



C. M. OLIVER & COMPANY LIMITED

ESTABLISHED 1907

821 WEST HASTINGS STREET • VANCOUVER 1. B.C.

MUTUAL 4-9211

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MEMBERS OF: VANCOUVER STOCK EXCHANGE • MONTREAL STOCK EXCHANGE • CANADIAN STOCK EXCHANGE
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ENDAKO MINES LTD.

The story of the establishment of Endako as an important and successful producer dates back only to 1962 and will be well known to many of our readers. Endako has pioneered, to a large extent, in British Columbia, the use of modern equipment for ore treatment, and particularly for low cost moving of a huge tonnage of material. These new techniques in mining operations, along with advancing metal prices, will be of essential importance to many low grade mining properties.

The recently released report for Endako's year ending April 30th, 1966 describes results which suggest that the Company will enjoy a long and profitable life. To bring the property into production called for an investment of over \$22,000,000. This was provided by the sale of \$5 million of preferred shares and by bank loans of about \$17,000,000.

Using cash flow of just under \$10,000,000 resulting from operations for the nine month operating period ending April 30th, 1966, to date some \$8 million has been applied to debt reduction, reducing loan liability to about \$9,000,000 and this will no doubt be eliminated as a result of current operations. Similarly there should be cash flow available with which to eliminate the preference shares in the current fiscal year.

However, Endako is planning to expand mill capacity over the present 14,000 ton rate to a throughput of 22,000 tons daily, this expansion to cost about \$5 million, the capital for which they expect to provide through operations. The outlook accordingly is that funds may not be available for dividends until, say, 1968. We estimate that earnings, at that time, may be as high as \$2.00 per share and that the long life operation may earn, after taxes, \$1.50 per share, with a cash flow of over \$2.00. These projections are based upon current molybdenum prices and labour costs and do not discount economies which should result from experience and the expanded capacity.

Endako produces about 12% of the free world supply of molybdenum. Ore reserves are over 157 million tons or more than 20 years millfeed at 22,000 tons daily. Cutoff grade of .08 equals about \$2.65 per ton. First year cost experience, including some break-in expenses, was just over \$2.00 per ton including administration, interest and writeoffs. Actual mining and milling about \$1.25 per ton.

Our figures appear to suggest that Endako offers exciting value at the current \$12.00 level. We feel that the former high of \$18.50 per share was justified and that it will be repeated and passed in due course, as the affairs of the Company mature under the strong management which it enjoys.

CAPITALIZATION

Preference shares 6% \$1.00 par	5,000,000 (1)
Common shares	7,750,007 (2) (3)

- (1) Held by Canex, a subsidiary of Placer Development
 (2) About 5,900,000 shares held by Canex
 (3) Listed Vancouver Stock Exchange, 1965-66 High 18.50, low 11.00

Highly recommended at the present \$11.50 to \$12.50 level.