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# **GRANDUC MINES, LIMITED**

(Non-Personal Liability)

**Annual Report  
1967**

# GRANDUC MINES, LIMITED

(Non-Personal Liability)

## DIRECTORS

G. H. DAVENPORT

HENRY L. HILL

J. NORMAN HYLAND

W. H. LOVE

L. J. RANDALL

## OFFICERS

L. J. RANDALL, President

G. H. DAVENPORT, Vice-President

P. I. CONLEY, Secretary and Treasurer

L. JOHN CREERY, Assistant Secretary

## AUDITORS

PEAT, MARWICK, MITCHELL & CO., Vancouver

## TRANSFER AGENT

CANADA TRUST COMPANY, Vancouver and Toronto

## HEAD OFFICE

Room 1105, 900 West Hastings Street, Vancouver 1

The Annual Meeting of the Shareholders will be held  
on May 17, 1968 at 9:00 o'clock in the forenoon  
in the Thompson Room of The Bayshore Inn  
1601 West Georgia St., Vancouver, B.C.

# GRANDUC MINES, LIMITED

(Non-Personal Liability)

## DIRECTORS' REPORT

### To the Shareholders:

The Directors hereby submit their report together with the audited financial statement for the year ended December 31, 1967.

The principal Company property, the Granduc Mine, is leased to Granduc Operating Company, a wholly-owned subsidiary of Newmont Mining Corporation, and to American Smelting and Refining Company. They share the lease equally and have agreed to provide all the necessary funds to bring the property into production. Granduc Mines, Limited (N.P.L.) will receive a royalty of 22½% of operating profits (before deducting preproduction costs incurred by the Lessees) on the first 32,500,000 tons of ore milled and 25% of such operating profits thereafter. The Lessees are proceeding to place the property into production which it is presently estimated will be in late 1969. The following is a progress report for 1967:

### GRANDUC MINE

#### Tide Lake Tunnel:

The main tunnel was advanced 16,310 feet during the year to reach a point 34,396 feet (6½ miles) from the portal. With the exception of some 3,500 feet of sedimentary rocks encountered 22,000 feet from the portal, the volcanic rocks have persisted. The face of the tunnel is now beyond the last remaining major overhead glacier. Increasing distance of the heading from the portal has necessitated the purchase and installation of additional tunnel equipment.

Excavation work was started near the portal on the tail track, ore dump, storage bin, and a conveyorway which will connect the underground ore bin to the surface secondary crushing plant. Two additional diesel electric generator sets were purchased and the entire tunnel driving power generation equipment has been transferred to its permanent location in the completed thermal power plant building.

#### Leduc Drain Tunnel and Mine Development:

Mine development consisted of 8,500 feet of diamond drilling, 5,637 feet of crosscutting and 78,380 cubic feet of slashing in preparing the mine for production. The main water drainage tunnel between the 2475 level and the surface was completed.

Plant improvements included re-establishment of the underground powerhouse on the 3100 level, installation of a main fan in the drainage tunnel, and establishment of a water supply system for both mine and camp use. The camp was improved by construction of a core storage building and geology office, bunkhouse and warehouse extensions, and a combined pumphouse and transformer building. The airstrip was lengthened to 1,400 feet and a new avalanche deflector mound was built to protect the extension. Eight new 17,500 gallon fuel tanks were erected.

Crews worked at Leduc from late April to early November; no attempt is made to man the camp during the severe winter months.

#### Design Engineering and Plant Construction

Mine planning and engineering on plant design was about 90% completed by the end of the year. Site preparation for the concentrator, service building, powerhouse, and tank sites was completed

and over 60% of all concrete foundations have been poured. Several camp buildings were erected to accommodate the larger construction crew expected on the site in 1968. Groundwater investigation lead to the drilling of 8 test wells in the Tide Lake Flats area and sufficient water has been located for mill operation. A reinforced concrete control gate, a flume, a diversion wall and abutments for two bridges were constructed to control the overflow of Summit Lake.

**General:**

To avoid numerous snowslide areas, 5¼ miles of road were relocated at a higher position. Snowfall was much less than in the two previous years and road closures were kept to a minimum. Labor relations were very satisfactory.

**OTHER COMPANY ACTIVITIES**

Shareholders of Granduc Mines, Limited (N.P.L.) at the Extraordinary General Meeting on July 6, 1967 approved sale of 110,000 common shares of their Company to Hecla Mining Company for a total purchase price of \$515,900. These funds will be used over the next four years for the following: (1) ordinary and usual administration expenses of the Company, (2) maintenance, exploration and development of Company properties not under lease to Granduc Operating Company and American Smelting and Refining Company and (3) acquisition and staking of new properties.

An exploration and development program was carried out in 1967 and an expanded exploration program is planned for the 1968 season.

On behalf of the Directors,

Vancouver, B.C.  
March 31, 1968.

L. J. RANDALL,  
President.

# GRANDUC MINES, LIMITED

(Non-Personal Liability)

## Balance Sheet — December 31, 1967

(With comparative figures for 1966)

ASSETS		1967	1966
Current assets:			
Cash .....		\$ 16,752	\$ 10,646
Short-term investments, at cost and accrued interest .....		485,401	20,000
Total current assets .....		502,153	30,646
Mining properties, including \$1,000,000 for common shares issued in consideration for claims (Note 1) .....		1,065,000	1,065,000
Mine development and pre-production expenditure, per accompanying statement .....		23,592,594	23,548,710
		<u>\$25,159,747</u>	<u>\$24,644,356</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Accounts payable .....		\$ 1,649	\$ 2,158
Advances from mining companies (Note 2) .....		5,427,589	5,427,589
Shareholders' equity:			
Share capital (Note 3):			
5½% cumulative redeemable preferred shares of \$5 par value per share. Authorized and issued 1,050,000 shares .....		5,250,000	5,250,000
Common shares of \$1 par value per share. Authorized 8,000,000 shares; issued:			
	Number of shares	Par value	
For cash .....	2,363,022	\$ 2,363,022	
For mineral claims .....	1,000,000	1,000,000	
	<u>3,363,022</u>	<u>\$ 3,363,022</u>	
		3,363,022	3,253,022
		8,613,022	8,503,022
Contributed surplus, per accompanying statement .....		11,117,487	10,711,587
Total shareholders' equity .....		<u>19,730,509</u>	<u>19,214,609</u>
		<u>\$25,159,747</u>	<u>\$24,644,356</u>

Approved on behalf of the Board:

See accompanying notes to financial statements.

L. J. RANDALL, Director

W. H. LOVE, Director

## Notes to Financial Statements — December 31, 1967

1. Mining properties:  
Under the terms of a lease entered into on October 1, 1965, the lessees will develop and equip the Granduc Mine property of the Company and from the date mining operations commence will pay a royalty based on the net proceeds from the mine, as defined.
2. Advances from mining companies:  
Interest on the advances of \$5,427,589 has been waived until mining operations commence.
3. Share capital:  
The holder of the 1,050,000 5½% cumulative redeemable preferred shares has waived dividends, and the cumulative rights thereto, until mining operations commence.  
During the year ended December 31, 1967, 110,000 common shares of \$1 par value per share were issued for \$515,900.
4. Remuneration of the directors and senior officers amounted to \$9,236 in 1967.

# GRANDUC MINES, LIMITED

(Non-Personal Liability)

## Statement of Mine Development and Pre-Production Expenditure

Year ended December 31, 1967

(With comparative figures for 1966)

	1967	1966
Balance at beginning of year .....	\$23,548,710	\$23,527,750
Expenditure incurred during the year:		
Recording and maintaining claims .....	3,173	100
Geological services .....	14,056	1,918
Management salaries .....	8,636	600
Office salaries .....	1,975	1,715
Directors' fees .....	600	300
Travel .....	5,666	—
Office expense .....	1,988	1,046
Office rent .....	2,775	1,850
Legal and audit fees .....	7,215	4,782
Transfer agent and shareholders' meetings .....	8,244	9,906
General expenses .....	709	54
	<u>55,037</u>	<u>22,271</u>
Less:		
Interest income .....	10,293	907
Other income .....	860	404
	<u>11,153</u>	<u>1,311</u>
Net expenditure for the year .....	<u>43,884</u>	<u>20,960</u>
Balance at end of year .....	<u>\$23,592,594</u>	<u>\$23,548,710</u>

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Granduc Mines, Limited (Non-Personal Liability) as of December 31, 1967 and the statements of mine development and pre-production expenditure, contributed surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company at December 31, 1967 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, British Columbia.  
February 28, 1968.

PEAT, MARWICK, MITCHELL & CO.,  
Chartered Accountants.

# GRANDUC MINES, LIMITED

(Non-Personal Liability)

## Statement of Contributed Surplus

Year ended December 31, 1967

(With comparative figures for 1966)

	1967	1966
Balance at beginning of year .....	\$10,711,587	\$10,711,587
Add premium on issue of common shares .....	405,900	—
Balance at end of year .....	<u>\$11,117,487</u>	<u>\$10,711,587</u>

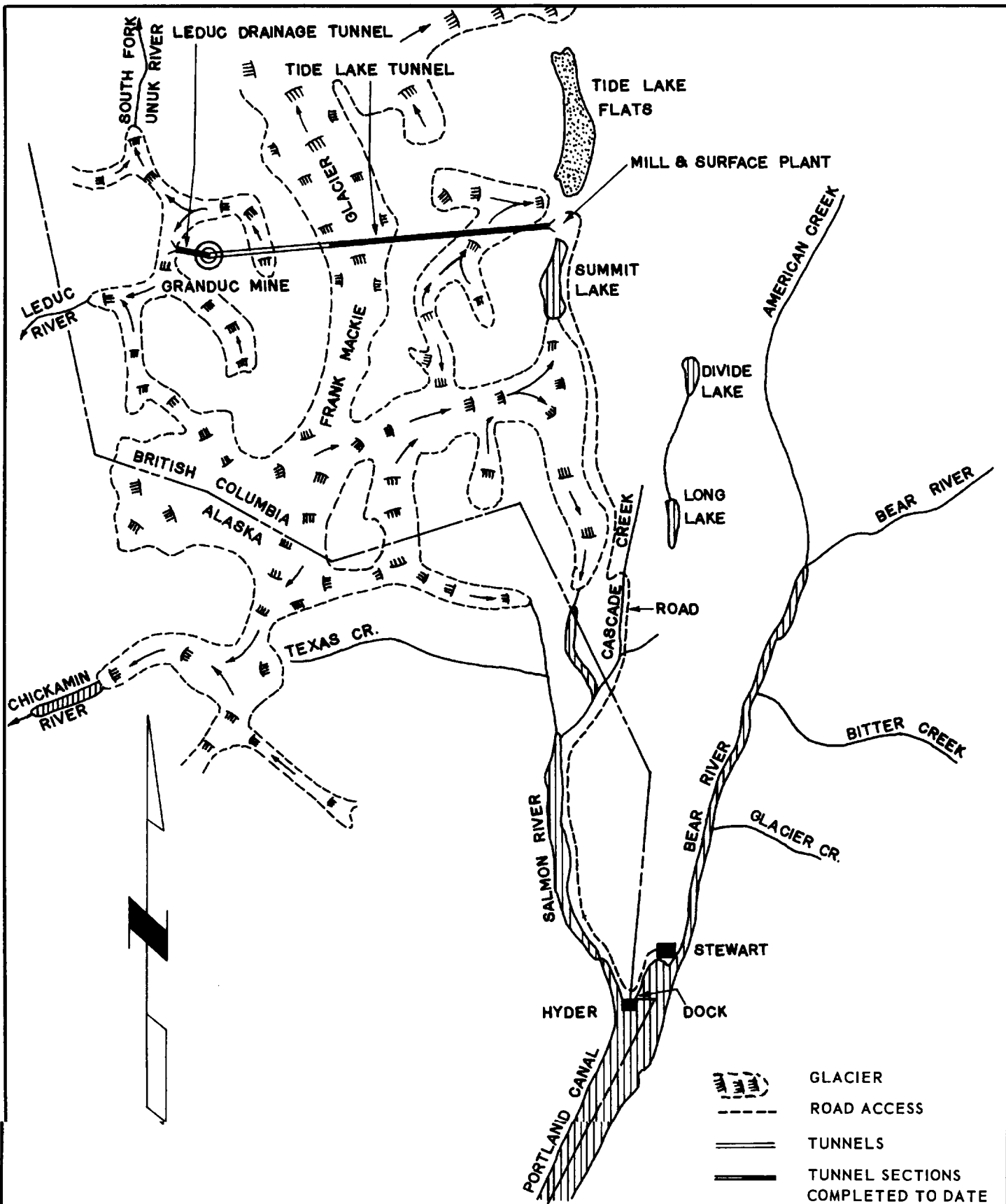
## Statement of Source and Application of Funds

Year ended December 31, 1967

(With comparative figures for 1966)

	1967	1966
Funds provided:		
Issue of common shares .....	\$ 515,900	—
Funds used:		
Mine development and pre-production expenditure .....	43,884	20,960
Increase (decrease) in working capital .....	472,016	(20,960)
Working capital at beginning of year .....	28,488	49,448
Working capital at end of year .....	\$ 500,504	\$ 28,488
Working capital:		
Current assets .....	\$ 502,153	\$ 30,646
Current liabilities .....	1,649	2,158
Working capital at end of year .....	<u>\$ 500,504</u>	<u>\$ 28,488</u>

See accompanying notes to financial statements.



**GRANDUC MINES LTD. (N.P.L.)**

**LOCATION MAP**

SCALE 1 INCH = 4 MILES