principal Occupation	Date He Became Director of Western Mines Ltd. (NPL)	Shares Held Beneficially
D. B. Armstrong Director	Director, Nesbitt, Thomson and Company, Limited	August 1, 1965	100
R. J. Armstrong Director	Vice-President, Exploration and prior thereto Manager of Exploration, Cominco Ltd.	January 16, 1962	1
R. T. Hager Director and Vice-President	Chairman of the Board and Chief Executive Officer, The Canadian Fishing Company, Limited	September 26, 1951	37,050
E. C. Hammond Director	Retired Manufacturer	December 11, 1967	38,000
W. G. Jewitt Director and President	Until May 1967 President, Pine Point Mines Ltd. formerly Vice-President i/c Mines, Cominco Ltd.	May 23, 1967	1
J. A. McLallen Director	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 Director	President and Chief Executive Officer, Bethlehem Copper Corporation Ltd. and President and Managing Director of Bethex Explorations Ltd. (NPL) (formerly Secretary-Treasurer and Director of both companies)	December 29, 1966	21,000
J. E. R. Wood Director	President, Northwood Mining Limited	September 26, 1951	14,854
H. M. Wright Director	President, Wright Engineers Limited	September 26, 1951	185,240
J. B. Magee	General Manager, Western Mines Ltd. (NPL)		500

NOTE — The information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective persons.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Aggregate direct remuneration, including directors' fees, paid or payable by the Company and its Subsidiaries for the fiscal year ended September 30, 1968 to the Directors and Senior Officers of the Company totalled \$100,499.82. Senior Officers as defined by the Companies Act include directors, officers, and the five highest paid employees.

The cost to the Company of that portion of the Company's pension plan which applies to senior officers was \$1,720.05. In addition the Company paid \$2,562.50 for funding a deferred compensation plan for certain of its key employees. Under this latter plan, which did not include any director, the Company will guarantee to the said key employees a retirement allowance of up to 40% of the average earnings in their last five years of employment if they remain with the Company until normal retirement age and meet certain commitments after retirement.

On December 11, 1967 stock options to purchase 15,000 of the Company's shares at the option price of \$2.12 per share were granted to one senior officer. These options expire on April 1 in the years 1969, 1970 and 1971. During the year stock options for 6600 shares were exercised by senior officers at the exercise price of \$2.00 per share. Market price for the 30 day period prior to the dates exercised ranged from \$2.45 to \$2.80 per share.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the reappointment of McDonald, Currie & Co., Chartered Accountants, Vancouver, as auditors of the Company, to hold office until the next Annual Meeting of Shareholders and to authorize the directors to fix the remuneration to be paid to the auditors. McDonald, Currie & Co. have been auditors of the Company for more than four years and were first appointed on October 1, 1964.

