

Western Mines mill is now averaging 1140 tons daily and recovering three concentrates

George Allen Aerial Photos Ltd.

Western Mines Limited

802154

VANCOUVER ISLAND MINE REACHES MATURITY

After 3½ years of operation, Western Mines Limited has produced metals valued at approximately \$50 million; has paid off all senior financing involving \$4 million in loans from Canadian banks, \$7 million in income debentures, and \$2.6 million in interest; has built up a healthy working capital; has increased its ore reserves; and is in an enviable position to commence dividend payments. The operating record is all the more remarkable in the light of the numerous obstacles that had to be overcome; a great many more than have usually been presented to comparable projects.

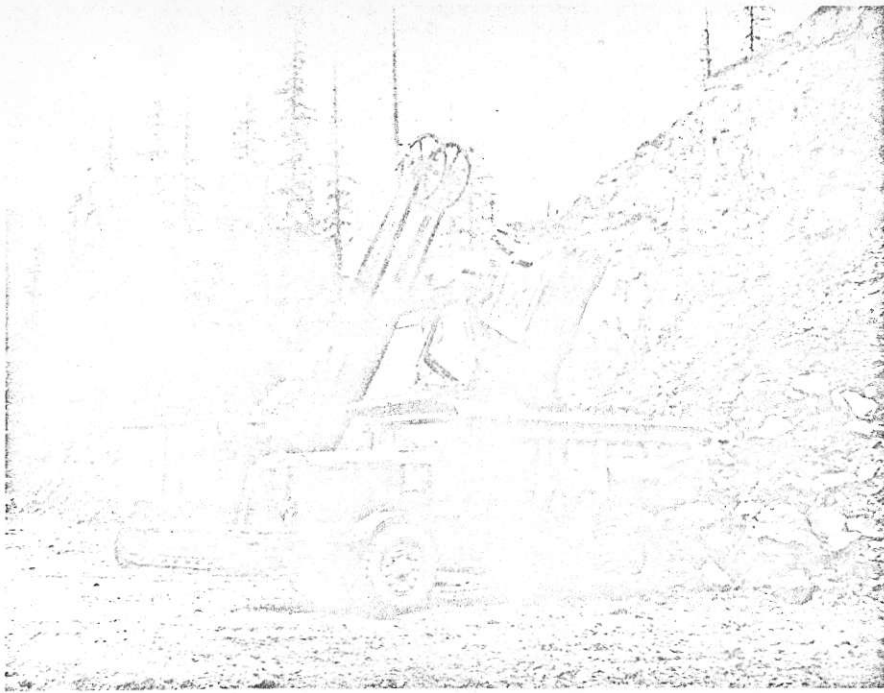
The company's Lynx mine, which has been the source of all output to date, the adjoining Paramount mine which is owned by the subsidiary Myra Falls Mines Ltd., and the Price mine are situated at the southwest end of Buttle Lake in Strathcona Park on Vancouver Island. Because of the site being within a provincial park, conservationists and so-called anti-pollutionists attacked the project, once it was established that a

mine was in the making, with a vehemence entirely unwarranted. Such opposition forced the company to revise plans, to abandon the original concept of a new community at the south end of Buttle Lake, to provide anti-pollution safeguards out of proportion to the scale of operation, to make extraordinary expenditures for road connection, and, possibly most expensive of all, to delay the commencement of production

By FRED H. STEPHENS
Associate Editor, Western Miner

after obtaining senior financing.

The operating record is impressive. The important contribution to the Island, Provincial, and National economies has become apparent and the wrath of the conservationists has diminished in the absence of any apparent evidence of pollution. The faith of the shareholders, first founded on extravagant projections by brokers and then seriously shaken by the numerous handicaps and delays not anticipated in preliminary plans, has been restored. The company is equitably financed and the operation is conducted by a notably efficient engineering staff.



All open-pit mining is done by contract at Western Mines

HISTORY

Since Western Miner first visited the operation on the eve of production, a considerable part of the following history is taken from information obtained at that time, and this is brought up to date through subsequent events.

Western Mines Limited was incorporated in 1951 to acquire and develop 40 mineral claims comprising what was called the Kootenay Florence mine in the Ainsworth Mining Division of southeastern British Columbia. The timing was unfortunate inasmuch as the highest prices ever paid for lead and zinc were quoted in that year. The inevitable decline in the value of these two principal metals in the Ainsworth area forced a suspension of development but the work was resumed in the mid-fifties by arrangement with The Consolidated Mining and Smelting Company of Canada, Limited. In all, more than \$500,000 was expended in these efforts, through which Cominco secured a substantial stock interest in Western Mines. The results were encouraging but not sufficiently so to warrant production at that time. The claims have been maintained in good standing and will undoubtedly receive further attention.

The Buttle Lake properties, in which Western Mines later became involved, were first staked in 1918 by Cross, Miller, Price, and other associates of Victoria. Some of the key claims were later Crown-granted. A summarization of a report to the Geological Survey of Canada by Dr. H. C. Gunning in 1930 is Canada by Dr. H. C. Gunning in 1930 is interesting in view of subsequent events: "Mineralization already exposed indicates quite clearly that the

principal possibility is of developing a large tonnage of milling grade ore."

The Reynolds Syndicate, comprising H. H. Huestis, P. M. Reynolds, J. A. and W. H. McLallen, and associates, acquired the key claims of the Lynx, Paramount, and Price groups in 1959 and extended the holdings by widespread staking. Western Mines Limited negotiated an option-purchase agreement with the Reynolds Syndicate in 1961 and immediately initiated a vigorous exploration programme under the direction of J. A. C. Ross, consulting engineer, and the supervision of A. O. Hall, another well-known British Columbia engineer. Initial drilling quickly confirmed persistence to depth of high-grade ore exposed in surface showings on the Lynx property and, within a very short time, it was apparent a singularly attractive prospect was under investigation.

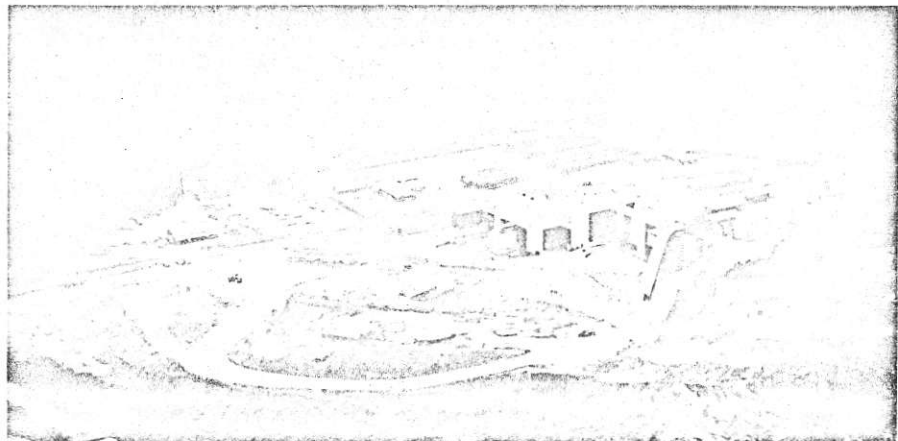
Western Mines established an adit at 1225 feet elevation. This was subsequently called the main-haulage level

and numbered "10". A shaft was sunk to the horizon of a projected "17" level with 150-ft. intervals between stations. Drifting on the 10, 11, 12, and 13 levels was advanced in ore and provided ample evidence of the width and grade of the various shoots, at the same time providing stations for underground drilling. That procedure, warranted at the outset by its exploratory nature, was abandoned in later lateral development. All entries on the 6, 8, 9, 14, and 15 levels have been driven in waste and thus the independent development of stopes and withdrawal of ore therefrom can be effected without interruption through mining or transportation activities in any one section.

Between acquisition of the property in 1961 and July 1965, when Nesbitt, Thomson and Company Limited and Pemberton Securities Ltd. purchased 6% debentures in the amount of \$7 million and the Canadian Imperial Bank of Commerce agreed to advance \$4 million to equip the project with a 750-ton-per-day mill, Western Mines expended more than \$4.5 million. Thus it becomes evident that more than \$15 million was committed when production plans were formulated.

It was in August 1966 that the possibility of developing an open-pit operation was first presented. It was estimated that some 300,000 tons of good-grade ore could be prepared for early delivery to the mill and thus "get the show on the road" and at the same time allow more time for underground development. The welcome discovery, however, required a drastic revision of mining and milling plans. The concentrator site had to be moved to facilitate development of the pit, a factor in the delay of construction and the consequent over-run in plant cost.

The imminence of an open-pit mining operation also stirred the politicians and conservationists to even greater invective as expressed in some newspapers and in the British Columbia Legislature. Directors concluded further funds should be arranged to effect changes and to assure the project's un-



Concentrator, surface plant, and mine camp of Western Mines

relenting critics that mining could be conducted within a park just as effectively with regard to the environment as anywhere else.

Tentative arrangements were made for the sale of 200,000 shares at \$2 per share to Cominco and Consolidated Canadian Faraday Limited, both important shareholders of Western. Shareholders, who attended the following extraordinary meeting with a view to criticizing the low price attached to the sale, were stunned when the chairman announced that the companies had withdrawn their offer until more time could be had to obtain an independent engineering report. That was the low point in the history of Western Mines since its acquisition of the Buttle Lake properties. It is interesting to note that Cominco has since sold its shares to Northgate Exploration Limited and Faraday has also disposed of its holding of Western Mines.

The company's problems were expressed to shareholders December 6, 1966, by Harold M. Wright, then president of the company:

"Primarily a complex project, our developments at Myra Falls have involved many problems. The normal development of a mine project usually includes the preparation of the mine for production and the construction of a concentrator and other immediately-related facilities. In addition, we have been faced with the financing and development of a deepsea dock and shiploading terminal

at Campbell River, a 4500 h.p. high-head hydro-electric power plant in a very difficult setting, negotiations and financing a large portion of a major highway link and the preparation of a site in a completely virgin section of Vancouver Island. Since the road was constructed concurrently with the plant, the transport of equipment and supplies and the transport of men to and from the job on 22 miles of Buttle Lake became extremely complex. Above and beyond these operational problems has been the severe problem of the mine location within a provincial park. This has required extended and time-consuming negotiations with the Government and Government agencies.

"Original plans were for operation by mid-1966. Delays due to heavy snow last winter, several strikes, poor delivery of major items of equipment and protracted negotiations for park-use permits have been frustrating. Further major problems have occurred because of the overall conditions prevailing in British Columbia in 1966. In particular, because of the mine location in a park, there has been a great deal of opposition from segments of the public and the press. This opposition has been biased and emotional and mainly unfair to a new producer in the mining industry proceeding to production. These factors have had a serious effect on our personnel and delayed our progress to a considerable extent. Your Board has examined each of these problems in turn, has seen that a great deal of study went into them and decisions have been made which the Board considers in the best interests, not only of the Company, but of the Strathcona Park and the Province of British Columbia. It has been most unfortunate that in the face of the many natural problems involved in the project, the unnatural problems based on

emotionalism and lack of facts have required heavy costs which were not budgeted for and many hours of time and patience from our senior staff. It is therefore with considerable relief that we are now able to say that our plant is in the tune-up and initial production stage."

GEOLOGY

The geology and ore occurrences have been described by Dr. D. D. Campbell, consulting geologist, and Allan J. Anderson, a former consulting mining engineer to the company, as follows:

"The rocks of the property and in the immediate vicinity are mainly a series of tuffs and agglomerates with some andesite flows and dykes. These volcanics have been fractured by a wide, steeply-dipping shear structure of marked regional extent and continuity. Within the shear there has been considerable folding and alteration so that schistose types of rocks now predominate. All known orebodies are related to this shearing.

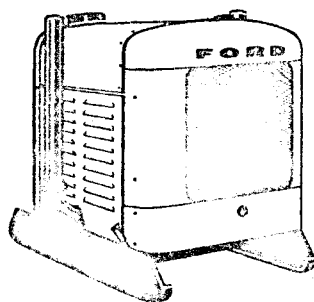
"From the major work on the Lynx and the preliminary work on the Paramount and Price, the indications are that the lenses or pods of ore occur discontinuously in a modified echelon pattern in the Shear zone. The most favoured host rock for ore is light-colored quartz-sericite schist. The ore occurrences tend to be irregular in detail but in general are sinuous and lensey. Widths of ore vary from two feet to 40 feet with an average width of six to eight feet. The ore is fine-grained massive aggregate of metallic minerals and gangue. It may be homogeneous in character and appearance or show a rude alternate banding of chalcopyrite and sphalerite."

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All open-pit mining is contracted to Gretsinger & MacDonald Construction Ltd. of Vancouver. This arrangement has proven mutually acceptable. Under engineering direction and supervision of Western Mines, the contractor operates its pit drills on a three-shift basis and the shovels and trucks one shift a day. An average crew of 30 men is employed on this work which produces 60% of the mill feed.

Underground mining is by cut-and-

fill methods with mill tailing providing a fine cemented fill in the stopes. Immediately after the removal of blasted ore, the fill is placed to a height eight feet below the back of the stope. As the underground operation continues to increase percentagewise, the placement of tailing will increase as will the disposal of tailing in Buttle Lake decrease proportionately.

The general Manager, James B. Magee, estimates that a mile of underground entries is advanced each year.

ORE RESERVES

As of December 31, 1969, ore reserves were estimated at 1,215,750 tons in the Lynx mine grading 0.06 oz. gold and 1.8 oz. silver per ton with 1.9% copper, 0.7% lead, and 8.1% zinc; 34,000 tons in the Myra Falls Mines property assaying 0.06 oz. gold and 3.6 oz. silver per ton with 0.8% copper, 1.7% lead, and 9.2% zinc, not including any of the high-grade ore recently discovered by drilling; and 78,850 tons in stockpiles grading 0.02 oz. gold and 0.9 oz. silver per ton with 1.0% copper, 0.3% lead, and 5.0% zinc. The total is 1,328,600 tons averaging 0.06 oz. gold and 1.8 oz. silver per ton with 1.8%

copper, 0.7% lead, and 7.9% zinc.

As of August 11, 1970, W. G. Jewitt, president, stated that ore reserves are expected to show an increase during the current year. Particularly favourable results have been obtained on the 8-level drive in the Lynx mine which has indicated 240,000 tons of new ore in that area alone.

The pit, hopefully expected to provide 300,000 tons of ore urgently needed at startup, has now contributed some 1,300,000 tons to the concentrator and extractable reserves remain in at least the same quantity as when mining was first commenced.

It has been found that, despite earlier conceptions, the mineralogy and ore deposition of the Lynx and Myra Falls properties differ considerably and, if Myra Falls ore is to be treated in the present concentrator of Western Mines, modification will have to be effected which will necessitate special storage facilities for the new ore in order to keep it separated from that amenable to the present flow sheet.

In the programme to get into production and reduce the large capital debt, Western Mines has until this year left the Myra Falls Mines property to itself while concentrating every effort on production from the Lynx. With fulfillment within grasp, a serious drilling programme was commenced at Myra Falls early in 1970 and, although the holes were long and widely spaced, the work brought forth remarkable indication of rich ore deposition. Seven holes were driven from the face of the 10-level drift: three drew blanks but four intersected ore. Two intersections cut ore about 300 feet below the level on the same vertical north-south section about 100 feet apart: hole 21 cut a 14-ft. true width assaying 0.29 oz. gold and 35.2 oz. silver with 1.0% copper, 2.9% lead, and 14.2% zinc; and hole 22

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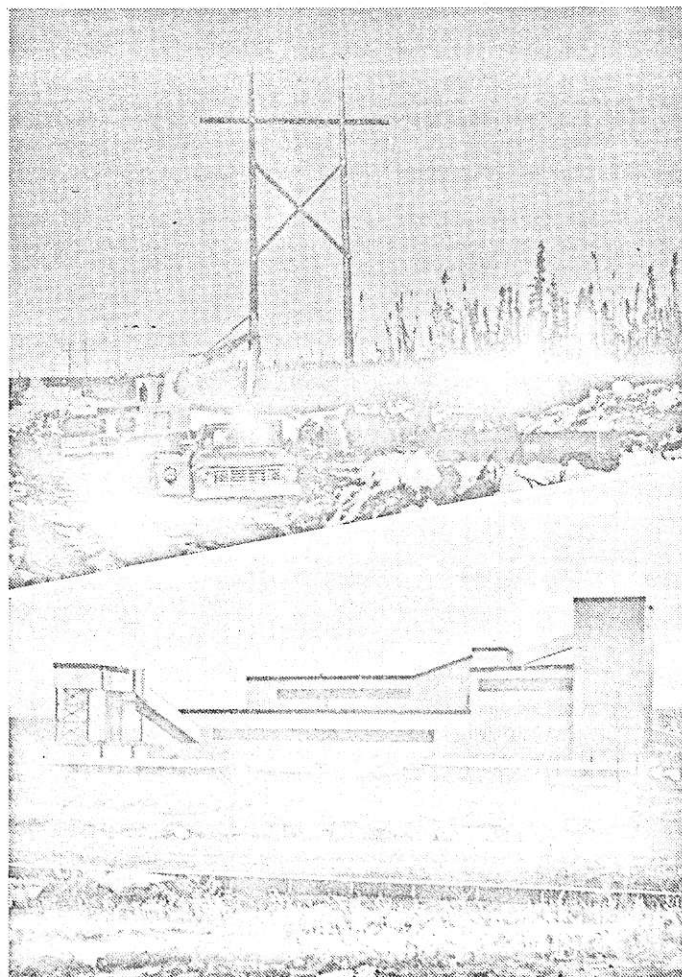
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cut a true width of 23 feet averaging 0.33 oz. gold and 41.3 oz. silver with 0.8% copper, 2.9% lead, and 13.2% zinc. Hole 23, one hundred feet to the east, cut a true width of 5 feet assaying 0.04 oz. gold and 82.0 oz. silver per ton with 1.3% copper, 6.7% lead, and 16.4% zinc. The fourth intersection of 5 true feet averaging 0.08 oz. gold and 3.9 oz. silver with 2.8% copper, trace lead, and 4.7% zinc was cut at a higher elevation and to date must be considered as unrelated to the others. W. G. Jewitt, president, has commented that the much higher silver values constitute a notable change from the Lynx ore.

Encouraged by such results, Western Mines proceeded to explore and develop the property of its subsidiary. A portal was cut at elevation 1200 feet to provide a new entry. A 9-ft. by 9-ft. entry for trackless mining and hauling equipment was driven on a slight incline to provide drainage for any surface or near-surface water to flow out of the mine and, at a point 150 feet from the portal, the gradient was changed to minus 15 degrees on a decline. At 350 feet from the portal the new entry encountered a "blind" vein which had not outcropped and which had not been found in diamond drilling at higher elevations. In the decline, the new vein assayed 0.12 oz. gold and 9.91 oz. silver with 1.5% copper, 2.71% lead, and 20.2% zinc across a true width of 10 feet.

Management was not sidetracked by the discovery as so many mining explorations have been in the past. The decline heading is being advanced continuously towards its objective at an estimated 2200 feet in the vicinity of the high-grade drill intersections and is progressing at an average of 700 feet a month. Meanwhile some lateral drilling is being done to learn more of the unexpected "blind" vein. Drifting on that ore occurrence will have to await conclusion of the main purpose of the entry.

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Portal of new entry of Myra Falls Mines

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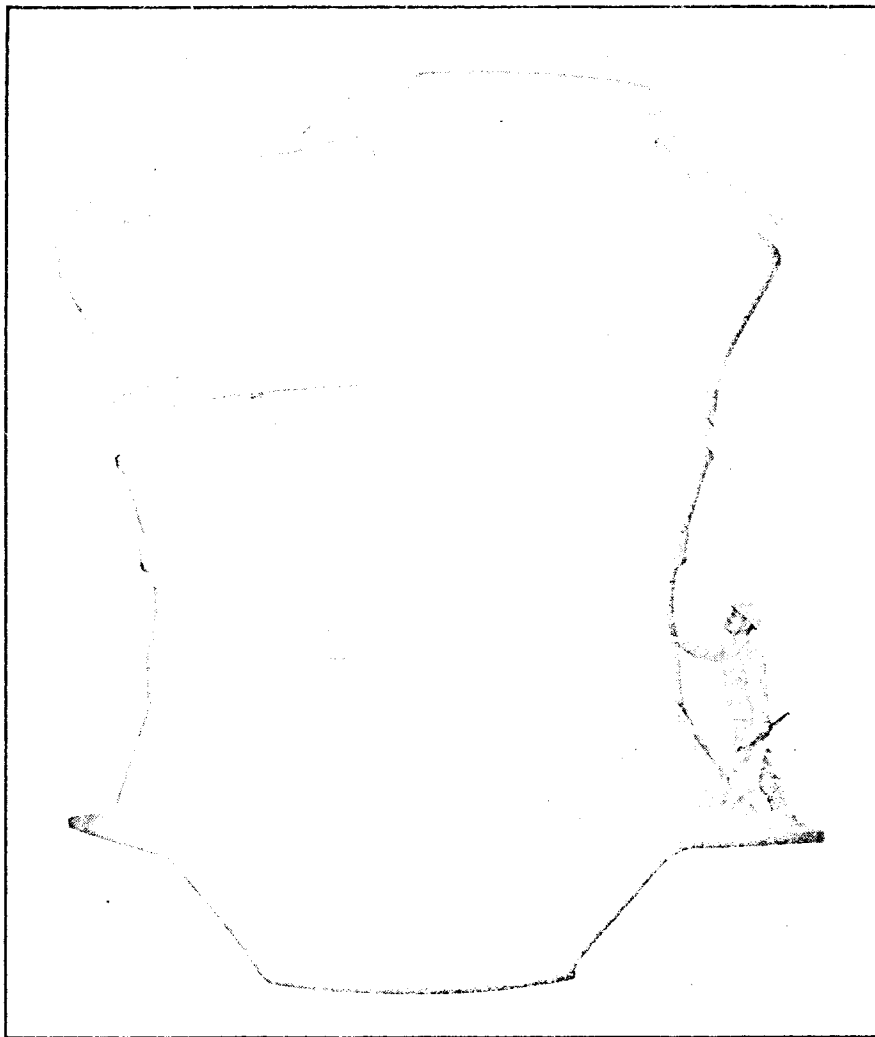
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contracted to B. C. Mack Truck Distributors Ltd. The haul to Campbell River is 56 miles, a distance which includes 33 miles of provincial highways and 23 miles of park road constructed by Western Mines Limited. Before the production decision was taken in 1966, the graveled government road terminated at Strathcona Lodge, or Western Landing as it was known at the time. From that point, Western Mines with its own lake vessels barged all personnel and freight to the mine site at the head of the lake. All mine and mill machinery and equipment were transported to the property in such manner.

The deepsea terminal facility at Campbell River was built at a cost of \$800,000 on waterfront leased for 25 years at an annual rental of \$10,000.

Western Mines has contributed \$2,200,000 toward the construction of the 23-mile length of road extending from Strathcona Lodge (Western Landing) along the east side and around the south end of Buttle Lake to the mine. According to the agreement with the British Columbia Government, the company was also charged with the hard-surfacing and maintenance of this road. Blacktopping was completed in September 1970.

MILLING

The complexity of the ore has required several changes in the flow sheet as experience and environmental control have necessitated a revision of early conceptions. At start-up, three concentrates were manufactured: a copper, a zinc, and a lead-zinc. This was later deemed impractical and was reduced to two: a copper and a zinc concentrate. The company recently engaged a new mill superintendent who has had world-wide experience in the recovery of metals from complex ores. Austin Murphy has made significant progress in the recovery of the mine's metals within the bounds of environmental control. He has installed a lead circuit which is now producing a concentrate carrying 0.4 oz. gold and 20.0 oz. silver per ton with 7% copper (for which the company receives payment), 50% lead, and 9% zinc. Total lead recovery is only 44.5% but this is increasing slowly. "It is evident", Mr. Murphy told Western Miner, "this percentage can be increased but to do this quickly entails the use of more cyanide and environmental factors limit the use of this re-agent".

Regular copper concentrate averages 0.26 oz. gold and 9.0 oz. silver per ton with 25% copper, 4% lead, and 9% zinc. Zinc concentrate averages 0.05 oz. gold and 3.0 oz. silver per ton with 1% copper, 1% lead, and 55% zinc. Total recovery of copper is in the range of 91.15% and zinc 79.0%.

The accompanying illustration shows

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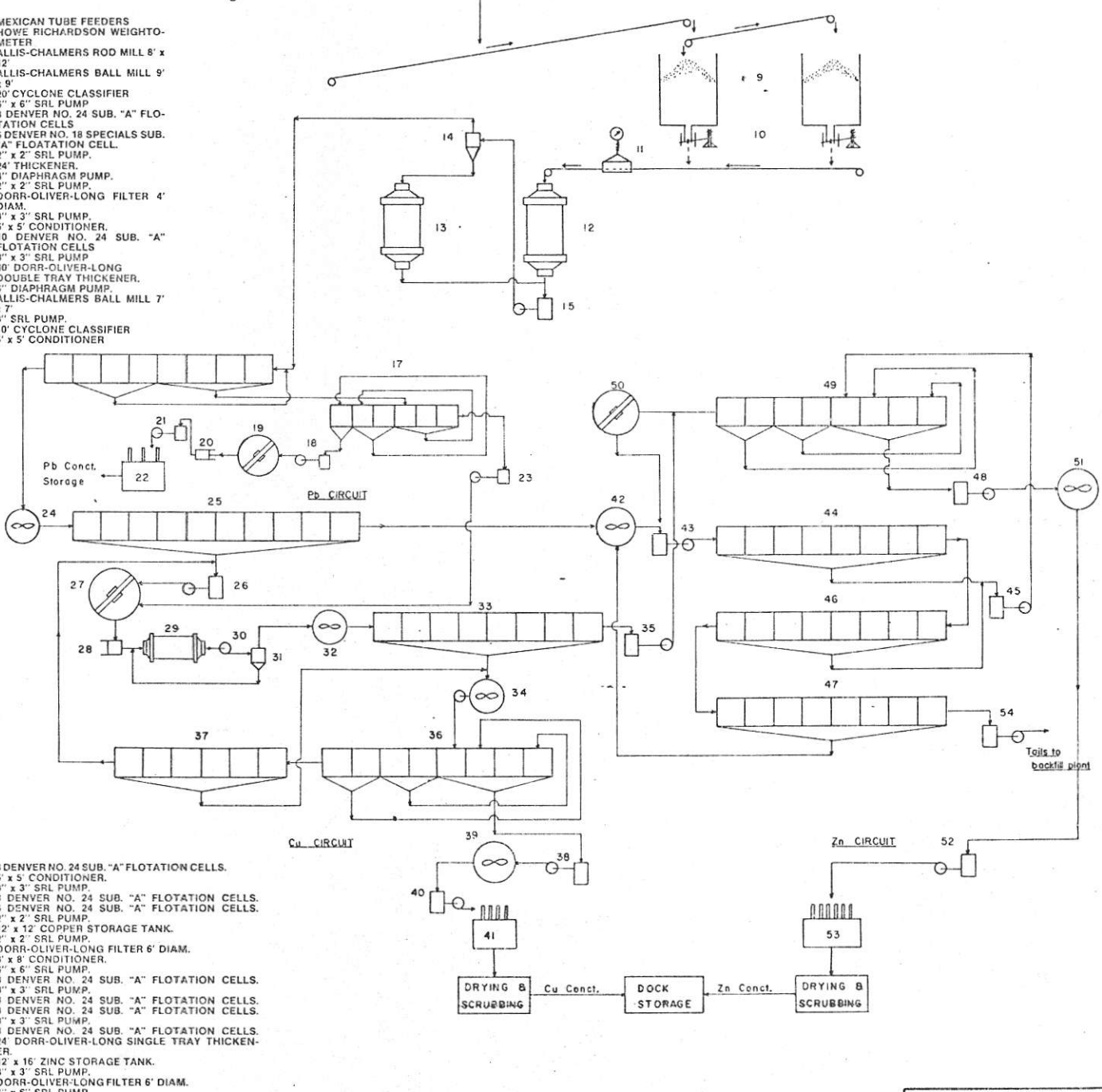
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- 17 6 DENVER NO. 18 SPECIALS SUB. "A" FLOTATION CELL.
- 18 2" x 2" SRL PUMP.
- 19 24" THICKENER.
- 20 4" DIAPHRAGM PUMP.
- 21 2" x 2" SRL PUMP.
- 22 DORR-OLIVER-LONG FILTER 4' DIAM.
- 23 3" x 3" SRL PUMP.
- 24 5' x 5' CONDITIONER.
- 25 10 DENVER NO. 24 SUB. "A" FLOTATION CELLS
- 26 3" x 3" SRL PUMP
- 27 40" DORR-OLIVER-LONG DOUBLE TRAY THICKENER.
- 28 6" DIAPHRAGM PUMP.
- 29 ALLIS-CHALMERS BALL MILL 7' x 7'
- 30 3" SRL PUMP.
- 31 10" CYCLONE CLASSIFIER
- 32 5' x 5' CONDITIONER



- 33 8 DENVER NO. 24 SUB. "A" FLOTATION CELLS.
- 34 5' x 5' CONDITIONER.
- 35 3" x 3" SRL PUMP.
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- 38 2" x 2" SRL PUMP.
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- 44 8 DENVER NO. 24 SUB. "A" FLOTATION CELLS.
- 45 3" x 3" SRL PUMP.
- 46 8 DENVER NO. 24 SUB. "A" FLOTATION CELLS.
- 47 8 DENVER NO. 24 SUB. "A" FLOTATION CELLS.
- 48 3" x 3" SRL PUMP.
- 49 8 DENVER NO. 24 SUB. "A" FLOTATION CELLS.
- 50 24" DORR-OLIVER-LONG SINGLE TRAY THICKENER.
- 51 12' x 16' ZINC STORAGE TANK.
- 52 3" x 3" SRL PUMP.
- 53 DORR-OLIVER-LONG FILTER 6' DIAM.
- 54 8' x 6' SRL PUMP.

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SCHEMATIC DIAGRAM
Crushing Plant & Concentrator

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APPROVED BY: A.R. 7c.	

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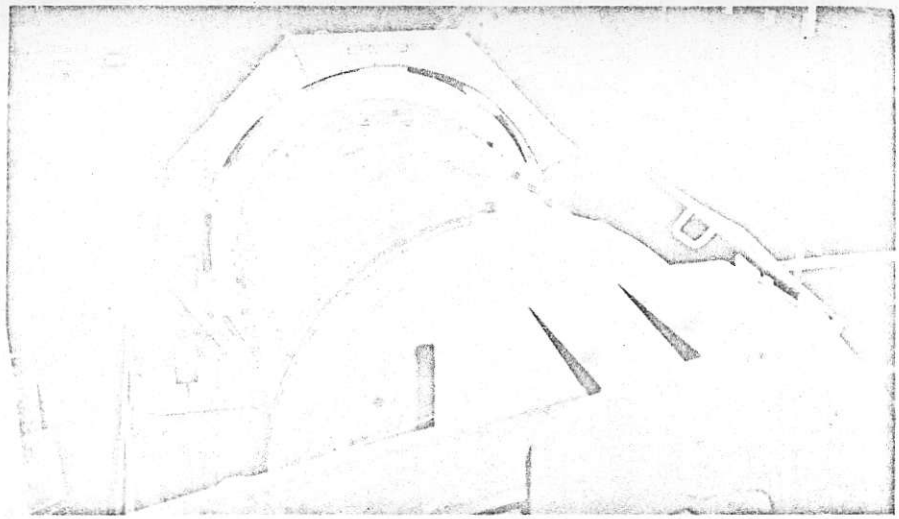
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A part of the grinding bay at Western Mines

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PERSONNEL

At the Western Mines operation some 260 men are presently employed. Of these, 87 are underground at the Lynx, 15 at the Myra Falls Mines property, 33 in the concentrator and on surface, and 55 men are employed by the contractors, Gretsinger & MacDonald in the pit, and Canus Services Ltd. in the catering service.

James B. Magee, a highly-regarded veteran of many challenging mining operations, is general manager. Gunnar Dziny is general superintendent; Austin Murphy, mill superintendent; Ed. Sader, mine superintendent; Eric Yeoman, plant superintendent; Bruce Spencer, chief geologist; and Norman T. McGeachy, chief accountant.

The Board of Directors includes the names of prominent figures in the mining industry and certainly confirms the strong Canadian tenor of the company. It includes: D. B. Armstrong, R. T. Hager, E. C. Hammond, J. A. McLallen, P. M. Reynolds, J. E. R. Wood, and H. M. Wright, all of Vancouver; W. G. Jewitt of Victoria, B. C.; J. B. Magee of Campbell River, B.C.; and M. K. Pickard and O. A. Seeber of Toronto.

W. G. Jewitt, who retired recently from one of the top offices of Cominco and who established a record for exploration in the Northwest Territories

both as an engineer and as a bush pilot 35 years ago, is president of Western Mines Limited. Roger T. Hager is vice-president, and the capable and cooperative Frank A. Robertson, C.A., is secretary-treasurer. Executive office of the company is 870 - 505 Burrard St., Vancouver, and mine office address is Box 8000, Campbell River, B. C.

CONCLUSION

The Western Mines experience is a classic example of a success story in the face of adversity. Hampered by unreasonable protest from conservationists and ecological patrolmen as well as politicians and the press, the directors did hold to their purpose (the mine was too good to forfeit) and accepted restrictions never envisioned by a fully-legal exercise as conceived by the original prospectors and those explorers and developers who had the faith to put their money on the line. In the face of such adversity and, in the beginning with inadequate funds, they have earned the satisfaction of establishing a proven mine with a most attractive future; one which may even justify the brokers' projections of five years ago. Western Mines no longer needs funds, unless it is for the development of the Myra Falls property. However, it is the opinion of the author that the cash flow will take care of this situation while at the same time providing for the initiation of dividend payments to patient and now-reassured shareholders.



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Northgate Exploration for one is entitled to credit. Led by the intrepid Pat Hughes, who established a toehold in Canada during the Beaverlodge uranium boom in the early fifties and then returned to his native Ireland to find one of the most fabulously rich mines in European history and entirely change the economy of that country (which grants 20 years income-tax exemption to new mines), this Canadian company holds 22.4% of the issued stock of Western Mines. Incidentally, Northgate is the first junior Canadian stock to make it all the way from Toronto "over-the-counter" to the big board of the New York Stock Exchange. We are fortunate that Pat started in Canada and has had such great faith in this country; yet we are disturbed that he is now concentrating his exploration activity in Australia, an incident no doubt related to the White Paper on Taxation.



James B. Magee
General Manager

Western Mines is manifestly a Canadian company. Approximately 95% of its issued shares are held by Canadians and more than 50% by residents of British Columbia. Through the exchanges of interest there have been

some changes in the board of directors. Northgate, however, has not demanded representation commensurate with its position nor has it interfered with the direction of Western Mines.

The company is here to stay. By all the standards of the industry, the operation should become increasingly profitable. If the Myra Falls property develops into an entirely new mine with anything approaching the assay values indicated to date, Western Mines could succeed beyond the dreams of its founders.

It is fitting to inform the conservationists who avowedly advocate greater recreational facility that the 23-mile paved road built by Western Mines provides the only public entry to Sfrathcona Park. It would also be appropriate for these people to read the work of "Old Badger" which commences on page 10 of this issue of Western Miner.

PLACER DEVELOPMENT ANNOUNCEMENTS



A. E. Gazzard



J. D. Little



C. L. Pillar

Mr. T. H. McClelland, President and Chief Executive Officer, Placer Development Limited, announces three major appointments:

Mr. Albert E. Gazzard becomes Senior Vice-President of the Company. Mr. Gazzard joined the Placer group in 1939 and was General Manager of Bulolo Gold Dredging Limited at the time of that Company's merger with Placer in 1966. In 1960 he became a Director of Placer and was later appointed Vice-President with residence in Sydney, Australia. In 1969 he was appointed Executive Vice-President and moved to head office in Vancouver. Mr. Gazzard will continue to be responsible for the Australian and New Guinea operations and activities of the Placer group.

Mr. J. Douglas Little, who becomes Executive Vice-President, is a graduate of the University of British

Columbia (B.A. Sc. Mining Engineering) and has been associated with Placer since 1951. Mr. Little was latterly Vice-President/Operations and in that capacity was responsible for the operations of the Placer group.

Mr. Charles L. Pillar has been appointed Vice-President/Operations, having held the position of Assistant Vice-President/Operations since 1966. Mr. Pillar, a graduate of the Colorado School of Mines, joined Placer in 1965. In his new role, he will be responsible for the mining operations of those companies in the Placer group.

All three have been actively associated with other companies in the Placer group such as Canadian Exploration Limited, Endako Mines Ltd. (N.P.L.) and Craigmont Mines Limited.

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