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nb, usually, is don't invest in but we're fenoring it on tile ounds that some companies can ovide reasonable investment portunities if the investor ows what he is getting himself 0.

We are saving here with mpanies laten raise money m the office and in turn invest in morishers, in cfleet, these mpanics are operating "mort-ge mularis" by pooling in-stors' wonegrail risk.

fonday wissave examples of vertising "come-ons" which mingly unstropresent the real ks involved. Today we pass on s from manipage men on what watch for in this type of inclusive, but it covers some

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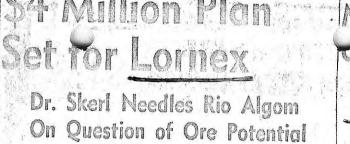
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nservative once, too --- can out if the both pany you are on its staff or for fee, no vested interest in the you are in doubt about an with the Vancouver Real



By BILL FLETCHER Sun Business Editor

Rio Algom Mines is willing to gamble \$4 million in 1967 to learn if Lornex Mining Corp. has a commercial property in B.C.'s Highland Valley, a Toronto mining

grade copper-molybdenum property, J. A. Sadler, president of Rio Tinto Canadian, a Rio Algom subsidiary, said following the Lornex annual meeting Tuesday afternoon. To date, \$1.1 million has been spent on the property. Phase two covers underground

work including shaft sinking and drilling to back up results obtained from surface drilling and construction of a pilot mill and laboratory.

BETTER FEEL

satiler has insisted that more work has to be done. The underground exploration is being carried out on the north cause it would not back up his cent copper and .031 moly.

Vancouver company's issued stores, These shares would then it. stock. These shares would then be apportioned 60 per cent to Rio Algom and 40 per cent to Yukan Consolidated Gold Corp. Rio Algom has already ex-ercised its option on 900,000 shares putting \$1,250,000 into the Lornex treasury).

Lornex treasury).

property in B.C.'s rughters. executive said Tuesday. This amount will be the cost of phase two of Rio Algom's exploration program on the low-ar a d e c o p per-molybdenum ar a d e c o p per-molybdenum batters.

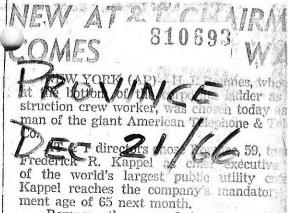
had "bent our best efforts" to the property's development and there was no intention to discredit Skerl. He added that Skerl arrived at

this estimate after working with Rio Tinto's engineers but the eastern company doesn't know enough yet. He mentioned such intangibles as the price of copper, open pit outline, operating or smelting costs.

After the meeting Sadler said,

estimate that the property con-tained 330 million tons of .44 per cent copper and .031 moly. (Rio Algom has options on 2.4 million shares of Lornex which would give it 60 per cent of the morth zone but only percus-volute would give it 60 per cent of the sist and a still is left with the sion drilling has been done on it.

shares putting \$1,250,000 into the Lornex treasury). Skerl said he noted from the Lornex annual report that Rio Tinto Canex had charged \$246,-632 for exploration, engineering and research, but the "prophets from the east" had given out no information on ore reserves or preliminary mill test work, "things shareholders want to know." LOF OF WORK Skerl said he had done a lot of work for the \$7,908 he had received in fees from Lornex. The geologist said his esti-date was made at the request of company president Egil H. Lornizen wo claimed that Rio Tinto refused to release any tomage figures. "They have seen fit to ignore my figures which discredits me," Skerl said. "T feel that Skerl said. "T feel that Marking price changes out to smet and named Robert D. Armstrong of Toronto, president consecuted Lornizer spresident. C. W. M. Burge is secretary and E. J. Tynan, treasurer and vice-president of finance. In addition to Armstrong other new directors are G. R. Albino, of Rio Algom and W. A. Dornizen, Ross, Burge and Gil-Campany president Egil H. Lornizen, Ross, Burge and Gil-and escler. They have seen fit to ignore my figures which discredits me," Skerl said. "T feel that Skerl sai



Romnes, the son of immigrant New parents, moves to the chairmanship after years as AT & T president.

MINIMAL CHANGE Settling Shows

In GNP Figures

OTTAWA (CP) — Further evidence the economy is settling have appeared in third estimates of Canada's gross national product. The product. After the meeting Sadler said, "We will have a better feel of ur costs when this program is ompleted," Sadler told re-orters. "We just must make a

"We will have a better feel of our costs when this program is completed," Sadler told re-porters. "We just must make a decision. It should be done in 1967." The big Sadler has insisted that more Sadler has insisted that more Sadler has insisted that more Sadler figure of \$57.3 billion. But in real terms — with the Second-through I uly, Asg

effect of price increases re-moved — production of Can-ada's goods and services was "virtually unchanged."

than 1965, said DBS.

component of the GNP as 4.4 \$1.1 billion injection per cent so far in 1966 compared economy. with the same period of 1965. The previous annual change, from 1964 to 1965, was 2.9 per cent. EXTRA COSTS

Near Pitt

Flagstone Mines Ltd. of Vancouver said it has made an agreement with a U.S. company to develop molybdenum and copper prospects north of Pitt Lake.

Flagstone president, B. I. Nesbitt said Cyprus Mining Corp. of Los Angeles has agreed to spend a minimum of \$100,000 in the initial stages of development.

Total expenditure by Cyprus could reach \$1.4 million before a production decision is made.

He claimed that this was one of the main reasons why the price of Silver Titan shares had dropped from \$5 to \$1.

Cheering news from

penditure side of the a A 30 per cent indr spending on new cars.

3 PER CENT The over-all increase sumer demand was in cent, largest of the expansion, and in dollar

all levels of government

ONT. TAKES AUDIT STAN TORNYO (CP) - Ont

considering amendment laws to contire that ardi public c o m p a n i c a dependent and their clearly defined. Au clearly defined, Asp General Arthur Wisher today.

In a 15-bage stateme viewing the collapse of deptial Flashee Corp. It said the auditor is the p who stands between dir of public companies an sharcholders.

He said the governme also studying the que ti having independent try act on behalf of note in as a way of ensuring gi protection for investors.



Escrow Release Brings Complaint Directors of Silver Titan each - "and I'm not the least Mines Ltd. should have done but unhappy about it."

Mines Ltd. should have done but unhappy about it." something to stop the release of escrowed stock, a shareholder complained Tuesday. Max Garfin told the com-panys' annual meeting the board had allowed 30 per cent of the escrowed and vendors stock to be released on a declining market. Max district of the com-be released on a declining market.



Dear Shareholder:

In reply to the numerous enquiries regarding the size of the Lornex orebody, I am pleased to be able to enclose a letter from the Company's consulting geologist, Dr. A. C. Skerl, A.R.S.M., PhD., P. Eng., which analyzes the results of the diamond drilling completed to date.

The vast tonnage of ore indicated, points up the favorable long term prospects for your Company's Highland Valley copper property.

It is our intention to press ahead with our underground program and the erection of a 100 ton pilot plant for the purpose of bulk sampling. This program which will provide metalugical, geological and structural information on the orebody, should take only a few months to carry out under normal conditions.

Our Annual Meeting will be held before the end of the year and our report at that time will familiarize you with the Company's progress throughout 1966.

Yours very truly.

LORNEX MINING CORPORATION LTD. (N.P.L.)

Egil H. Lorntzsen President

TELEPHONE 224-6257

6th November 1966

1758 WESTERN PARKWAY Vancouver 8, 8.0.

DR. A. C. SKERL

Mr. E. H. Lorntzsen

President

Lornex Mining Corporation

558 Howe Street

Vancouver 1, B. C.

Dear Mr. Lorntzsen,

As you requested I have analysed the diamond drilling results that are available to date and estimated the tonnage and grade of ore that they indicate.

Because of the wide spacing of 800 feet apart of the drill lines for this primary drilling pattern and also the lack of certainty as to the internal structures of the deposit the calculated ore cannot be classified as positive in the usual sense so far as grade is concerned. However the relative consistency of the grades for both the individual assays along the holes and also the averages for the holes is strong evidence that the present calculated average is close, namely :

0.44% Cu 0.031% MoS₂.

The current programme of drilling on intermediate lines at a spacing of 400 feet should help to confirm this average. The real test however will be made by the underground work that is planned because it will enable the mineralization to be coprelated with the geological structures.

For the present calculation the results on the four drill lines 3N, 11N, 19N and 27N have been used as shown on the accompanying plan projection of the holes.

Most of the drill holes reached to 1000 feet below the bedrock with no evidence of loss of grade. Also the chosen assay limits give an almost vertical deposit. The plan view has therefore been assumed to be the same at all elevations. The block of ground from 200 feet south of line 3N to 200 feet north of line 27N to a depth of 1000 feet below bedrock on each section contains :

330 million tons averaging 0.44% Cu and 0.031% MoS₂.

-2-

Within the west half of the deposit lines 11N, 19N and 27 N indicate a block 2000 feet long and 600 feet wide that amounts to 100 million tons averaging

0.53% Cu and 0.036% MoS2.

If the deposit was mined at the rate of 50,000 tons per day with a waste to ore ratio of 1 : 1 the total costs including smelter charges would be about \$1.70 per ton.

Assuming that 90% of the copper and 70% of the molybdenite are recovered and that metal prices are taken as 35_{ψ} and \$1.00 per lb respectively the net return would be \$3.20.

The net working profit would then be \$1.50 per ton of ore or \$27 million per year. Production would be 70,000 tons of copper and 7 million pounds of molybdenite concentrates per year.

The amount of copper produced would be sufficient by itself to sustain a good size of smelter.

Now that such a vast tonnage of ore is indicated it is imperative to press ahead with the underground exploration to obtain adequate amounts of representative ore for testing in a pilot mill and to observe at first hand the attitudes of the numerous structures and their relationships to the mineralization.

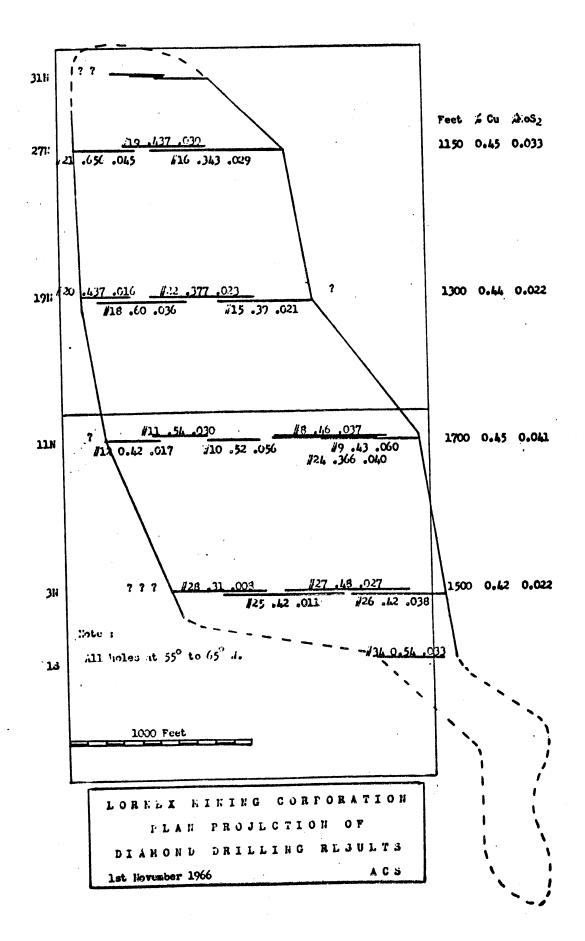
When a really firm average grade has been demonstrated it should be possible to raise the large amount of capital required to put the mine into production.

If you decide to publish this memorandum please include this note :

I am now a stockholder of Lornex Mining Corporation having taken up the stock options that were granted to me at the last annual meeting.

Yours sincerely

A. & Skert



Lornax Sees Large-Scale Operation

Lornex Mining Corporation's current exploration program is expected to be completed next it brings the spring and if expected results, a full-scale feasibility study will follow.

This was part of president Robert Armstrong's message to shareholders who gathered Friday at the Georgia Hotel for the company's annual meeting.

He said indications are for a large - scale, low - grade copperm o lybdenum operation. He added present plans call for a mill capable of handling 30,000 tons of material a day; 50 alternatives ranging in capacity from 5,000 to 70,000 tons a day had been considered.

In reply to a question from the floor, Armstrong said a "satisfactory recovery rate" would be 92-93 per cent on copper and an average of 64 per cent on molybdenum. He warned recovery on moly would vary drastically.

Despite the exhaustive exploration already completed, the president said, "it is still too early" to positively outline the size of the orebody. "It's not ore unless it's economic," he added.

The meeting also returned last year's slate of directors.

This included Armstrong, Toronto; George R. Albino, Clarkson; William A. Arbuckle, Montreal; Walter P. Arnold, Toronto; E. B. Gillanders, Crescent Beach; Neil B. Ivory, Montreal; Egil H. Lorntzen, Vancouver; A David Ross, West C Vancouver; J. Arthur Sadler, 5 Toronto; and Ike Shulman, Vancouver. İte

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ore no. o "mean Bulk sampling of from underground shows ingful" differences no in grade from those obtained by earlier drilling, shareholders of Lornex Mining Corp. Ltd. were told at their annual meeting Friday. earlier at

The statement sponse to a share tion after regular been completed came in re shareholder's quesbusiness had and special resolutions passed.

In special resolutions the company was changed non-specially limited company. This allows it limited company. This allows it the letters "N.P.L." limited company drop the letters "N.I m its corporate name gives it a wider range of activi-ties and powers.

he company also amen articles of association w it a range of activi The amended its its ______allow it a that include to of activities constructionand operation of a smelter.

DECISION YEAR

Robert D. Armstrong, presi-dent of the company and of Rio Algom Mines Ltd., which holds an option to put Lornex into production, said, "It is our cur-rent expectation that the deci-sion on production will be made in 1968."

He said the exploration pro-gram is on schedule and within cost estimates and that no unration pro-and within expected developments have oc curred.

"We need a large scale oper-ation," he said. "A modest vari-ation in conditions could have a great effect on the viability of the venture.

He said Behre Dolbear & Co ic. and Canadian Bechtel Ltd. Co. Inc and metallurgical g**eolo**gical consultants, respectively, should make a report next spring on which viability will be judged. via ... results are full scale "If conclusive ł

101 M 12 - ---

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then a full scale will be made." feasibility study

NO ABERRATION

Asked by a shareholder what differences in grade had been noted between bulk samples taken from the shaft and drill Armstrong hole samples, said point no meaningful has been found be-То this aberration has been found be-tween the test hole and the bulk sample results." sample

He added that there had also little variation in the cross copper s. The been in 1 grade in the crosscuts. shaft is 550 feet deep and feet of crosscutting has and 3,000 feet of cros done so far. been

"The thing that at concerns us information is when we that it issue be pin We that placed in proper perspective. We could issue a report on a high-grade hole or a zero hole, but we would not have discharged our responsi-bilities. We expect to make no further reports until further reports until something further is known." 3

WHAT GRADE

I (I ł 1

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Dr. A. C. Skerl, who was geological consultant to Lornex until Rio Algom took over, asked what grade Rio was us-ing as the basis for ore esti-mates.

variety of ~ "We we are grades,"s≉ are using a of grades," saw and start of saw are calculating various put sizes and designs for operations manging from 5,000 to 70,000 said s rations 70,000 rs proranging from 5,000 to 70,000 tons a day. It now appears pro duction will be on the order of t tons a day. i of 30,000 tons.

"The mineral area We has a 1 large oxide cap. We cover metal from it, it if we can't, it is waste. e can re-it is ore, rewe can't, "Our tota

total ore grade is 4.2 it copper, but whether per cent this is meaningless or meaningful depends ore ratio. W waste on the to ore ratio. We do know there is an immense amount of min-eralization, but it is not ore unless it can be economically minod " Ł r mined." v G⊡

(Page Two)

Class A shares are exchangeable 1 for 1 into

common. At 31Dec72,760,560 Class A shares were

	24		
	алан алан алан алан алан алан алан алан	LORNEX MIN.	ING CORPORATION LTD.
	HREE MOS. ENDED DEC. 31,	1972	The earnings/loss statement in the adjoin-
	Mine production revenue*	\$8,947,000	table is drawn from the 1972 annual report of
	Operating expenses	5,632,000	Lornex Mining Corporation Ltd. and covers the
I	Amortization & depreciation	1,781,000	3-month period from start of commercial produc-
I.	Operating profit	1,534,000	tion on 10ct72 to 31Dec72. (Figures from first
	Interest on long term debt	2,749,000	ore processing in April 1972 up to 30Sep72 were
	Net Loss	\$(1,215,000)	carried in GCNL 218(72). The net capital cost
	Net loss per share	(15¢)	at 31Dec72 was \$142,668,000.
	Shares Issued-Common	7,331,904	Rio Algom Mines Limited owned all issued
	Class A	867,758	Class A shares and 50% (3,666,152) of the issued
	Working capital	\$2,101,000	common. 19.9% of the common (1,461,660) was
	Long term debt	\$133,147,000	owned by The Yukon Consolidated Gold Corporation.

*After smelting, refining & marketing

charges of \$1,689,000. reserved for possible issue to Rio Algom under the Construction and Management agreement and 99,100 common shares for possible issue to certain Lornex and Rio Algom employees under a Stock Option plan.

R.D. Armstrong, president, reports that, in the 3 months to 31Dec72, 2,900,000 tons of ore were milled from which were recovered about 20,900,000 pounds of copper, 581,000 pounds of molybdenum and 80,000 ounces of silver. The daily milling rate averaged 30,998 tons of ore grading 0.429% copper with recovery of 87.9%. He says milling in excess of the design rate of 38,000 tons per day is expected in due course.

Mr. Armstrong says Lornex has sales agreements with Japanese smelters for all copper concentrate production for 12 years and with a U.S. company for the projected annual output of about 3,000,000 pounds of molybdenum concentrate for 5 years. As reported earlier, the original sales contract with the Japanese smelters was revised, but, apart from saying that "an agreement was reached that is considered to accord appropriate recognition to the interests of the parties concerned", Mr. Armstrong provides no clear indication of the basis of payment.

The financial statements show that estimated smelting, refining and marketing charges are accrued at time of production and these are adjusted when the final weight, assay adjustments and marketing charges are determined. Production is valued and taken into income as revenue from mine production at estimated realizable metal prices less provision for possible fluctuation in price. At 31Dec72, inventories of 4,460,000 payable pounds of copper and 654,000 payable pounds of molybdenum contained in concentrates awaiting shipment were valued at 2,844,000 in the balance sheet.

DUSTY MAC MINES LTD. PRIME PROPERTY ASSET IS - In their annual report, directors state the major asset of Dusty GOLD - SILVER PROPERTY Mac Mines Ltd. is the potential open pit gold-silver property near Okanagan Falls, south of Penticton, B.C., where work will

resume this season to confirm grade, develop additional tonnage and complete metallurgical testing. In prior years, 188 percussion and diamond drill holes were completed by a major firm and by Dusty Mac. Bulk samples were shipped to the smelter at Trail. Bench testing of metallurgy indicated good recovery. In 1971, with gold at \$35 and silver at \$2 an ounce, preliminary studies indicated a small profit could be earned by bringing the property to production. Believing gold and silver prices would improve, the Board deferred a production decision. Since then, the price rise of gold has been dramatic and of silver, significant.

Last season good grade tungsten was discovered in three areas on 72 claims 100 miles north of Watson Lake, Yukon, as a result of geochemical and magnetic surveys and trenching. A major firm's farm-out proposal is being considered, but if agreement is not reached, Dusty Mac will continue work there

in 1973. Elsewhere, Dusty Mac prospected in B.C. and the Yukon last year.

Dusty Mac's annual meeting will be held on 30Mar73 at 10 a.m. in Georgia Hotel, Vancouver. Nominees for election as directors are: Isaac Shulman, president (owning 285,005 shares), Carl R. Jonsson, sec. (8,500); Harold V. Field (32,500); Jas. Glass (5,000) and G. Harold Laycraft (180,000).

In the period 1Jan71 to 30Sep72, \$114,071 were received (being \$102,000 by sale of 400,000 shares and \$12,071 interest and other income). Applied were \$138,454 (chiefly \$89,328 expl'n., \$24,338 admin., and \$16,000 for mineral claims and options). The \$24,383 excess applied, reduced working capital to \$106,792 at 30Sep72 when, of 5,000,000 shares authorized, 2,270,005 were issued. As at 19Mar73, 2,280,005 were issued, the option on Watson Lake area claims having required an issue of 10,000 shares on 29Dec72.

FOR THE RECORD

Blue Star Mines Ltd. annual meeting will be held on 30Mar73 at 10 a.m. at 608-355 Burrard St., Vancouver. Directors are nominees for re-election: Edward L. Borup, managing director (owning 402,990 shares); H. Lyle Jestley, sec. (1,000); Drake L. Cummings (86,000); and Jas. D. Hartley (1,000). In 6 mos. to 30Nov72, \$12,000 were received (by sale of 100,000 shs. of Silver Star Mines Ltd.). Applied were \$12,539 (being \$9,628 advances to Silver Star and \$2,912 expl'n. & admin.). The \$539 excess applied, increased the working capital deficit to \$20,475 at 30Nov72 when, of 7,500,000 shs. auth., 4,548,185 were issued (unchanged at 19Mar73). At 30Nov72, Blue Star held 540,000 shs. of Silver Star. NO.63(MARCH 29,1973) + GEORGE CROSS NEWS LETTER LTD. + TWENTY-SIXTH YEAR OF PUBLICATION +

FOR THE RECORD

Mennican International Industries Ltd. president Nm. P. McLaws advised shareholders in a letter dated Oct25/72 that the company was offering

670,572 shares at 10¢ each, within B.C. only, to holders of record 1Sep72, each such holder having the preferential, non-transferable right to buy 2 shs. for each 3 shares held with any balance being offered them on a first come, first served basis. The expiry date is 15Nov72. Minimum total subscription is 200,000 shares.

Net proceeds of the offering, if fully subscribed, will be \$67,057.20. This would be used to satisfy existing liabilities of some \$12,000 with the balance added to working capital.

Following the gift back of certain escrow shares, a 3-old for 1-new shares consolidation and a change of name from Merrican International Mines Ltd. effective 12Jul71, the company's issued shares totalled 255,858 of the 2,500,000 shares authorized. Since then, 750,000 shs. were issued in escrow in acquisition of all issued share of Cutlass Petroleums Ltd. Thus, prior to the current offering, Merrican had issued 1,005,858 shares. At 31Jan72, current assets were 0162. Current Liabilities were 010,114(being 07,018 accounts payable, 01,650 due director T. Merrifield and 01,446 due W. Bandeen). This indicates a working capital deficit of \$9,952 at 31Jan72. Subsequent expenditures up to 31Jul72 were limited to 3840 says Mr. McLaws.

Four Seasons Manufacturing Ltd. share trading suspension order has been extended by B.C. Sec. Comm. until required information has been received.

GCNL 206(72) and 217(72) refer.

LORNEX MINING CORPORATION LTD. RIO ALGOM MINES LIMITED

CAPITAL COST OVER RUN IS (5,000,000 - In an interim report(dated Oct31/72) to shareholders ECONOMIC PRODUCTION NOT YET ACHIEVED of Rio Algom Mines Limited president R.D.

Armstrong says it had been expected that two new mines would be brought into production before 30Sep72. These are the copper-molybdenum mine in B.C. of Lornex Mining Corporation in which Rio Algom's interest is about 55% and the Lisbon uranium mine in Utah, wholly-owned. Neither mine has achieved and maintained economic levels of production commensurate with their design capacity. It is currently intended that, for accounting purposes, the date for start of commercial production will be Oct1/72. (By Lornex' loan agreements the date was to have been 1Aug72). For Lornex the final capital cost will be about 0143,000,000. The over run of 05,000,000 above the earlier estimate will be provided by Rio Algom by purchase of Lornex units comprising a \$1000 income debenture and 80 shares.

Besides Lornex' late start in processing the first ore - in April - and the month long work stoppage in July reported earlier (GCNL 158(72), Mr. Armstrong now states that Lornex' work force returned more slowly than had been expected and that, after production resumed, recurring milling stoppages were necessary to rectify mill alignment and to refit mill bearings. Pit operations and productivity are satisfactory.

From first ore processing in April up to 30Sep72, 2,681,000 tons of ore were milled for an average of 19,015 tons per milling day, says Mr. Armstrong. In September, 884,490 tons were milled for a daily average of 29,483 tons(design capacity is 38,000 t.p.d.). Up to 30Sep72, mill head grade averaged 0.423% copper and recovery averaged 87.4% (no molybdenum figures are given). Some 19,000,000 payable pounds of copper were produced to 30Sep72.

Lornex made its second shipment of copper concentrates to Japan on Oct23/72. It contained 11,800,000 payable pounds of copper. The first, containing 9,900,000 pounds, had been made on 11July72. Mr. Armstrong says the Japanese buyers' request for revision of certain terms of the copper concentrate sales contract has resulted in an agreement "considered to accord appropriate recognition to the interests of the parties concerned". He provides no detail.

MESTERN ADERA LIMITED

COMPANY AND EXCHANGE LI SAGREE ON INVESTMENTS DEAL DISAGREEMENT

- Western Adera Limited share trading was suspended on 7Nov72 for 15 days by B.C. Securities Commission having

2

S. Notes

been advised by Vancouver Stock Exchange that the company has elected to proceed with the purchase of an interest in Frisco Industries Inc. in disregard to all objections raised by V.S.E. (The company had applied to V.S.E. for delisting at the time). The Commission's opinion is that it is in the public interest not to allow trading in the company's shares in an over-the-counter market pending receipt of satisfactory information. (GCNL has been informed that B.C. Sec. Comm. has now issued a rescin-

dment order. Such order, if issued, has not been received.) That the purchase of about a 42% interest in Frisco for \$300,000 was being considered by directors was reported to the 3Aug72 meeting of Adera Mining Limited(at which a share consolidation and the new name were approved as noted in GCNL150(72). In a 2Nov72 letter, president John McGraw advised shareholders that after the general meeting, directors resolved to buy the interest and had the company enter an agreement to do so, subject to V.S.E. approval. V.S.E. did not accept the pertinent filing statement. Mr. McGraw said "No reasons have been given by the Exchange and no additional information has been requested"

to be "manipently sound" and should be proceeded wild proceed the investment in Price the company's shares said Mr. McGraw, and then would proceed with applied to y investment, would request an over-the-counter market, and then would proceed with the first of investment, NO.218(NOVEMBER 10,1972) + GEORGE CROSS NEWS LETTER LIT. + THANTY-FIRTH THAN OF MELAPAREME +.

536 HOWE STREET SUITE 203 VANCOUVER 1, B.C. 683-7265 (AREA CODE 604) George Cross News Letter

NO.158(1972) AUGUST 16,1972 "Reliable Reporting"

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WESTERN CANADIAN INVESTMENTS

CRESTBROOK	FOREST	INDUSTRI	ES LTD.
CRESTBROOK	FOREST	TUDOLUT	to tru.

CRESTBROOK FOREST INDUSTRIES DID.
Six Months to July 1, 1972 1971 V.C.Brown, president of Crestbrook Forest
Solos: Duln \$6.351,000 \$6,442,000 inductries Ltd. states in the six months report that
Tumber 10.668.000 9.8(0,000 isomite the prohlems created by very severe
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Building Supplies 75,000 is substantial improvment over 19/1 in the inductor
moment CATTES 319.044.000 17.111.000 1
The second are not the second states and similar and simil
Admin & Selling Exp. 736,000 974,000 ; returns from pulp sales are lower in 1972 dama the
Depreciation & Amor. 1.936,000 1,956,000 [received in 1971. The positive cash flow file
Interest Expenses 2,136,000 2,485,000 coperations was \$361,000.
Other Expenses 262,000 (121,000) ! The president states that at the
NET LOSS \$1,927,000 \$2,593,000 for lumber are source the year. He does not yet
NET LOSS \$1,927,000 \$2,593,000 for lumber are still stong are. He does not yet """"""""""""""""""""""""""""""""""""
foresee any increase in pulp prices but a betterment in the last half of the year. Under these
foresee any increase in pulp prices but a betterment in the domain the year. Under these Shipments of lumber and pulp should be higher in the last half of the year. Under these conditions it is reasonable to anticipate further improvement in the financial results from
SOME REASONS FOR DELAY IN ACHIEVING - R.D. Armstrong, president of Lornex Mining Corporation,
SOME REASONS FOR DELAY IN ACHIEVING - R.D. Armstrong, president of Bollant the mine would be COMMERCIAL PRODUCTION REPORTED noting that it had been expected the mine would be
of 1972, reports that attainment of the planned milling rate was plottelater than planned; struction resulting in processing the first ore - in April - somewhat later than planned;
struction resulting in processing the first ore - in April - somewhat learly stages of such by milling stoppages caused by mechanical malfunctions normal in the early stages of such
is project' and by variations in the milling two milling
effective autogenous milling.
effective autogenous milling. The union contract expired 30Jun72 and the operation was shut down by a strike from 3July The union contract expired 30Jun72 and the operation was shut down by a strike from 3July
anti a more agreement. reached on Jululy, was inverted
Production figures to the end of June are; In the last week of June, the milling
June May April rate averaged 29,244 tons daily. trend
Copper Grade 0.462% 0.397% 0.382% the figures indicate a satisfactory trend Recovery 87.4% 84.5% 90.4% they should not be regarded as representive
i a mat chimment of couper over
Av. Short Tons 23,921 15,991 (,011 ; centrates from Vancouver to Sapanese buy metric Lbs. Copper Prod. 5,272,982 3,539,115 870,750 ; was made on 11Jul72, being 14,245 dry metric
Lbs. Copper Prod. 9,212,902 9,9991-22-1111111 Was made on 1200-19
tons containing some 9,900,000 payable pounds of copper. By Lornex' loan agreements the date of commercial production is lAug72. Net production By Lornex' loan agreements the date of capital costs. Due to the strike, there will
Der Termert loon agreements wie wave of considered in the the strike. There will
revenue before that is applied in reduction of our the third quarter will suffer from
be winnelly no create for our and operation of these delays. low labor pro-
the intermition in the will be a southistion there will be a
the estimate of 1100.000,000
relatively minor increase in the project's capital cost over the estimate of cipy, of units previously reported. Rio Algom will provide the additional funds through purchase of units previously reported. Rio Algom will provide the amount is known.
previously reported. Rio Algom will provide the amount is known. comprising income debentures and shs. when the amount is known.
A manual water si on of the concentration and the
Concerning revision of the concerning revision of the concerning revision of the concerning revision of the concerning the first half of 1972 were \$21,687,000 incl. accrued Expenditures on the project during the first half of 1972 were \$21,687,000 incl. accrued Expenditures on the project during the first half of 1972 were \$21,687,000 incl. accrued to 5142,715,000. The total cash cost to June 30
Expenditures on the project during one interior and the total cash cost to june 20
Expenditures on the project during the first half of 1972 were (22,500, 500, 500) interest raising the total as at 30Jun72 to (142,715,000. The total cash cost to June 30 was (136,877,000. Development and construction commitments were (2,511,000 at 30Jun72 and was (136,877,000. Development and construction commitments were (2,511,000 at 30Jun72 and
the total loan position was \$132,621,220. FOR THE RECORD
Cop-Ex Mining Corporation Limited president John Wishart reports that 11 percussion drill holes to depths of 400 ft. have discovered a copper mineral-
cop-Ex Mining Corporation indicate holes to depths of 400 ft. have discovered a copper a bis- ization zone in the NW section of an I.P. anomaly on the claims near Princeton, B.C. The dis- ization zone in the NW section of an I.P. anomaly on the claims near Princeton, B.C. The dis-
ization zone in the NW section of an I.P. anomaly on the claims near princeton, 80-foot section covery hole contained copper mineralization throughout its length including an 80-foot section a covery hole contained copper mineralization throughout its length including and gold of which a covery hole contained copper mineralization throughout its length including and gold of which a
covery note contained copper interaction of silver, moly, and gold of which and
from there on a volcanic ito, was assay. He says major companies have shown involved
claims and negotiations are underway.

the LORNEX

JRGE CF WE LETTER LTD. NO. 219(1971)

(Fage Two) NOVEMBER 12, 1971

CRNEX MINING CORPORATION LTD.

RIO ALGOM MINES LIMITED

ON 🗄 AND WITH N - Issued concurrently are reports by R.D.Armstrong, president of REV SO SUDGET FOR Lornex and of Rio Algom covering progress at Lornex' Highland Valley project and earnings of Rio Algom for the 9 months to 30Sep71.

B a reports refer to the Lornex project as being "substantially on schedule in relation to e planned start up in the second quarter of 1972." Also, Mr. Armstrong says "current estimates indicate that the project will be completed with the capital cost budget of \$138,000,000"

Project expenditures in the 9 months are reported at \$52,867,000 including accrued interest and financing expenses. Development and construction commitments at 30Sep71 were \$19,614,000. At 30Sep71 some \$100,000,000 had been spent and committed on the project. The sale of income debenture units to Rio Algom and Yukon Consolidated had been completed to the extent of the currently predicted total of \$39,700,000. The Japanese loan transactions were completed and the housing and bank loan transactions are proceeding on schedule. At 30Sep71 the total loan position was \$82,293,049 made up as follows: bank loans, \$12,000,000; Japanese loans, \$26,836,406; income debentures, \$39,741,000; housing loans, \$1,613,475 less \$697,200 assumed by employees, a net of \$916,275, total \$79,493,681 in loans with an additional \$2,799,-368 representing accrued interest on advances and debentures for a grand total indebtedness of \$82,293,049. (Lornex is contingently liable for the \$697,200 assumed by employees.) Mr.Armstrong says it is expected bank loan draws will take place at bi-monthly intervals in the amount of \$12,000,000 per draw. The second draw is scheduled for the end of October and all documentation for this draw had been completed.

The progress report states: "Approximately 59% of the estimated 47 million tons of preproduction material had been removed from the open pit and approximately 63% of the process and supporting facilities construction had been completed at September 30. Most of the concrete work has been completed, steel erection is on schedule and equipment installation is proceeding satisfactorily. Grading and ditching continued along the $17\frac{1}{2}$ mile water pipe line route from the Thompson River and about 9 miles of pipe had been installed by September 30. Of the first group of 100 houses at the Logan Lake townsite 98 have been sold. The second phase of the townsite program is proceeding satisfactorily.

"The permanent work force was 291 at the end of September, about 53% of the estimated total of 550".

FOR THE RECORD

Delta Petroleum Corporation Ltd. - A.F. Harvey, president, reviews financing in the report for

the quarter ended 30Sep71. As to property development, he says in the Manyberries area of Alberta, gathering lines have been installed to the discovery well (6-20-4-6-W4) and the first follow-up well (10-19-4-6-W4). These wells will be placed on production with gas being delivered to the system operated by Canadian Montana Gas Company Limited at a rate of approximately four million cu.ft. p/day. In the Grizzly Valley (Monkman Pass) area of B.C., Quasar Petroleum Ltd. is currently drilling a well on Drilling Reservation 209 in which Delta retains a royalty interest. The well is scheduled to test formations known to contain significant gas reserves in the area to a depth of 17,200 feet. Dry hole costs are estimated at between \$1,500,000 and \$1,750,000 and completion costs, setting casing, perforating, testing and placing the well on production at an additional \$300,000. Delta is not required to bear any of these costs.

During the final quarter of 1971, Delta will participate in approximately ten new wells and projects are being reviewed which will lead to an active exploration program for 1972. (See GCNL No.194 for financing details and No.13 192 and 207 for property developments. The Canadian Institute of Mining and Metallurgy, Vancouver branch will hold the regular

Iuncheon-meeting at Stanley Park Pavilion Thursday, November 18 at which there will be a Branch Discussion Meeting as requested by headquarters. Members will be asked to consider practical suggestions brought forward on ways the Institute can improve its services. The discussion will be led by S.Fraser Crocker, vicepresident for District 6, and Harold M.Wright, past-president of the C.I.M. If time permits, Dr.Harry V.Warren, a distinguished lecturer of the Institute, will

address the meeting following the Branch Discussion.

Burrard Dry Dock Company Limited will pay a dividend of 4¢ per common share on 30Nov71, record date 26Nov71 in the form of 2% Redeemable Preferred shares. Placer Development Limited will pay a dividend of 15¢ per common share on 17Dec71, record date

26Nov71. Annmar Mining Limited shares were reinstated for trading on the Interim Section of Vancouver

Stock Exchange on 10Nov71. The adjourned annual meeting was held on 5Nov71 and elected as directors Donald W.Low, president and Norman R.Low, secretary. For annual report review see GCNL 206, Oct.25/71 and for other notable facts see GCNL 208, Oct.27/71 Great West International Equities Ltd. shares were delisted by Vancouver Stock Exchange on

10Nov71, all the outstanding common shs. having been acquired by Trizec Corporation Ltd., effective Oct. 26/71, under the Canada Corporations Act. Celtic Minerals Ltd. shs. will be listed on the Interim Section of Vancouver Stock Exchange on llNov71. Of 5,000,000 shs. with par value of 50¢ auth., 1,320,002

shs. are issued including 650,000 in escrow. Transfer agent is Yorkshire Trust Co. and ticker symbol is CEI. Avino Mines and Resources Limited 'A' Warrants and Fortune Channel Mines Ltd. 'B' Warrants and

Freehold Gas & Oil Limited 'A' Warrants started trading for cash on 11Nov71 and will expire on 15Nov71.

The VANCOUVER SUN: Sat., Mar. 15, 1969 ****?1

Bill FLETCHER

Now that the wild flurry of trading on Vancouver Stock Exchange has ended-at least temporarily-look for normal full-day trading hours to be reinstituted on Monday, April 1. The pace became so hectic last month that the exchange

cut one hour off the trading day on March 3.



Trading volume has been booming along at a six and sevenmillion pace daily. It hit an all-time high of 8,558,783 on Feb. 17. Lately, it has fallen back to its three to four-million average — still a good clip but not fast enough to cause panic on Howe Street.

The boom picked up at the beginning of the year. In January the volume was about one-quarter of that for all of 1968. In February the volume was six times as great as in February of the previous year. In the first two months, 197 million shares with a value of \$312 million traded

FLETCHER

hands.

In January, John Van Luven, president of the exchange, predicted that the 1969 value (it was \$633.3 million in 1968) would hit \$1 billion. If it had kept on at the rate of the first two months the total would be closer to \$2 billion.

New Computer Is Speedy

However, unless some fantastic new surge develops the volume isn't likely to approach that figure.

Another reason for resuming normal 7 a.m. to 2 p.m. trading hours is the fact that the exchange's new computer will be going on stream. It operates at five times the speed of the present computer set-up. When the new equipment starts up before month's end the exchange will be able to provide hourly volume on the interim listings; as it does now for regularly-listed stocks.

The exchange is also getting a new communications system that it is hoped to have in operation by the summer. This will speed up the processing of orders, publication of daily bulletins, clearing of reports, etc.

Tenders for the exchange's enlarged premises, to take care of the expanding business, will probably be going out by the end of the month, Van Luven said.

The computer room, in the basement of the exchange on Howe Street, has already been rebuilt to take care of the improved communications set-up.

A lot of the sheen has disappeared from glamorous Valley Copper now that it has hit the market and lost about \$7.50 from its opening trades on Feb. 28. The stock went down to \$20 Friday and the satellite companies, Buttle Lake et al, that had ridden up with it took proportionate setbacks.

Interim List Grows

But Van Luven said the market always drops off in March because it is the brokers' year end and everybody starts to worry

He revealed that the listing committee approved the transfer of 11 mining companies from the over the counter market to the exchange's interim board. This brings the total of interim listings to about 24. All of the new stocks are

expected to be on the board by Monday or Tuesday. The VSE collects a listing fee of \$2,000 from each company but Van Luven said the present \$24,000 won't make much of a dent in all the new expenses the exchange is acquiring.

As reported in February, the interim board will eventu-ally completely replace the over the counter board which has been operated as a convenience for exchange members. The 200 companies in this category have until May 15 to apply for listing.

After a stock has been on the interim board for one year it must qualify for listing on the big board or "go out on the street.

The announcement that Rio Algom is going to put Lornex Mines' Highland Valley copper property into production makes the Cook's Ferry Indians' band Dark Hawk Mines situation even more interesting.

Dark Hawk Looks Brighter

As reported earlier Bethlehem Mines staked the Indian reservation on which Dark Hawk's claims are located. BethBy PETER THOMPSON which will buy the concen-Sun Business Writer trate. Rio Algom and Yukon Con-

solidated Corp. will supply

\$23.6 million of the financing

by buying units made up of

Lornex shares and subordi-

nated income debentures

which will pay interest only

Lornex shares or 36 per cent

of the company. Yukon has

Rio Algom now has 1,645,950

when it is earned.

\$120 MILLION COST

Lornex Mining Corp's. Highland Valley copper property will be put into production at a cost of \$120 million, it was announced Frdiay.

The decision was made by Rio Algom Mines, which has a major interest in the company, after more than a year of study.

The development will be the largest single base-metal mining operation in Canada, it said

It represents a personal vic-tory for Egil H. Lorntzsen, Norwegian-born prospector who staked the property in 1956

Construction will take a little more than two years and

will employ some 900 people. The orebody is calculated at 293 million tons averaging .427 per cent copper and .014 per cent molybdenum. Mill

capacity will be 38,000 tons a

day.

ARTIST'S CONCEPTION OF LORNEX'S PLANNED OPEN PIT COPPER MINE . . . in B.C.'s Highland Valley lans Approved was put at \$1.56 per ton of

material processed. Bechtel calculated the dismine.

counted rate of return on the basic investment required for the project at 10.6 per cent. Recovery of this investment should come after nine years of production.

Bechtel assumed that all capital would be available without interst in calculating the rate of return. The base figure used was \$110 million which is the capital requirement of \$120 million minus estimated costs of financing and interest during construc-

tion of \$10 million. An average selling price of 41.2 cents per pound for the

copper concentrate was as-sumed. Molybdenum concen-trate was placed at \$1.833 per pound. **Trenches** Green

Lornex chairman Lorntzsen

Bethlehem to production, was unshaken in his belief in his

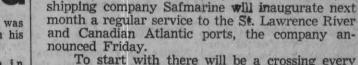
Lorntzsen was born in Tromsoe, 240 miles inside the Arctic Circle. He emigrated to Canada in 1932 in the depths of the depression as a merchant seaman.

Three major mining companies - American Smelting & Refining, Kennecott and Noranda - looked over the Lornex property and turned it down

After opening up two trenches that "were almost green all the way" Lorentzsen interested Rio in the claims.

Ship Line

Net Rises



To start with there will be a crossing every two months, the first of which, in mid-April, will be by the S.A. Transporter, which will sail from Montreal.

SOUTH AFRICAN SHIPS

TO START REGULAR RUN

JOHANNESBURG (AP)-The South African

Regulations Altered

OTTAWA (CP) — Canadian change was made in recognition mining regulations have been al- of the difficulties imposed by a tered to allow more time for short summer season in the Far mining exploration work on North. claims in the Far North, the

department of northern development announced Friday.



Business Editor



Holders of mineral claims north of the 66th parallel have been require to do \$100 worth of exploration work during the first year of life of each claim. They will now be allowed two years to do \$200 worth of explo-

lehem was rebuffed by the Indian Affairs Department in Ottawa and mines department officials in Victoria. Next Wednesday Bethlehem is seeking a writ of mandamus in Supreme Court to force provincial officials to recognize their claims

There's little wonder that Bethlehem wants the property and that the Indians are just as anxious to retain ownership of it. Bethlehem bounds the property on three sides and the Lornex ground is immediately to the south.

Bethlehem and Valley Copper have been getting good results from drilling in close proximity to the reservation.

A geo-chemical survey has been done on the Dark Hawk ground and has shown some likely targets for drilling but nobody can say at this stage whether the ground contains mineralization or just plain rock.

An engineer who has some knowledge of the Dark Hawk property but shall be nameless, had this comment to make about the Indians' claims: "It would be unlikely if there was a barren patch on that property with mineralization practically all around it. That is a pretty valuable piece of ground that the Indians own."

Friday Once Had a Deal

Bethlehem and Noranda and even Lornex have talked about using the reservation as a dumping ground for tailings from their mining operations. There has been talk of heavy over-burden on the ground. Some experts ask, "Has it been proven that the overburden on Dark Hawk's ground is any thicker than on the neighboring properties?'

R. C. Spall, president of Polaris Mines (formerly Friday Mines) said Friday that his company obtained prospecting rights from the Indian band in March, 1965, for one year for \$20. Before any other work was done, however, an additional agreement would have to be worked out.

Friday Mines did some geo-chem and aero-magnetometer work and its consultant reported the over-burden was "pretty deep.

In August, 1966, Spall said, the company applied for an extension of its permit but the band council decided not to renew the agreement.

Dark Hawk hasn't been cleared yet by the Superintendent of Brokers in Victoria, because of the pending court action, so I don't want to be in the position of touting it as a possible new glamor stock. But the latest developments are interesting and, I think, very much in the public interest.

In answer to all those who are inquiring and worrying about the suspension of Ace Mining by Vancouver Stock Exchange. The official word from VSE is that solicitors from the exchange and solicitors from Ace are examining the controversial deal over Mexican property that started all the ruckus.

Concentrate Goes to Japan The 109.5 million pounds of

copper concentrate and 2.5 million pounds of molybdenum concentrate will be sold to Japan.

This apparently dims any hope of establishing a smelter in the Highland Valley. Cominco, the fertilizer and mining giant with major interests in Valley Copper, said two months ago it was investigating the possibility of building a smelter. Valley Copper controlled by Cominco, holds property adjacent to Lornex.

cent

Bethlehem Copper and Craigmont in the Highland Valley are already shipping copper concentrates to Japan. Brenda Mines in the Okanagan will also ship copper concentrate to Japan when it goes into production this fall. Life of the Lornex mine is

expected to be 21 years. Lornex shares closed at \$111/s on the Vancouver Stock Exchange today after trading at a high of \$1134.

Rio Algom Has 36 Per Cent

Development of the mine is subject to the successful completion of financing and sales contracts being negotiated by Rio Algom. Planning and design will begin immediately so that construction can begin as soon as negotiations are complete.

Financing will come mainly to molybdoc oxide. through two consortiums made up of Canadian banks and the Japanese companies

agement control of Lornex. Under certain conditions it could be required to accept units in payment for costs incurred on behalf of Lornex up to a maximum of \$20 million. The Japanese companies involved have not been revealed. A study by the Bechtel

Lornex shares.

Corp. says 51 million cubic yards of overburden will have to be removed. Copper recovery is estimated at 92 per cent. Molybdenum recovery will average about 65 per cent as molybdenite and 63 per cent when further processed

Average operating costs for copper sulphite concentrate and molybenite concentrate

ASSISTANT COMPTROLLER

For manufacturing company to assist in cost analysis and control, staff supervision, statement and budget preparation, and systems work.

Experience in industrial accounting required.

BOX 289, SUN

substantiating data, and evaluating by selecting grade level for each factor and to recommend appropriate position classifcations and gradings. To undertake salary and related surveys, collating data obtained and to prepare reports. To assist with recruitment and selection; employee appraisals,

counselling and other related duties as assigned by the Personnel Director.

Preference will be given to applicants holding a university degree who have had sound experience at job evaluation and recruitment plus an acceptable work record.

Salary \$634-\$758 depending on qualifications. Applications shall be in writing together with a resume of qualifications, experience and personal details which should The Personnel Director, be sent in confidence to:



Operate Copper Smelter in B.C. A New Democratic Party digging it up and shipping it out | such a smelter would make tomers are not prepared to buy MLA said Friday the B.C. gov- without establishing a copper money. refined copper, they would seek ernment should build and oper- smelter to ensure that process- Cominco said two months ago other concentrate sources it was investigating the possibil- around the world. ing takes place in B.C.

"The government should face up to the fact that the interna-Highland Valley. However, it is communities must make up ate a smelter to process B.C. copper. The proposal was made by tional corporations that control believed the Lornex announce- their mind whether they want Tom Berger after Lornex Min- the copper industry in this prov- ment dimmed any hope of it copper smelters in their area or ing Corp. announced plans Fri- ince have decided that they being built. day to sell copper concentrate don't want to build a copper In Victoria, Mines Minister

Frank Richter denied the to Japan. smelter in B.C. Bethlehem and Craigmont "That means its going to suggestion that the further ex-Mines in Highland Valley are have to be done under public port of copper concentrates kills ods is the sulphur fumes which already shipping copper concen- ownership as a means of spear- chances of B.C. getting its own result, and for that reason not

trate to Japan, while Brenda heading the drive for secondary smelter. "I don't think this means the he said. Mines in the Okanagan will ship industry in the province." copper concentrate to Japan, Berger, who said he has dis- death knell at all," he said.

when it goes into production cussed the idea of a government-operated s melter with the government would like "to they want a strong economy this fall.

Berger told The Sun Friday economists well acquainted with see it all done here" but with a strong smell or a weak "it is economic lunacy to keep the mining industry, claimed warned that if present B.C. cus- economy with no smell."

not. "One of the big problems in

conventional processing methevery area wants a smelter,"

"People have to make up Richter said that naturally their minds, though, whether Securities Course.

Contact: Mr. C. W. Hitchens at 682-3881.

H. HAEBLER CO. LTD., 1177 W. 8th Ave.

Will be required to prepare job descriptions mainly for professional, technical and clerical salaried positions by analyzing work performed to determine duties and tasks, interviewing job incumbents and members of line organization, preparing

Lornex gets go-ahead

senior debt.

trol of Lornex.

per cent.

will have an equity interest in

Lornex of approximately 19

The announcement says,

which manages Lornex, have approved plans for the financing and placing in production of the Lornex copper deposit in B.C.'s Highland Valley.

The announcement was made Friday afternoon following a meeting of Lornex directors in Toronto.

The development will result in the largest single base metal mining operation in Canada with designed milling rate of 38,000 tons of ore a day. Its total cost will be \$120 million

Brenda Mines, near Peachland, is now being equipped for production at 24,000 tons a day and costing about \$60 million. Endako Mines, near Vanderfoof, is producing at 26,000 tons a day.

The Lornex annooncement said there are two remaining hangups - successful completion of the financing and concentrate sales contract which are now being negotiated by Rio Algom. Design of the mine and mill and planning of construction will begin ' as

Lornex Mining Corp. Ltd., soon as these contracts are and Rio Algom Minrs Lrd., complete. Mining Co., or Toho Zinc Co., "Rio Algom will manage the Ltd.

> It was stated that financing of the \$120 million open pit mine and mill includes provision of \$90 million which is being arranged through two consortiums — one of Cana-dian banks, the other of Japanese interests. The Japanese companies involved will buy the Lornex copper concentrates.

Lornex reserves are calculated at 293 million tons grading .427 per cent copper and 014 per cent molybdenum. The announcement made no mention of marketing molybdenum.

Names of the banks in-volved could not be learned. Japanese firms believed to be involved are: importers -Mitsubishi Shoji Karsha Ltd., Mitsui Bussan Co. Ltd., and Sumitomo Shoji Ltd.; smelters-Mitsubishi Metal Mining Co., Nippon Mining, Sumitomo Metal Mining Co., Furukawa Mining Co, and one of Dowa

cumstances it may be re-Current equity in the proquired to accept units in payject - money invested to ment for costs incurred on being it to its present stage of behalf of Lornex up to a maxdevelopment - is \$7.4 million. imum of \$20 million. The ini-Rio Algom and The Yukon tial units purchased to finance Consolidated Gold Corp Ltd., construction will comprise a will provide \$23.6 million \$1,000 debenture and 80 Lorthrough the purchase of units nex shares." comprising subordinated in-This was not clarified in the come debentures and Lornex

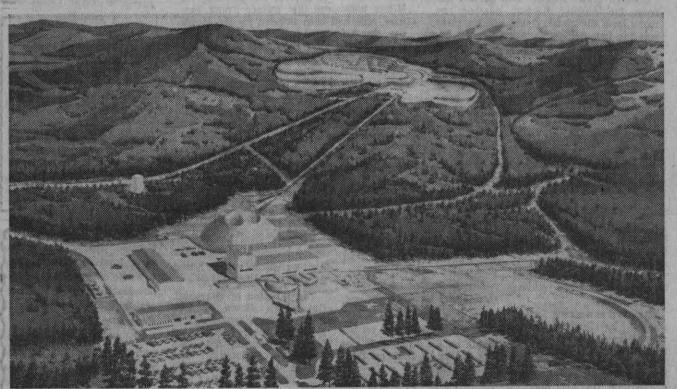
statement. If Lornex takes 90 shares. The balance of \$90 per cent of the units, this million will be provided by amounts to \$21,240,000. It is also not stated at what price At the present time Rio the Lornex shares are to be Algom has a 36 per cent inissued - or whether they are terest in Lornex and 24 per

a bonus for the income debencent is held by Yukon. Rio Algom has management contures Robert D. Armstrong, To-ronto, president of both Lor-nex and Rio Algom, was not

project and under certain cir-

Rio Algom will purchase 90 per cent of the units of suboravailable. Rio Algom said that cond i n a t e d income debentures and shares and will thereby struction will take just over increase its equity interest in two years and will provide Lornex to fractionally over 50 employment for about 900. per cent. Yukon will purchase The operation will employ 10 per cent of the units and about 600 people.

Original staker of the property was Egil H. Lorntzsen, prospector, who is now chairman of the board.



Toronto artist's impression of Lornex open pit mine and mill in Highland Valley.

Manning urges Calgary run full review of oil policy

CALGARY (CP) - Former Alberta Premier Manning called for a complete reas-sessment of Canada's national oil policy to counteract the implications of recent oil discoveries in Alaska.

In Canada, he said, "we

UBC team to probe **PWA** gets second

737 jet Vancouver's Pacific West-

ern Airlines Ltd. took delivery Thursday of the second of three Boeing 737 jets from

small-plane trend

A University of B.C. team will make a federally-financed survey of Canada's small plane aviation industry and try to ascertain whether our skies are likely to be over-

crowded in 20 years. Leading the survey is

students.

toward the study.

tory of Canada's general avia-

tion. He pointed out, however,

three-quarters of the hours

flown annually in Canada are by non-scheduled a ir craft.

"This is a big country, with

aviation playing a primary

role in its growth and devel-

opment. Yet we really don't

know much about the growth

of aviation itself. This country

could be facing a technologi-

cal revolution in air travel

because private aircraft are

coming within the means of

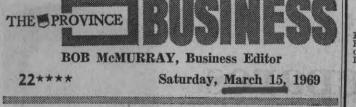
"We hope to be able to re-

late what we find out about

more and more people.

for other developments in the future?"

Pendakur added that he and a group of students had also been given a federal grant of \$6,300 to study air rights above buildings. "A citizen can buy or sell land, But



\$2,750,000.

Redekop Realty.

and contains 208 suites.

APPOINTMENT

J. D. GIBSON

head office in Montreal as

secretary to the president. Three years later, he became

assistant manager of a Montreal branch. In 1964 he was

appointed assistant superintend-

ent of the staff department at

the head office and, in 1966, he

became personnel manager of Ontario division, in Toronto. ***

SHAUGHNESSY AREA

3 HOMES

2 at \$60,000 to \$90,000

1 over \$100,000

These homes are urgently

ton branch.

Phone rates to Yukon drop Sunday

Long distance rates effec-tive Sunday will cost less to points in the Yukon and along the Alaska Highway in B.C., the B.C. Telephone Co. announced.

For instance, on a threeminute station-to-station call between Vancouver and Whitehorse, the daytime rate will be \$3.85, down from the present \$4.35, and the night-time rate \$2.85, down from \$3.25.

Rates for a Whitehorse-Prince George call will be \$3.20 vs. \$3.60 in daytime and \$2.40 vs. \$2.70 in the evening.

Cranbrook to get big motor inn

CRANBROOK (Special) — Calgary firm has announced plans for a million dollar motor hotel in Cranbrook Construction will begin this

summer on the motor hotel owned by Tamarack Inns Ltd., a new company in Calgary planning a chain of such

Tenders are to be called in May with a completion target of June 1, 1970. The two-storey building will

have four wings around a cen-tral garden court. It will contain 60 sleeping units, a din-ing lounge, cocktail lounge, beer parlor and swimming

The owners have purchased 13 acres of land just outside of the city's north limits. A creek running through the property will be used to cre-ate an artificial lake. President of Tamarack Inns Ltd. is Larry F. Fountain of

Calgary. He said the company plans to construct a smaller motel near Cranbrook.

Broker spared new trial

TORONTO (CP) -The Ontario Court of Appeal dismissed a Grown appeal against the acquittal of To-ronto stockbroker Robert James Brekenridge, 62, on two charges of wash trading in shares of Consolidated Golden Arrow Mines Ltd.

Chief Justice George Gale said Judge Walter Martin, acquitt pre

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THE UNIVERSITY OF ALBERTA **Department of Extension** APPOINTMENT IN LOCAL GOVERNMENT

Educational Qualifications:

An undergraduate degree in agriculture, economics, political science or business administration with graduate work in economics, political science or public administration.

Candidates should have some public service experience in local or provincial government service.

Responsibilities will include the instruction of local, provincial and federal government officers through courses and seminars in local government practice and policies. The appointee will assist in the organization and development of new programs in this field and will be expected to under-

have the absurdity of a petroeum industry producing at half capacity while more than 50 per cent of Canada's petroleum products are imported."

Gold price fluctuates

Reuters

LONDON - The price o gold fluctuated in the world's bullion markets Friday, going down in the big European centres and up in the free markets elsewhere.

In London, after the price fixers had clipped the rate by 10 cents an ounce, making it \$43 U.S., there were some sizeable selling orders. The reslt was "a large turnover;" said one dealer.

The Paris rate was down 23 cents to \$46.75.

Zurich dealers started the day by increasing their price by 37 cents but then had second thoughts and by midday it was down to \$42.85 - two cents lower than Thursday.

The Beirut and Hong Kong markets both boosted their price by 20 cents - Beirut to \$43.45 and Hong Kong to \$45.75.

In the London foreign exchange market, the pound was reasonably steady after Thursday's shock announcement of Britain's increased trade deficit.



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Good starting salary based on previous experience. Excellent future. Usual Company benefits. enquiries received in A11 strictest confidence.

Reply to Box 275, Province

Boeing's Seattle plant. The new 117-passenger jet will be put into daily service between Vancouver and Calgary via the south provincial route through the Okanagan and Kootenay valleys, comm-encing April 27. The service will link B.C. interior towns of Kelowna, Vernon, Penticton and Cranbrook in a full main-

line jet service. The same aircraft will also provide further airbus jet service between Calgary and

Edmonton as well as expand' PWA's caostal services from Vancouver to Sands it and Prince Rupert. PWA was the first Canadian

airline to order the 737, taking delivery of its first aircraft last November. This jet is now in service between Vancouver, Kamloops , Calgary, Edmonton and Yellowknife. PWA's third Boeing 737 is expected to be delivered in

New books New books for businessmen

1970.

in the Vancouver library: The Female Worker in Canada, by S. Ostry. Marketing and the Computer, by W. Rautenstrauch. Shopping Patterns in an

the growth of aviation to, say, 20 years time. Our findings could suggest, for instance, that the air could become overcrowded with small planes. Are we really satisfied that our airfields are situated in the right places, or in locations Urban Area, by L. P. Bucklin. where they may be needed

SENIOR DESIGN ENGINEER P. ENG.,

Required by

Sawmill Machinery Manufacturer

Qualifications to include experience in sawmill & sawmill

machinery design. Also DRAUGHTSMEN with related experience. Salaries commensurate with experience.

Contact Mr. G. Kinsey 681-8253

(Canada Manpower)

Setty Pendakur, associate prounder what circumstances can fessor of UBC's school of he sell the air above his land, community and regional plan-What laws are applicable? It ning. Working with him will is a question that hasn't been answered. We hope we can provide some useful informabe Wayne McNeil, a Department of Transport economist, and two or three graduate tion and ideas," he said.

The transport department has made a grant of \$9,300 Argentine

beef bought Pendakur said most of the survey will explore the his-

BUENOS AIRES (Reuters) - Argentina will sell frozen cooked beef to Canada, the foreign trade department reported here.

Canada's agriculture ministry has authorized Argentine imports from four leading Argentine packing plants, a department spokesman said.

Plant expansion

FOR SALE

MERCHANTABLE

LOGS

MONTREAL (UPI) - Pe-Merchants desiring to retire trofina Canada Ltd, has anfrom business can sell their nounced plans for an \$11 milentire stock, for Spot Cash, lion extension to its Pointe to the Army & Navy Dept. aux Trembles refinery. Con-Stores Ltd. We are Canada's struction is scheduled to begin largest buyers of surplus merchandise of all descrip-tions at highest m a r k e t in mid-1969 for completion during 1970.

in dealing with the stock. But Chief Justice Gale said Judge Martin's error does not raise a question of law in the strictest sense and added that an appeal from his decision must be dismissed.

prices.

required for inspection for Oct. 7, erred in refusing to clients arriving in Vancouallow the Crown to adduce evver later in March. (Early idence or cross-examine possession not a factor). If you are interested in selling Breckenridge on his intention please phone Mr. Maclachlan, 266-7151 or eves. 263-7029. **KER & KER LIMITED**

take related research. Appointment will be made to the academic staff of the University as Assistant Professor (salary range \$9,500-\$12,950, annual increment \$500) or Associate Professor (salary range \$13,000-\$18,450, annual increment \$600).

Curriculum vitae, with transcript, references and photo-graph should be forwarded to the Director of Extension, The University of Alberta, Edmonton, Alberta.

DIVISIONAL CONTROLLER

The Challenge . . .

To take charge of the accounting and control functions in a new division of a prominent multi-plant container manufacturer. Reporting to the Corporate Controller, responsibilities will include both general and cost accounting with particular emphasis on profit planning and budgetary control. As a key member of division management the successful candidate will work closely with and provide administrative and financial guidance to the divisional plant and sales managers. Locations: Okanagan

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The man we are seeking is a qualified accountant, C.A., R.I.A., or C.G.A., with demonstrated analytical and interpersonal abilities. He possesses the desire for personal growth and the mature business judgment required to progress to a more senior level. Ideally he will have proven his abilities in a management accounting oriented manufacturing environment. This resourceful accountant will enjoy being a key member of the management team, and will be attracted by the scope of the position.

Referring to 89-31-055 please reply in complete confidence to:

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The Board of Parks and Pub-lic Recreation in Vancouver registering for sale parcels of ours of the submitted on our forms in a sealed envelope of the submitted on our forms in a sealed envelope of 69-1° and returned to the out of the forms and infor-mation of sale may be ob-pained from the purchasing agent at 2009 Beach Ave.

D .J. CLEARY, Purchasing Agent.

WESTERN SALES MANAGER

A large national health and beauty aid manufacturer is seeking an energetic, aggressive man with experience in sales management. Health and beauty aid experience essential. He would be responsible for supervision and direction of company and broker salesmen selling to the retail and wholesale trade in Western Canada.

The starting salary will be commensurate with qualifications. The Company will provide a car, expenses, and complete employment benefits. Specific details of age, education, and business background must be sent

BOX 259, PROVINCE



Lornex cost to develop-\$112 million

tional capital will be required to estimated to be \$120 million. bring the Highland Valley copper property of Lornex Mining Corp. Ltd. into produc-

million.

During the year ended Sept. 36 last, the company spent \$2,263,331 in development work, bringing the total spent to date to \$6,763,601.

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Lornex is 60.3 per cent con-trolled by Rio Algom Mines Ltd. and Yukon Consolidated Gold Corp. Ltd. Under its agreement with the company, Rio Algom has the right, at its sole discre-tion, to decide if the Lornex chims should be brought into production.

An evaluation report prepared by the Bechtel Corp. calculates the total quantity of ore at 203 million tons, averaging .427 per cent copper and .014 per cent molybdenum.

Development of the mine prior to commencing production will require removal of 29 million yards of overburden, 6.3 million tons of waste rock having a copper content below .26 per cent and 900,000 tons of ore.

The project is designed to pro-ess an average of 38,000 short tons of ore per day, to produce annually 162,000 short tons of copper sulphide concentrates and 2,300 short tons of molybdenum concentrates during the approximate 21-year life of the ore body.

The total capital requirement for the project, including provision for working capital requirements, financing costs and Vancouver.

Yukon mine

A total of \$112,756,000 addi- interest during construction is

Expenditures on the investigation programs and on mining Mitting Corp. Ltd. into produc-tion, the annual report reveals. \$7,244,000, and the balance of Total capital requirement for the project is estimated at \$120 estimated to be \$112,756,000. During the project life an addi-tional \$30.5 million will be required for equipment replacement.

The overall schedule for engineering, construction and mine development is 32 months.

Bechtel has calculated that recovery of the basic invest-ment will be accomplished in approximately nine years following start of construction.

It was assumed for purposes of the calculation that copper production would be sold as concentrate at an average price of 412 cents per pound and that the molybdenum concentrate would be sold at an average price of \$1.833 per pound.

Rio Algom has advised the Lornex directors that it has not yet reached a decision as to whether the Lornex claims should be brought into production. However, Rio Algom has informed the board that it is engaged in discussions with potential purchasers of the Lornex products and with financing sources and is con-sidering the Bechtel report and other relevant factors.

The balance sheet reveals that expenditures during the fiscal year left the working capital at \$134,559, compared with \$2,397,890 at the same period a year ago.

Annual meeting of Lornex shareholders will be held on Dec. 5 at 10:30 a.m. in the Hotel



STEPHEN I. TAYLOR. project engineer with Dominion Construction Co. Ltd., has been named to represent the company in Japan during construction of the B.C. pavilion at Expo 70 at Osaka. His firm heads a responsible consortium and confor design struction.

EDP offers share swap in merger

EDP Data Centrs Ltd. has made its formal merger offer to the shareholders of Pacific Leasing Corp. Ltd.

The offer is open for acceptance up to and including Dec. 10. The two companies announced earlier they had reached an understanding on EDP's proposal and that EDP would be the surviving corporate entity.

W. R. Wood, president of Van-couver-based EDP, gave the following particulars of the offer, mailed to PLC shareholders:

For each Class A share of Pacific Leasing: One 5 per cent cumulative redeemable convertible preferred share Series A of EDP, and four-tenths of a share warrant for EDP common shares without nominal or par value.

For each preferred share Series B of PLC: One 5 per cent cumulative redeemable convertible preferred share Series A and four-tenths of a share purchase warrant for EDP common shares.

For each Class B Share of PLC: One 5 per cent cumulative redeemable convertible preferred share Series A, and seven-tenths of a share purshares.

For each share purchase war-

Ward buys

Two-year-old Wall & R. Realty Ltd. has bought 2 old Dexter Realty Ltd. in three owners for an undistants amount of cash for all shares

Peter Redekop who, with partner Peter Wall, are "nia principals" in their compar said the acquisition would that Wall & Redekop Realty second largest west of Toron and that he expected sales reach \$50 million in the next months.

(Block Bros., the leader. sales of more than \$100 mill annually.

Vendors in the sale of Des are Lionel Foley, who so half interest, and Ronald atch and Patrick Roach each sold his quarter interest

Redekop said Dexter sales expected to be more than million in 1968. Dexter staf 80 licenced salesmen and company has about 40 3 trainees.

Wall & Redekop sales in totalled \$20 million. Rede said the combined operation have a staff of 105 that she

B.C. Telephon ups dividend 10 cents to 75c

B.C. Telephone Wednesday announced increase of 10 cents to cents in the quarterly di dend to by paid Jan, 1. T record date is Dec. 17.

The increase means a tol dividend this year of \$2.7 The company started payin 65 cents per quarter in July 1967.

A company official said t new rate would be review quarterly.

Banque Nationale shows gain

MONTREAL (CP) - Bas Canadienne Nationale Wed day anounced its total as climbed to a record 14.28 cent in 1969 and total depo also reached a record 14.93 cent above fiscal 1967.

The bank reported an incr in assets of \$176,439,873, all double the figure for the vious year and brought assets to an all-time high

Venus production cost estimated at \$3.5 million

Cost of bringing the gold-sil-|operating profit of \$1.64 per ton ver property of Venus Mines for silver and \$1.18 per ton for Ltd. at Carcross, Y.T., into pro- gold. reveals.

Acres Western Ltd., and covers metal prices, the annual gross cash payable on the closing \$1,411,517,566. Personal sav all aspects of bringing the mine income of the mine would be date: One 5 percent cumulative deposits increased by all

At a daily production rate of duction, from its present state of development, will be year, it is estimated that ore \$3,511,000, a feasibility report reserves will allow continuous chase warrant for EDP common operation for five years.

The report was prepared by Based on the projected grades MacDonald Consultants Ltd. and and recoveries and assumed rant of PLC together with \$10

STOCK SHORTAGE SEEN

Outperform

kets

lists have outperformed the big in" equities. boards in New York. This surge of interest has underscored a problem that securities officials and government planners have been turning their attention to of late. Before long there may not be enough Canadian stocks into the U.S. market where until to go around.

A recent study prepared for the Toronto Stock Exchange estimated Canadian institutions and individuals would have \$1.3 billion annually to put into equi-ties over the next few years but the annual supply of new stocks would reach only about \$700 million.

DEMAND GROWS

Demand for stocks comes from growing institutions particularly insurance companies and pension funds and from a more affluent Canadian public. This is to say nothing of the external demand which the

OTTAWA (DJ) - Canadian jections. John R. Kimber, presi- the Toronto index of 155 indus- is in a position to do something and foreign investors spurred by dent of the Toronto Stock Ex-

limited by the tremendous for-The result has been that eign direct investment in key Canadian exchanges industrials Canadian industries that "locks

Book value of foreign-owned subsidiaries at the end of 1965 was \$17 billion of which \$14 billion represented U.S. interests. In the past excesses of equity

capital have been siphoned off recently the action was better.

While economists caution there is considerable scope for error in the study's estimates they agree the long-term trend appears to be a stock shortage. This was cited by Wood Gundy Securities Ltd. as one of the reasons for its current bullish attitude toward the Canadian markets. Greenshields Ltd. suggested as a consequence "the long-term trend of priceearnings ratios would be upward."

TORONTO SURGE

Far more concrete reasons lie time. However, it's a problem external demand which the behind the Canadian market's the Canadian g overnment, study doesn't include in its pro-present surge which has carried which has done its own studies,

trials up 10 5-10 per cent since about in two key pieces of and foreign investors spurred by dent of the foronto stock Ex. Itals up to 5-to per cent since about in two key pieces of a new confidence in the nation's change, thinks the study under-economic and political, future stimates potential demand for are putting considerable new this and other reasons. funds into Canadian stock mar-subject of the future stimates potential demand for during which the Dow Jones industrials gained only 7.2, add's unwieldly tax system the provide the the terms of the future sponsored to the future sponsored to the future sponsored to the terms of the terms of the future sponsored to the terms of the terms of the future sponsored to the terms of the terms of the future sponsored to the terms of terms of the terms of terms of the terms of the terms of terms break the Toronto index has development corporation. been confined to a range of 150 to 175 since the early sixties TAX INCENTIVE boom topped out in 1965. It A step that's advocated by closed Wednesday at 181.68 off Canadian economic nationalists .72.

SUNC W/ 121/

and the likelihood the U.S. profits could slow down - the Winnipeg-based fund invests in of new stocks in 1963-66 and both U.S. and Canadian markets. there will be demand for some The buying surge both domestic and foreign has put But despite the pressure from new emphasis on the stock shortage, a problem that has been in the shadows for some

ft

TAX INCENTIVE

th is giving tax incentives or other-The corporate profits picture wise inducing big foreign-owned C has turned up too and the profit subsidiaries to sell their shares president of Investors Group, market they would add \$12 bil-the fund's manager also noted lion to the \$36 billion market the increased political stability value of listed stocks at the end of 1966. The study notes it took - the four years to generate \$2 billion 1

But despite the pressure from economic nationalists the government hasn't any thought of the forcing private firms to go public. A 1963 effort to induce companies to put at least 25 per cent of their shares on the s market by offering 25 per cent Canadian-owned firms tax 21 concessions was a relative fail. P. ure. DC

NEW FIRMS

Finance Minister Edgar J. bc Benson says he would prefer to ne see Canadians develop new companies rather than invest in in ones where their interest would su have little sway on management ch

Rio Algom Pondering Production at Lornex

Ro Algom Mines is consider-Ing whether to put the Highland "actively engaged in discussions denum, about 65 per cent as William Longer Mining property with potential purchasers of the molybdenite and 63 per cent into production at an additional Lornex products and with

cost of \$112,756,000, according to the annual report of Lornex. Expenditures to date have totalled \$7,244,000 of which \$2,263,331 was spent in the year data for the state of ended Sept. 30.

placed at about 293 million tons of 29 million cubic yards of grading .427 per cent copper and .014 per cent molybdenum, according to an evaluation report prepared by Bechtel Corporation

Rio Algom Mines and The Yukon Consolidated Gold Corp. hold 60.3 per cent of the out-standing shares of Lornex. R. D. Armstrong, who is president of Rio Algom, is also president of Lornex.

FINANCING STUDY

Armstrong said Rio Algom has the sole right to decide if short tons of molybdenite con-Lornex is put into production. It centrates over the approximate is also obligated to raise financ- 21-year life of the orebody. ing.

Bechtel said development of the mine, prior to commencing Total ore reserves have been production, will require removal overburden 6.3 million tons of waste rock having a copper content below .26 per cent and 900,000 tons of ore.

It said this would expose about 6,500 lineal feet of ore faces required for production mining.

CAPITAL DECLINES

The project would process an average of 38,000 short tons of ore daily. This would produce 162,000 short tons of copper sulphide concentrates and 2,300 Copper recovery was esti

when further processed to molybdic oxide.

Grade of copper cons would be about 33.2 per cent. Grade of molybdenite concentrates would be about 54 per cent molybdenum and that of molybdic oxide cons, 62 per cent molybdenum.

The Bechtel report said that during the project life an additonal \$30.5 million would be required for equipment replacement. Over-all schedule for engineering, construction and months.

Average operating costs were put at \$1.56 per short ton.

The report figured copper would be sold at 41 cents per have been loaded with polash pound and the molybdenum at since then. Terminal traffic is

Lornex' working capital at Sept. 30 was \$134,559 down from start-up planning. \$2,397,890 last year.

The company's annual meet-ing will be held on Dec. 5 in Hotel Vancouver at 10:30 a.m.

Neptune Gei Phosphate in

Neptune Terminals' will of inbound phosphate rock in president D. C. Webster said i

Neptune, west of the Second Narrows Bridge on the North lo: Shore, processed its first cargo ch mine development would be 32 in July when 10,000 tons of ph ammonium sulphate from Com- FI inco was loaded for India.

POTASH SHIPPED

Webster said several ships ber ha Me picking up gradually. Volume so 2190 far had been anticipated in AT

The Star Columbia will unload 30,000 tons of phosphate rock next month, he said. Between now and mid-December about seven ships will load at the ter-

ac Millanc

^{***}B12 THE GLOBE AND MAIL, FRIDAY, NOV. 22, 1968 -

REPORT ON BUSINESS

CORPORATE REPORTS Lornex Mining property found viable, but marketing and financing i

A feasibility study has established the economic viability of the large low-grade copper-molybdenum property of Lornex Mining Corp. Ltd. in the Highland Valley area of British Columbia. But devel-_____oment still depends on the satisfactory completion of marketing and financing arrangements.

The company's annual report, issued yesterday, estimated the cost of developing the open-pit mine and providing a mill, concentrator and ancillary services at \$120-million.

A feasibility study under-taken by Bechtel Corp. of Los Angeles said this could be recovered in about nine years from the start of construction, based on a price of 38 cents (U.S.) a pound for copper con-centrate and \$1.69 (U.S.) for molybdenite.

Discussions are under way on marketing and financing. The company has not secured a sales contract with the necessary base price to allow a construction start but several sources of financing are being investigated.

"We hope to have these arrangements completed in the next few months," a company spokesman said yesterday.

Lornex, based in Vancouver, is 60.3 per cent controlled by Rio Algom Mines Ltd. of Toronto and Yukon Consolidated Gold Corp. Ltd. of Vancouver. With 36.4 per cent of the total, Rio Algom has voting control and is responsible for the final decision on development. Rio Tinto-Zinc Corp. of London has 53 per cent control of Rio Algom and a minority interest in Yukon Consolidated.

By an agreement between the two companies, Rio Algom and Yukon Consolidated will retain voting control of Lornex until at least Dec. 31, 1972.

R. D. Armstrong, Rio Algom president, said Japan is considered a primary market for the Lornex concentrate. Some discussions have taken place with Mitsui Mining and Smelting Co. Ltd. but no details have been given.

If a development decision is reached, the Lornex mine would be the largest non-ferrous open pit mining operation in Canada and probably the largest and lowest-grade operation in the world. Ore reserves are estimated at 293 million tons, averaging 0.427 per cent copper and 0.014 per cent molybdenum. Development of a mine would require the removal of 29 million cubic vards of overburden and 6.3 million tons of waste rock with a copper content below 0.26 per cent.

The company says an evaluation of the ore grade has probably been conservative.

Pilot plant tests to develop economical methods for recovering copper and molybdenum from oxidized ore at the property were not successful. As a result, this material will be stockpiled for possible treatment in future years.

When operating at its designed capacity rate, the mine would produce 162,000 short tons of copper sulphide concentrate and 2,300 short tons of molybdenite concentrate a year. It is expected to have an operating life of 21 years, based on known reserves.

2,200 protests administered by Consumer

OTTAWA (CP) - The consumer service branch of the federal Consumer Affairs Department has received more than 2,200 complaints about Considion morehandicing cinco

About \$7,244,000 has already been spent on finding and evaluating the property. This cost is included in the \$120million development estimate, which also includes \$9.8-million in financing and interest charges expected to be incurred during the construction period. Another \$30.5-million in capital expenditures is likely to be incurred during the life of the mine for equipment replacements.

If a development decision is made, the time period for engineering, construction and mine development is estimated at 32 months. Transport arrangements are not

Milton Brick feels shares could reach \$1

Profit of Milton Brick Co. shareholders at the meeting Ltd. of Milton for the year ending Dec. 31 is expected to be "70 cents a share, plus cer-tain capital gains, which could boost profit to \$1 a share," J. T. Blume, president, told the company's annual meeting.

The 1967 profit was \$343,351 or 63 cents a share.

Mr. Blume said he expected further improvement in 1969 earnings. "We have an order backlog extending to June, 1969 and brick prices are good."

Milton Brick has agreed to purchase for cash Cunningham and Hill Co. and its wholly owned subsidiary, National Tool Distributors Co., both of Toronto. Cunningham and Hill manufactures plumb-ing supplies and building materials and National Tool makes tools used in these trades.

The Milton Brick president said acquisition of the firms would add substantially to 1969 earnings.

Mr. Blume also said Milton Brick is engaged in preliminary discussions to acquire a brick manufacturer in West-

thought to pose any major problems because the property is situated close to the Trans-Canada Highway, A road to the site has already been built.

If the mine is developed it will continue a pattern of large, low-grade open-pit copper mining in British Columbia begun more modestly in 1962 by Bethlehem Copper Corp. Ltd. of Vancouver. Technological improvements in open-pit mining and metallurgical extraction has prompted a reappraisal of deposits considered only a few years ago to be incapable of economic development.

objected to the proposal and

19,339 shares were voted

One shareholder said that

Milton Brick's involvement in

real estate transactions

makes it impossible to ana-

lyze the firm's progress with-

Mr. Blume said the annual meeting for the 1967 year had been delayed until yesterday

because of the company's at-

tempts to obtain an Ontario

court ruling that sales figures

could be omitted. Court per-

mission was obtained last

out a sales breakdown.

against it.

month.

Noranda Mines Ltd. of Toronto is contributing \$27.5-million toward the \$60-million development of the large lowgrade molybdenum-copper property of Brenda Mines Ltd. of Vancouver. With ore reserves of between 150 million and 180 million tons, the mine is due to enter production in

the middle of next year. Noranda had intended to develop its Newman copper property in the Babine Lake area of British Columbia but the \$30-million project was shelved earlier this year because of doubts raised by recommendations of the Carter commission on taxation. Evaluation is continuing on

the Highland Valley coppermolybdenum property of Highmont Mining Corp. Ltd., adjoining that of Lornex. Nippon Mining Co. Ltd. is contributing to the exploration cost, and could earn up to a 55 per cent interest in the company.

Great National Land

Great National Land and Investment Corp. Ltd. of Nanaimo, B.C., had a profit of \$96,656 or 4.6 cents a share in the six months ended Oct. 31. The company said this is a 93 per cent increase from profit in the corresponding period last year, when earnings were 2.9 cents a share.

Profit before taxes in the first half was \$130,595, compared with \$62,145 in the similar period in the previous year. Revenue for the first six months increased 57 per cent

to \$831.259.

Great National will begin nine new subdivisions within the next six months and expects to be active in the Vancouver and Victoria construction markets in 18 months, Frank J. Ney, president, said.

The company is a diversified Vancouver Island land development company engaged in raw land development, construction, mortgage financing, insurance and real estate brokerage and management.

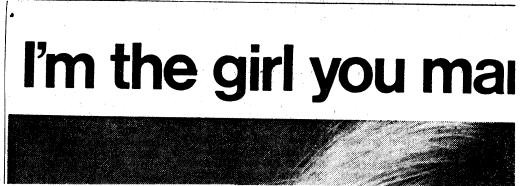
Giant Mascot

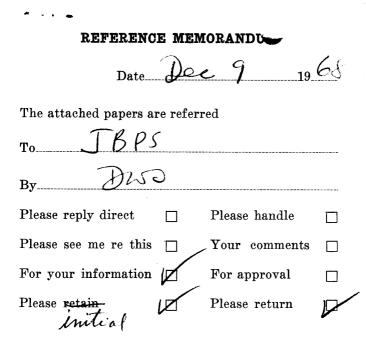
Giant Mascot Mines Ltd. of Vancouver had a profit of \$1,210,437 before depreciation,

5.5% increase in auto output plan for week

DETROIT (DJ) - U.S. auto makers this week scheduled 217,520 car assemblies, up 5.5 per cent from last week's output of 206,271 and 43.6 per cent ahead of the 151,494 cars. Built in the corresponding week a year ago. At that time Thanksgiving holiday and labor troubles at two General Motors Corp. of Detroit car plants reduced output.

This week's heavy schedule is seen in Detroit as an attempt by the auto makers to squeeze extra output from their plants prior to the production slowdown for Thanksgiving next week.





MEMORANDUM

TO: D. W. Tully

December 4, 1968

FROM: J. G. Hansen

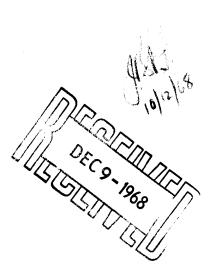
SUBJECT: Lornex Mining Corporation

A minority position in this marginal project at the price indicated would not be of interest because the risk of lower metal prices and/or higher costs eliminating profit is high when control of management is not available.

Unless an opportunity to obtain control at a reasonable price is offered, we should not expend additional time investigating this project.

G. Hansen

JGH/fo



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DEC 6 - 1968 George Cross Meres "Reliable Reporting"

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NO.248(1968)

DECEMBER 6,1968

NO.248(1968) DECEMBER 6,1968

WESTERN CANADIAN INVESTMENTS LORNEX MINING CORPORATION LTD.

+ E.B.Gillanders, Lornex, Vice-President Stated 0.427% Copper "Unnecessarily Low"

+ Concentrate Production From Lornex Alone Not Sufficient to Support a Smelter

+ E.H.Lorntzsen, Chairman Stated Annual Report is As Conservative As Possible

Those persons in attendance at the annual meeting of Lornex Mining Corporation Ltd. held in Vancouver, Dec.5,1968 saw, briefly, a wide difference of opinion that exists between the members of the board of directors.

The differences seem to be that the Rio Algom directors headed by R.D.Armstrong, president and chief executive officer or Lornex, is determined to put forward a conservative estimate of the Highland Valley property and its potential. This is an estimate on which senior financing can be based and one which will provide sufficient safeguards and contingencies. The other side is presented by Egil Lorntzsen, chairman of the board of Lornex and the prospector who discovered the mine and managed the early stages of its exploration and development. He told the meeting that the ore reserves and grade with the cash flow projection, as presented in the annual report, were as conservative as possible. They are the bottom, he said. They are as low as they could be and don't allow for the ore below the bottom of the pit as presently designed and which is known to be present from the deep drill holes and they do not allow for the two other ore bodies to the north and south. He told the meeting that ore reserve grade in the report was for the whole 293,000,000 tons but that production in the early years will be using some of the ore encountered in the 1400 foot west crosscut which averaged 0.51% copper for the entire 1,400 feet. Vice-president, E.B.Gillanders, also commented on the ore reserve estimate stating that, in his opinion, the ore reserve estimate was unnecessarily low. He also stated that, by taking higher grades in the copper and molybdenum, the cash flow would be much higher and the payout period much shorter than that shown in the annual report.

Mr.Lorntzsen told the meeting that the cutoff grade assumed in the Bechtel report of 0.26% copper was higher than the copper content in the Brenda ore and left some doubt as to its usefulness as a real cutoff grade. As to the oxide copper ore, Mr.Lorntzsen stated that it will be stripped off and that by leaching it will generate \$100,000,000 which is approximately the capital cost estimate to put the property into production.

R.D.Armstrong, president, told the meeting that the information in the annual report was very carefully prepared and presents the figures necessary for anybody to assume any grade increases or decreases and cost changes plus copper price changes and to calculate their own cash flow projections. He told the meeting that Rio Algom was proceeding with all due diligence to secure the financing and concentrate sales contracts to bring the property into production as quickly as possible. It is in Rio Algom's interest to place the property in production as soon as possible. In regard to Mr.Lorntzsen's report to the meeting, Mr.Armstrong told the meeting that every shareholder is entitled to his opinion.

Mr.Armstrong, in reply to a question, stated that concentrate production from Lornex along, as presently contemplated, would not be sufficient to support a smelter at an economic level. He also stated that Japanese buyers have a real interest in the purchase of copper concentrates but have no interest in smelter or refinery copper production as potential buyers.

It is interesting to remember, with regard to the differences of opinion which briefly flared at the meeting on Dec.5, that a similar difference flared several years ago when Dr.Skerl prepared an ore reserve estimate for the property. At that time, Rio Algom would not comment on the Dr.Skerl reserve estimate As things have developed, it was a very real and valid reserve estimate.

Some of the figures in the Bechtel report on the Lornex property as summarized in the annual report are as follows: ore reserve 293,000,000 tons, copper 0.427%, molybdenum 0.014%, Waste to ore ratio 0.862 to 1, cutoff grade 0.26% copper, designed capacity 38,000 tons per day, annual production 162,000 short tons of copper sulphide concentrate, 2,300 short tons of molybdenite concentrate, copper recovery 92%, molybdenum recovery 65%, copper concentrate grade 33.2%, molybdenite concentrate grade 54%, capital requirement \$120,000,000, overall schedule for engineering, construction and mine development is 32 months, operating costs \$1.56 per short ton of ore, with a discount rate of 10.6% capital recovery is estimated in nine years. The calculation was based on a copper price of 41.2¢ per pound. Canadian and molybdenum price of \$1.833 per pound Canadian.

EDP DATA CENTRES LIMITED

MEETING APPROVED OFFERING - Extraordinary meeting of the shareholders of EDP Data Centres Limited approved all the resolutions to make the share

exchange offer to Pacific Leasing Limited effective. No new information was presented to the meeting. (SeeGCNL No.237, page two for details of offer which expires Dec.10,1968.

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GEORGE CROSS NEWS LETTER NO. 9 (1967)

(Page Two)

JANUARY 13, 1967

RIO ALGOM MINES LIMITED

LORNEX MINING CORPORATION LIMITED and a second strategy of the second strategy

YUKON CONSOLIDATED GOLD CORP. LTD.

+ Contract for 550 foot shaft plus 3,000 foot lateral work let.

Lornex Mining Corporation Limited has let first contracts in connection with the underground test program about to be undertaken at the company's copper-molybdenite property in B.C.'s Highland Valley.

Gremac Construction Co. has been awarded a contract for the sinking of a 550 foot shaft and 3,000 feet of lateral development. Work on this project is scheduled to begin almost immediately.

Headframe has been designed by Pamo Construction, and erection by this firm is expected to start January 12.

Foundations and general contraction at the shaft-sinking site will be handled by Klassen Construction, while Ronco Pole Structures Ltd. will erect a building to house the hoist, dry, and related facilities.

Design and specification details of a 150 ton per day pilot plant are now being prepared by Rio Algom's engineering department and tenders for construction will be invited in the near future.

On the property itself, four diamond drills continue to test the "North Zone". To date, 44 holes have been completed on ten drill lines. These lines cut the anomaly

outlined through Induced Polarization survey, at 400 foot intervals, with holes spaced approximately 350 feet apart on the lines. For the most part the holes dip steeply to the west at about a 60 degree angle.

Recent assay results indicate two higher-grade zones which lie within the ore body's "North Zone" and striking approximately north-south. One of these zones lies on the west side of the induced polarization anomaly and has been traced on five drill lines. The second zone lies to the east of the first and has been traced southward on four lines, well off the southern limits of the I.P. anomaly. Both zones appear to be related to geological contacts and faulting structures.

Four of the diamond drill holes (44, 47, 49, 51) have been put down on the eastern and western extremities of the ore body. These perimeter holes are testing the rock to determine its characteristics for possible pitwall design purposes. Three holes are vertical and the fourth (49) is an angle hole drilled to the east to more accurately locate the contact fault on the west side of the ore body.

110%3:

1 i.e.a les are as Assay results for recently % MoS2 Drille % Cu Footage Location Hole No. Length 1035 ft. 0.007 0.296 215-1250 3-N 28 0.010 0.625 160 ft. 560-720 of which 0.025 0.395 1095 ft. 280-1375 1-S 29 0.052 0.557 440 ft. 570-1010 of which 0.023 1130.5 ft. 0.342 326-1456.5 31-N 30 0.021 0.380 1275 ft. 75-1350 7-N 31 0.023 150 ft. 0.430 of which 1200-1350 0.029 0.236 .()88 ft. 160-1248 32 31-N 0.013 0.334 899.5 ft. 178.5-1078 23**-N** 33 0.463 0.012 158 ft. 920-1078 of which 0.023 0.363 1309 ft. 87-1:06 1-S 34 0.036 0.961 433 ft. of which 87-520 0.550 0.017 1078 ft. 242-1320 7-N 35 vertical hole at proposed shaft site 36 net assayed 11-N yet 0.012 92.5-1371 1278.5 ft. 0.265 1-S 37 0.032 1136 ft. 0.547 23-N 294-1430 38 1027 ft. 0.166 0.010 294-1321 39 7-N 0.057 0.953 60 ft. 520-580 of which 0.301 0.020 1351 ft. 54-1405 40 15**-**N 0.026 1367.5 ft. 0.243 32-1400 3-N 41 0.445 0.039 390 ft. 1010-1400 of which 0.011 0.703 388.5 ft. 23**-**Ň 281.5-670 42 0.035 0.444 1141 ft. 33-1174 7-N 43 Vertical perimeter hole on east end of line 19-N 44 0.023 0.353 1120 ft. 230-1350 15-N 45 0.078 0.425 1110-1350 240 ft. of which 0.016 521 ft. 0.319 39-560 46 5-S 0.025 0.427 80-320 240 ft. of which Vertical perimeter hole on east end of line 47 27-N 931 ft. 0.021 0.278 5**-**S 24-955 48 Perimeter hole on west end of line 11-N 49 0.002 0.128 3-N 258-666 408 ft. 50 Vertical perimeter hole on east end of line 51 11**-**N

NO. 9 (JANUARY 13, 1967) + GEORGE CROSS NEWS LETTER + TWENTIETH YEAR OF PUBLICATION +

INTER OFFICE MEMO

CYPRUS EXPLORATION CORPORATION LTD.

VANCOUVER OFFICE

Date: November 26, 1968

..../2 ...

Mr. J. G. Hansen To:

Mr. D. W. Tully From:

FINANCING Subject: LORNEX MINING CORPORATION LTD.

> Lornex adjoins the south boundary of Cominco Valley LOCATION: Copper deposit and Bethlehem Copper Corporation in the Highland Valley of British Columbia.

> CURRENT PRICE: \$10.25 per share - Listed Vanc. Stock Exchange

NIL EARNINGS PER SHARE:

NIL P/E RATIO:

MARKET VALUE:

NET PROFIT:

NIL

5,000,000 shares @ 50¢ par value CAPITALIZATION:

NO. SHARES O/S:

Common

4,521,321 shares (June, 1968) none Preferred

36.4% (May, 1968) Rio Algom Ltd. Yukon Consolidated (May, 1968) 24% Gold Corp. CCNTROLLED BY: 496,000 shares E.H. Lorntzsen (Rio Algom is 53% controlled by Rio Tinto-Zinc Corp.)

PRODUCT:

Copper, molybdenum and minor gold, silver

PLANT DESCRIPTION:

Shaft to 550 feet and lateral development at the 497-foot horizon.

100-ton/day pilot plant

Bechtel Corporation have just completed a feasibility study and report through a Company announcement as follows:-

1. \$ 7.2 million spent to date on the property
\$ 112.8 million to put into production (includes \$9.8
million interest and financing charges)

\$ 120.0 million - total estimated pre-production

- Calculated Life of the Mine 21 years
 38,000 short tons/day proposed production rate
- 3. Calculated Ore Reserves:

293,000,000 tons grading 0.427% copper and 0.014% molybdenum

Cut-off grade - 0.26% copper equivalent

4. Calculated Recoveries - Copper 92% - Molybdenite 65%

5. Calculated Annual Production -

162,000 tons copper conc. grading 33.2% Cu_S 2,300 tons molybdenite conc. grading 54.0% Mo^SZ

6. Calculations are based on:

 Copper \$ 0.38 per lb. (U.S.)

 Molybdenum 1.69 per lb. (U.S.)

Value of Ore Average Operating Costs

1.42 " " "

....

1.56

2.98 per short ton ore

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..../3 ...

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7. Stripping - 29 million yards overburden 6 million yards rock

8. Bechtel calculate it will take 32 months to put the property into production and the basic investment will be recovered after 76 months of full operation. Equipment replacement would amount to an additional \$30.5 million over the life of the operation.

9. OBSERVATIONS

Calculated from estimated annual copper and molybdenite concentrate production and the average production cost of \$1.56 per ton, the annual profit figure is \$25 million pretax. Bechtel estimate 76 months to pay back the principal sum of \$120 million. This calculation must envision a 3-year tax holiday. The annual profit after the tax holiday period is calculated at \$12 million. This rate does not appear attractive and may be the reason Lornex is looking for outside participation in financing. On the other hand, Rio Algom are making the public announcements and may be deliberately conservative. Rio is reported to be discussing marketing of concentrates with Mitsui Mining and Smelting (Canada) Ltd. Rio Algom Mines Ltd. have

Total current assets	-	\$124	million
Total current liabilities	-	48	million
Working Capital	-	\$ 76	million
Long Term Debt	÷	42	million

We could participate in the financing of the Lornex operation at the present time, but I do not know to what extent. E.H. Lorntzsen and Yukon Consolidated Gold Corporation hold the balance of power although it is said Rio Algom and Yukon Consolidated will retain voting control until December 31, 1972. I believe Rio is quarrelling with Yukon Consolidated. Rio appears to want Yukon Consolidated out of the picture and also have tried to persuade Lorntzsen to sell his interest.

Morgan-Stanley of New York and Toronto-Dominion Bank are understood to be ready to advance funds for this project.

If you feel this situation warrants further investigation, I believe there is an opportunity to discuss financing and concentrate marketing with Lornex, Rio Algom and Yukon Consolidated principals. The persons are E. Lorntzsen, R. D. Armstrong and N. Ivory respectively. The annual meeting will be held in Vancouver, December 5th, 1968.

Donald W. Luly

DWT/jel

c.c. Mr. W. O. Irish

..... 3 ...



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"Reliable Reporting"

NO. 234(1967) DECEMBER 4,1967

WESTERN CANADIAN INVESTMENTS

LORNEX MINING CORPORATION LTD.

+ Next Report Can be Expected in the Late Spring of 1968, Annual Meeting Told

+ 30,000 Tons Per Day Indicated Optimum Operating Level If the Project is Economic

In reply to criticism of the frequency and content of the information provided to shareholders of Lornex Mining Corporation Ltd., Robert D Armstrong, president and chief executive officer of Lornex and president and chief executive officer of Rio Algom, stated that as the controlling shareholder of Lornex Rio Algom has been very aware of its responsibility. He stated that "We feel we have exercised due dilegence in this matter and have executed our responsibility to shareholders."

In his answers to a number of questions from the floor of the meeting, Mr. Armstrong was careful to give apparently complete information and to bringout that any decision as to the installation of a mine at the Highland Valley, B.C. property was still some months in the future.

He stated that the Phase II now underway at the property (See GCNL No.224, page One for the scope of Phase II and a review of the Lornex annual report) is expected to be completed in the late Spring of 1968 at which time a certified ore reserve estimate is expected to be available as well as an indication of whether the property will support a mining and milling operation on an economic basis.

The work to date in the underground workings and bulk sampling has shown an absolute correlation between mineralization grades indicated in the drilling and in the bulk sampling. There has been no meaningful lack of correlation between the grades tobtained by each method. He said that the company has had some spectacularly highgrade drill holes and some nil mineralized holes noither of which are important by themselves but only have significance in relation to the overall mineralization on the property.

In reply to a question from Dr.A.C.Skerl, the president states that ore reserve estimates cannot be given at this time since the grades that will constitute ore cannot be determined until a number of other questions have been answered. One of these questions is what can be recovered from the 11,000,000 tons of oxide copper mineralization which overlies the sulphide copper mineralization. What the president stated in effect was that if the oxide material can be treated as an ore rather than waste then the improved stripping ratio lowers the grade of ore that can be milled at a profit.

After consideration of 50 different open pit designs which ranged in size from 5,000 tons of ore per day to 70,000 tons of ore per day the apparent optimum size of operation is 30,000 tons of ore per day and planning is proceeding along these lines.

The overall grade of the mineralization is 0.42% copper, the president stated. But he was quick to pointout that this grade figure is meaningful in some context and not in others. Of particular interest in this matter is the ore to waste ratio and the access to the better grade ore in the early years of operation.

Satisfactory recovery, as referred to in the annual report, is 92 to 93% of the sulphide copper materials. This is the range of copper recovery that has been indicated as attainable by the metallurgical tests. The molybdenum recovery, in a bulk concentrate of copper and molybdenum is indicated at 64% of the molybdenum in the ore. The president pointed out that the molybdenum content varied widely throughout the area of mineralization and that the 64% recovery can only be applied to the mineralization with the higher molybdenum content. The recovery of molybdenum in the lower grade molybdenum areas will not be this high.

Unless something very unexpected develops at the property, the next report to shareholder will be sometime in the late Spring of 1968 when the information as to the economic viability of the project has been determined.

In recommending the re-election of the company's auditors under the name of Coppers & Lybrand which is the international name of the firm rather than under the name of the Canadian company, MacDonald, Currie & Co., the president stated that the international name carried much more weight in the field of international firance which would be useful when senior financing is being sought for the project.

CHARTER OIL COMPANY LIMITED

MEETING INDICATES WILLI GROUP NOW IN CONTROL

PROXY MATERIAL FOR ANNUAL - Charter Oil Company Limited has called its annual meeting for 2:00 p.m., Dec.13,1967, in the Georgia Hotel, Vancouver, B.C. The Proxy information provided with the notice of meeting indicates that the fight for control of the company and the

series of related companies has been resolved and that the Hans U.Willi group is in firm control. (Details of the statements will be carried in GCNL No.235) Coast Copper Company Limited will pay a 40¢ dividend on December 29, record Dec.15,1967.

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NO.224(1967)

NOVEMBER 20,1957

George Cross News Letter

"Reliable Reporting"

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WESTERN CANADIAN INVESTMENTS LORNEX MINING CORPORATION LATD.

+ Decision as to Viability of Production Expected in the Spring of 1968

The Lornex property contains a large low grade copper deposit with some molybdenum values. Gravel overburden averages approximately 145 feet in thickness. The limited metallurgical tests completed to date indicate that recoveries of copper and molybdenum would be satisfactory. Current indications are that open pit mining on a very large scale will be necessary if the deposit is to be mined economically. "The purpose of the Phase II programme(currently underway and planned for completion in the Spring of 1968) is to define with precision the factors involved in the determination of economic viability...... It is now considered that the results of the examination of this material together with finalization of the tests of milling and metallurgical recoveries and processes and the preliminary capital and operating costs estimates now in preparation will permit a judgement to be made as to viability in the spring of 1968. If it then

a judgement to be made as to viability in the spring of 1900. If it that appears probable that the project is economically viable, a full scale feasibility project will be undertaken."

The above quotes are taken from the remarks made by R.D.Armstrong, president of Lornex Mining Corporation Ltd. in the annual report for the year ended September 30,1967.

Mr.Armstrong also points out that "Under the agreement with Lornex, Rio Algom has the right, at its sole discretion, to decide if the project is viable. Rio Algom decides if the project is viable. If Rio Algom decides that the mineral claims should be brought into production, it is obligated to use its best efforts to arrange such further financing as may be required for this purpose upon the best available terms."

Exploration at the Lornex property designated Phase II, was started November 1966, has an estimated total cost of \$5,250,000, of which \$3,100,693 has been apent to Sept.30, 1967. The purpose of the Phase II is to develop information as to copper and molybdenum ore reserves and recoveries together with engineering and metallurgical data to permit the preparation of preliminary capital and operating cost estimates. It comprises extension of surface drilling, the sinking of a shaft, approximately 3,000 feet of cross outting, bulk sampling and the construction and operation of a 100 ton per day pilot mill.

The work in Phase II completed to September 30,1967, included a total of 57,632 feet of surface diamond drilling. The surface diamond drilling now totals 82 holes and 82,974 feet. In addition, 511 shallow percussion drill holes have been completed representing a total of 90,917 feet. The surface drilling as planned has been completed. The shaft was sunk to 550 feet, and work on the cross cut commenced early in October, 1967. The crushing and sampling plant started operation in April. To September 30, a total of 8,092 tons of material had been crushed.

A small open pit was developed to provide additional material for metallurgical experimentation in the pilot plant. About 46,800 tons of material comprising oxide ore, sulphide ore, fault gouge material and low grade rock have been stockpiled for this purpose.

The pilot plant was completed and brought into operation during May. A total of 6,849 tons has been milled to date.

Preliminary engineering studies were carried out to establish tentative locations for processing facilities, for disposal of overburden, waste and tailings and for a townsite.

Computer analyses were carried out on a series of some 50 alternative open pit designs ranging in capacity from 5,000 tons per day to 70,000 tons per day.

The shaft and sample plant is in process of being winterized to permit processing of the bulk material obtained from the cross cut without interruption. It is currently expected that the pilot plant grinding and metallurgical tests will be completed by mid December and that this unit will be shut down for the winter at that time.

The annual meeting to be held December 1, 1967 at the Georgia Hotel, Vancouver at 10:30 a.m., will consider a number of changes in the company's articles of association to permit the carrying on of the <u>business of a smelter operation</u>. The company's present articles do not cover the power to operate a smelter.

The total of 2,725,948 shares held by Rio Algom and Yukon at September 30, 1967, represented 60.3% of the total outstanding shares of Lornex. Rio Algom and Yukon have entered into an agreement to maintain voting control of Lornex by Rio Algom until at least December 31, 1972.

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GEORGE CROSS NEWS LETTER NO.177(1967)

(Page Two)

LORNEX MINING CORPORATION LTD.

-7 YUKON CONSOLIDATED GOLD CORPORATION LTD. RIO ALGOM MINES LIMITED SHARE RIGHTS EXERCISED - Lornex Mining Corporation Ltd. has reported that more than 99%

of the Lornex common shares available through a recent rights offering have been taken up by shareholders.

A total of 502,369 common shares were available to shareholders on the basis of one new for each eight held at \$4.00 per share under the rights offer which expired on August 31. Of this number, 302,376 were taken up by the majority shareholders, Rio Algom Mines Limited and Yukon Consolidated Gold Corporation Ltd. in the exercise of their respective rights.

Of the remaining 199,993 shares, a total of 198,681 were taken up and paid for by other shareholders. Shares represented by unexercised rights will be taken up by Rio Algom on September 12 in accordance with the terms of the rights issue. As of August 31, gross proceeds resulting from the exercise of rights were \$2,004,228. When Rio Algom takes up the remaining 1,312 shares, gross proceeds will rise to \$2,009,476.

Of this new capital, approximately \$1,700,000 will be used to complete Phase 2 of the exploration program underway at the company's copper-molybdenum prospect in B.C. Highland Valley. The remainder will be used for general corporate purposes.

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CALTA MINES LTD.

OPTIONING MOLYBDENUM PROPERTY - Calta Mines Ltd., is optioning an interest in a 60 claim, 2,000 acre molybdenum property near Pinedale, Wyoming, U.S.A.

Geological reports on the property show it to be an area of great potential, said G. A. Armstrong, president, and a program of reconnaissance has been started, including mapping, trenching, sampling, and planning of an induced polarization survey. The claims are in a government-designated wilderness area, which prevents further staking either by Calta or other companies and are at 11,000 feet in The Wind River Mountains.

Because the Calta property was staked before the area was designated wilderness reserve full access, exploration and mining rights are held.

Previous owners built access routes to the property, and spent an estimated \$200,000 on roads, cursory exploration and a small pilot mill which was not completed.

Under Calta's option agreement, an initial property payment of \$10,000 would be made to the vendors -- the Oregon Small Business Investment Co. and a group known as the Finch Brothers -- on September 16. Subsequent payments of \$10,000 per year would be made for four years followed by \$50,000 per year. All payments are advances against a royalty of six percent of net smelter return.

Directors of Calta are G. Arnold Armstrong, Nathan Frankel, Alexander H. Lenec, Keith Baldwin and Jack St. Mars.

The company is capitalized at three million shares of 50 cents par value. Of these, 1,681,000 shares are outstanding and 731,000 are escrowed.

The company has just completed an agreement whereby 200,000 shares were underwritten at 35 cents.

NORTHWEST NITRO-CHEMICALS LTD.

COMPETITION REDUCES PROFIT -

Competitive conditions continued in fertilizer markets for the year. Price structures were depressed further by new suppliers entering the market-place. Costs rose sharply,

particularly for sulphur used as a raw material which increased approximately 50 percent during the year. Last year's railroad strike affected one full month of our fiscal 1967 operations.

A regular installment of \$1,000,000 was made on June 30, 1967, on the company's outstanding First Mortgage Serial Bonds. The \$3,750,000 balance of this secured indebtedness is payable in installments, the last of which is due on June 30, 1970. The deed of trust

Year to June 30,	1967	1 96 6
Net sales	\$19,541,918	\$24,095, 183
Operating costs	16,867,766	19,432,741
Operating income	2,674,152	4,662,4 42
Other income	166,481	123,112
	2,840,633	4,785,554
Interest, other	994,914	1,033,125
	1,845,719	3,752,429
Taxes on income	121,738	1,197,668
NET CASH INCOME	1,723,981	2,554,761
Depreciation	1,558,802	1,402,394
NET INCOME	\$ 165,179	\$ 1,152,367
Working capital	8,926,403	8,457,712
Fixed assets $*$	12,188,783	13,626,077
* after accum.depr.	. 11,800,181	10,279,170
Accum•tax reductions	s 2,390 ,2 09	2,521,763
Long term debt.	11,939,189	12,939,189
Preferred stock	1,000,000	1,000, 000 ,
Pref. dividends paid	1 50,000	
Earned surplus	\$4,662.072	\$ 4,546,89*

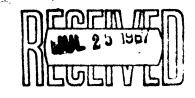
and mortgage securing the bonds specify that no cash dividends may be paid on Northwest common shares so long as any of the bonds are outstanding.

The 5% Preferred shares of 1960 had \$50,000 cumulative unpaid dividends at June 30, 1967.

The requirement for raising crop yields per acre can be expected to expand the market for high analysis nitrogen and phosphate plant foods produced by Northwest.

The director's report concludes that: "While the present situation is not expected to show major improvement in the immediate future, we anticipate an upturn over the three to five year term, and we are shaping our programs accordingly. Northwest is continuing to intensify its competitive capability through improved marketing techniques, product research and development, and the further advancement of geoperational efficiency."

LONG TERM OUTLOOK GOOD



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JULY 25,1967 NO. 143(1967)

JULY 25,1967 NO. 143(1967)

WESTERN CANADIAN INVESTMENTS

THE WHITE PASS AND YUKON CORPORATION LIMITED

Mining Activity Chiefly Responsible for 36% Net Profit Gain in First Half

New High Record Volumes Indicated for Second Half, Says President

Increase of 8.5% in gross income resulted in a gain of 37.0% in pre-tax earnings of The White Pass and Yukon Corporation Limited in first half of 1967 compared with first half of 1966. Net before income tax was \$964,992 vs \$704,700. After \$452,000 for income tax compared with \$327,300 in the 1966 half year, net earnings were \$512,992 in the first half of 1967 compared with \$377,400 in first half of 1966, a gain of 36%.

First half	<u>1967</u>	1 96 6
Gross earnings from operations Cost of sales and	\$7,352,616	\$6, 765,379
operating expenses	5,786,152	5,480,449
Depreciation	<u>522,069</u> <u>6,308,221</u> 1,044,395	<u>462,355</u> <u>5,942,804</u> 822,575
Less:	• • • • • •	
Interest, debt exp.	141,269	
Other interest	(61,866	
Taxes on income	452,000	327,300
	531,403	445,175
NET EARNINGS	512,992	377,400
PER SHARE	68¢	50¢
PAID PER SHARE	20¢	15¢
Source and Appl	ication of	Funds
Funds from operatns	.\$1,005,901	\$1,160,911
Proceeds of disposa	.1	(70 707
of fixed assets	18,200	
Sale of capital sto	ock $_{7,776}$	5,760
	\$1,031,877	\$1,839,454
Application of fund Added to fixed ass	ls: 15.358	1,129,570
	144,25	
Debt reduction		
Dividend	99,819	
Other	77,01	

In addition, capital gain in the 1967 half year was \$20,003 compared with \$277,936 in the 1966 period.

The company paid 20¢ per share in dividends in first half of 1967 vs 15¢ in the 1966 first half.

Frank H.Brown, president, reviews progress in the first half of this year and the outlook for the year as a whole as follows:

"The greater part of the improvement in earnings for the first half over the first half of last year accrued during the first quarter when a heavy movement of mining machinery, equipment and supplies for new mines took place. Generally speaking, the movement of this inbound freight was completed during the first quarter.

"After allowing for seasonal fluctuations, the second quarter represented a comparative lull between completion of the inbound movement just referred to, and new inbound and outbound movements just commencing. Indications are that both northbound and southbound freight will show record volumes for the second half. Tourist traffic also is heavy. Our highway and petroleum distribution businesses are maintaining a satisfactory level.

"Shareholders will recall the statement in our last annual report that Anvil Mining Corporation Ltd. had announced its intention to proceed with production from its lead-zincsilver ore body in the central Yukon, subject to three conditions. In respect of all of

these it has recently stated that substantial progress has been made. However, a final announcement confirming the go-ahead for this project has not been made.

1,293,497

545,957

810,747

221,130

Working cap. June 30 \$2,919,501 \$2,866,459

"Announcements have also been made regarding two additional smaller mines which, while not involving relatively large outbound volumes of freight, will represent important additions to the general economy of the area. Arctic Mining and Exploration Limited has announced that it has arranged financing for construction of a 300-ton per day mill near Carcross, where we have a railway stopping point, 33 miles from Whitehorse. Mount Nansen Mines Ltd. has stated that it will commence construction in August of a 200-ton per day mill, near Carmacks on the Mayo road, about 100 miles north of Whitehorse. Both of these mills are to come into production in 1968."

LORNEX MINING CORPORATION LTD.

Added to working cap.

RIO ALGOM MINES LTD.

ONE FOR EIGHT SHARES RIGHTS - Lornex Mining Corporation Ltd. has announced that Rio Algom Mines Ltd. will underwrite all of the rights not exercised OFFERING AT \$4.00 PER SHARE by shareholders. The rights are to be granted to shareholders

of record July 31,1967, and give shareholders the right to purchase one additional share for each eight shares held at record date. The exercise price will be \$4.00 per share and the rights expire August 31,1967, at 4:00 p.m., Vancouver Time. The stock will trade x-rights July 27,1967.

Rio Algom Mines will exercise all of its options on Lornex shares prior to the record date for the rights offering bringing the issued shares to 4,018,952 and the rights offering to cover a total of 502,356 shares which will provide Lornex with \$2,000,000 for further work. (See continued progress report on page four this letter)

GEORGE CROSS NEWS LETTER NO.143(1967)

(Page Four)

JULY 25,1967

LORNEX MINING CORPORATION LIMITED

RIO ALGOM MINES LTD.

PROPERTY PROGRESS - The statement filed with the notice covering the rights offering by Lornex states that Rio Algom will exercise all of its own rights and Yukon Consolidated Gold Corporation will exercise all of the rights which it receives

on its stock holdings. At the record date Rio Algom will hold 1,416,892 shares will have rights to 182,736 shares to be exercised at a cost of \$730,944 and Yukon Consolidated will hold 960,000 shares of Lornex have rights to 120,000 which will be exercised at a price of \$480,000. Rio Algom will exercise all rights not exercised by shareholders. Yukon Consolidated does not participate in the purchase of shares from the unexercised rights.

Lornex is engaged in the second phase of the exploration program on the property in the Highland Valley area of B.C. This phase includes further drilling, shaft sinking, 3,000 feet of drifting and bulk sampling, and the construction and operation of a 100 ton per day pilot mill. This program is estimated to cost \$5,250,000 if carried through to completion and approximately \$2,128,000 has been spent to May 31,1967. The scope of Phase II as now contemplated is believed to be adequate to permit a determination to be made as to whether a full scale feasibility study is warranted. The purpose of this work is to develop information as to ore reserves and grades and the copper molybdenum recoveries together with engineering and metallurgical data to permit the preparation of preliminary capital and operating cost estimates.

A report dated July 6,1967, from Behre Dolbear & Company, mining, geological and metallurgical consultants, of New York,N.Y., states that a centrally situated vertical prospect shaft is being sunk to a depth of 500 feet. Depth as of July 6 was reported as 313 feet. Rate of sinking has been slow because of incompetent rock. Somewhat better conditions are expected with increased depth, although data provided by the cores indicate that roof support will be required in all lateral workings. Completion of shaft sinking is expected to be early September. On the 500 foot level, about 3,000 feet of crosscuts are to be driven across the deposit, combined with 1,500 feet of diamond drilling and some drifting and raising. This work may be completed by the end of this year. The time schedule, however, will be dependent, to a large degree, on the roof conditions encountered.

The consultants report that the 100 ton per day pilot plant is completed and will be used to determine the metallurgical characteristics of the mineralized rock from underground, such as the most efficient method of treatment, percentage of the copper and molybdenum in the ore that can be economically recovered and the grade of the concentrates that can be made.

The consultants conclude, "The investigative program being carried out on the Lornex deposit is absolutely essential in order to obtain the factual data necessary before a feasibility and economic study can be undertaken. The program has been well planned and appears adequate to provide the required data..... The program is being well executed from a technical standpoint."

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DYNASTY EXPLORATIONS LIMITED

ATLAS EXPLORATIONS LIMITED

TERMS OF LAKE ERIE - Atlas Explorations Limited through its wholly owned subsidiary, PROPERTY PURCHASE Atlas Oil and Gas Limited, has undertaken to pay to Robert H.Collins and Larry C.Mills, for the 40,960 petroleum lease acres in Lake

Erie, 10,000 shares of Atlas Explorations Ltd. to each of them, plus \$50,000 payable at the rate of \$10,000 per month for five months, plus 500,000 shares of the subsidiary company which are to be convertible into 100,000 shares of the parent company, Atlas Explorations Limited.

To finance the exploration of the property, the parent company has agreed to purchase 1,000,000 shares of the subsidiary company at 10¢ per share and has further agreed to purchase additional shares as needed at 20¢ per share.

Dynasty Explorations Limited has extended the time of repayment of the \$500,000 loan to Atlas Explorations Limited by one year from Dec.31,1967 to Dec.31,1968. Dynasty in addition has underwritten 50,000 treasury shares of Atlas Explorations Limited at \$2.75 per share and in consideration has been granted the following options: 50,000 shares at \$3.00 per share due Oct.23,1967; 50,000 shares at \$3.25 due January 20,1968 and 50,000 shares at \$3.50 due April 19,1968.

WESTERN MINES LIMITED

SIX MONTHS REPORT - W.G.Jewitt, president of Western Mines Ltd., states in the six months report that encouragement has been obtained recently in the investigation of the metallurgical problem and that the underground development program was interr-

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upted but is being resumed.	Three Mos	. Three Mos.		Operating costs, not includ-
OPERATING RESULTS FOR	March 3	1, June 30,		ing depreciation, depletion
Tons ore milled	63,504	81,235	144,739	or bond interest, averaged
Estimated Concentrate Value	\$1,568,404	\$1,656,691	\$3,225,095	\$17.41 during the first
Estimated Operating Profit	462,548	633,291	1,095,839	quarter of the year and
Estimated Debt Interest	174,571	181,669		\$12.60 during the second
Estimated Earning				quarter.
before writeoffs	287,977	451,622	739,599	t

LORNEX MINING CORPORATION LTD. (N.P.L.) 558 HOWE STREET VANCOUVER 1, B.C.

June 24, 1966

REPORT TO SHAREHOLDERS

Subject: Rio Algom, Yukon Consolidated buy further 100,000 Lornex shares. Lornex assay results announced

Lornex Mining Corporation has announced that Rio Algom Mines and it's partner in the project, Yukon Consolidated Gold Corp. have exercised the second half of an option on Lornex shares due September 1st, 1966.

At the same time, Lornex announced assay results of the latest two diamond-drill holes completed at it's Highland Valley B.C. copper prospect.

In exercising the balance of the September option, Rio Algom and Yukon Consolidated purchased 100,000 treasury shares at \$1.50 each. First half of the option was exercised in March. The two firms now hold 600,000 Lornex shares.

Like the six preceeding them, the latest two deep holes were drilled on the Lornex property's North Zone. Hole 14 (of the overall program) was drilled vertically and stopped at 1,201 feet. It is located near the east side of the induced polarization geophysical anomaly. Average assay results for the holes are:

FOOTAGE	% TOTAL CU	<u>% MoS</u> 2
54 - 1,201	0,325	0.019
Better grade section in t	he hole ran:	
170-270	0 423	

170-270	0,423	0.013
540-720	0.575	0.025

Diamond drill hole No. 15 was drilled at a 60 degree angle to the west and is located 150 feet west of hole 14. This hole was completed at a depth of 1,454.5 feet with average assays as follows:

152-1,45 4,5	0.390	0.021
	0.370	0.021

Better grade sections in the hole ran:

390-480	0.796	0.054
620–690	0.531	0.028
1,300-1,454.5	0.514	0.022

Two diamond drills are employed on the property and initial plans are to complete three drill line sections across the indicated I.P. anomaly. Each section will contain approximately five or six holes, with one of these sections now complete.

Two diamond drill holes are presently drilling. One (hole 17) is located 600 feet west of hole 15, the second (hole 16) is 800 feet to the north. At last report, both holes were in good mineralization.

A Becker rotary drill has been tested on the property and appears to provide a reliable chip sample. Vertical depths of up to 600 feet may be reached with this drill. It is presently testing the Northern extension of the I.P. anomaly at a location approximately 2,400 feet North of the first diamond drill line section.

A new campsite is presently being prepared and the Company is hopeful that the first stage of exploration drilling on the North Zone will have been completed by the end of August. By this stage, a preliminary evaluation of the property will be made and a decision whether to continue with a possible underground program, will then be made.

From:Lornex Mining Corporation Ltd., 558 Howe St., Vancouver 1,B.C.

SUBJECT: LORNEX ANNOUNCES ASSAYS AND OPTION EXERCISE BY RIO ALGOM AND YUKON CONSOLIDATED

Lornex Mining Corporation Limited today reported latest diamond drill hole results for its Highland Valley property in British Columbia.

Three diamond drills are now drilling on the property's north zone and a fourth is being readied. All the holes reported are in the north zone.

The	results are:		
	Footage	Copper	MoS2
Hole 16	123 ft. 1,265 :	ft. 0.343%	Awaiting Assays
Hole 17	174 ft. 1,206 :	ft. 0.320%	Awaiting Assays
Hole 18	265 ft. 1,220 :	ft. 0.597%	0.021%
Hole 19	301 ft. 1,090 :	ft. 0.437%	Awaiting Assays
Hole 20	210 ft. 710 :	±t. 0.437%	0.021%
Hole 21	294 ft. 795 :	ft. 0.656%	0.026%
Hole 22	270 ft. 1,405 :	ft. 0.391%	Awaiting Assays
Hole 22	1,050 ft. 1,405 :	ft. 0.439%	Awaiting Assays

A percussion drill and a rotary drill are also being used on the property. The percussion drill is being used to outline the limits of better mineralization, and there are indications that the North Zone may extend further south and east than had been originally outlined.

The rotary drill, carable of sampling to 1,000 feet, is being tested on the property.

The company also announced that Rio Algom Mines Limited and Yukon Consolidated Gold Corporation have exercised a portion of the option due March 1,1967 to take up 100,000 Lornex shares at \$1.75 each.

August 29,1966

LORNEX MINING CORPORATION LTD. (N.P.L.) 558 HOWE STREET, VANCOUVER 1, B.C.

MAY 25,1966

REPORT TO SHAREHOLDERS

SUBJECT: Lornex announces further deep probe results, second diamond drill to be moved on to property, plans for new campsite in preparation.

Results of the diamond drilling program on the Lornex Mining Corporation's Highland Valley property continue to look most encouraging, Egil H.Lorntzsen, Lornex President stated today. One diamond drill has now completed six holes on Lornex's "North Zone" with a seventh hole in progress.

The six completed holes, No's 8 to 13 inclusive, have been drilled across one section, Line 11 N, of the "North Zone". These were drilled at 55 and 70 degree angles to the west in order to cut across relatively steeply dipping structures.

Holes 12 and 13, showing lower grade mineralization have been interpreted as being the western and eastern limits respectively of the ore zone. With the exception of hole 12, each of the five remaining drill holes on line 11-N was in mineralization at its completion.

DIAMOND DRILL ASSAY RESULTS				
		PERCENT	PERCENT	PERCENT
HOLES NO.	FOOTAGE	TOT. CU.	MoS2	SOL. CU.
DDH 8	40.0 - 850.5	0.47	0.04	0.091
9	77.5 - 743.0	0.44	0.06	0.004
10	255.0 -1226.0	0.53	0.05	0.003
11	288.0 -1110.0	0.54	0.03	0.003
12	(231.0 - 800.0	0.44	0.02	0.005
	(700.0 - 800.0	0.72	0.02	0.006
13	(40.0 - 780.0	0.21	0.03	0.001
	(780.0 -1325.0	0.37	0.04	0.002

NX wireline drilling, using mud as a lubricant, has produced the best core recovery. Holes 8 and 9 were drilled using water, resulting in poor core recovery and unreasonably high sludge assay results.

The six holes on line 11-N represent a width of 1,600 feet now explored. The diamond drill has been moved 800 feet to the north and is presently drilling Hole No.14. At last report the drill was in good mineralization.

Another diamond drill will be moved on the property early in June to accelerate the program. Plans are to continue a systematic diamond drill coverage of the induced polarization anomaly, which extends a length of approximately 3,700 feet and a width of between 600 and 1,400 feet. This I.P. anomaly was outlined by 800 foot spacing using the three electrode array.

Percussion drilling, using a Copco overburden drill has been carried out generally over the I.P. Zone reaching depths of up to 300 feet in vertical holes. This work is continuing. Over 100 percussion holes have been drilled on the "North Zone" to date.

A three-unit, twenty-man campmobile is being moved on the property shortly. Plans for a new campsite are presently being drawn up.

The exploration program is under management of Rio Algom Mines, which with Yukon Consolidated Gold Corp., holds a considerable share equity in Lornex.

