

\$4 Million Plan Set for Lornex

Dr. Skerl Needles Rio Algom On Question of Ore Potential

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 executive said Tuesday.

This amount will be the cost of phase two of Rio Algom's exploration program on the low-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

"We will have a better feel of our costs when this program is completed," Sadler told reporters. "We just must make a decision. It should be done in 1967."

During the meeting the big eastern mining company was needed by Lornex' consulting geologist, Dr. A. C. Skerl because it would not back up his estimate that the property contained 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 Vancouver company's issued stock. These shares would then be apportioned 60 per cent to Rio Algom and 40 per cent to Yukon Consolidated Gold Corp. Rio Algom has already exercised its option on 900,000 shares putting \$1,250,000 into the Lornex treasury).

Skerl said he noted from the Lornex annual report that Rio Tinto Canex had charged \$246,832 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."

LOT 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 estimate was made at the request of company president Egil H. Lornitzen who claimed that Rio Tinto refused to release any tonnage figures.

"They have seen fit to ignore my figures which discredit me," Skerl said. "I feel that

both of you and I are entitled to an explanation," he said to loud applause from the assembled shareholders.

Sadler replied that Rio Tinto 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, "I don't quibble with Dr. Skerl as to whether we have 300 million 400 million tons.

"I know there's enough there; I am confident there's an operation but what size I don't know."

Sadler has insisted that more work has to be done.

The underground exploration is being carried out on the north zone which is about 3,500 feet long and 1,200 feet wide. Work is proceeding towards the Discovery zone to the south. Sadler said this zone is equal in size to the north zone but only percussion drilling has been done on it.

BIGGER BOARD

At the meeting the board of directors was increased from seven to 11. The four new seats went to Rio Algom and Yukon Consolidated men.

Following the meeting directors met and named Robert D. Armstrong of Toronto, president of Rio Algom, to succeed Lornitzen as Lornex's president. Lornitzen became board chairman. Dr. E. B. Gillanders succeeded A. David Ross as vice-president.

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. Arbuckle and N. B. Ivory, both of Yukon Consolidated. Remaining on the board in addition to Lornitzen, Ross, Burge and Gillanders, are Isaac Shulman of Vancouver; W. P. Arnold, Rio Algom's mining division vice-president and general manager and Sadler.

Escrow Release Brings Complaint

Directors of Silver Titan Mines Ltd. should have done something to stop the release of escrowed stock, a shareholder complained Tuesday.

Max Garfin told the company's annual meeting the board had allowed 30 per cent of the escrowed and vendors stock to be released on a declining market.

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

each — "and I'm not the least but unhappy about it."

The president reviewed work on the company's silver properties in the Mayo district of the Yukon.

MOST PROMISING

He said these holdings are the most promising outside United Keno Hill Mines.

And he added: "We can predict with certainty that within a year or 18 months the price of silver will be \$1.50 per ounce."

NEW AT & T CHAIRMAN COMES 810693 WA

NEW YORK (AP) — The chairman of the Board of the American Telephone & Telegraph Co. was chosen today as the man of the giant American Telephone & Telegraph Co. directors chose Frederick R. Kappel as chief executive of the world's largest public utility company. Kappel reaches the company's mandatory retirement age of 65 next month.

Romnes, the son of immigrant Norwegian parents, moves to the chairmanship after 10 years as AT & T president.

MINIMAL CHANGE

Settling Shows In GNP Figures

OTTAWA (CP) — Further evidence that the economy is settling have appeared in third estimates of Canada's gross national product.

The GNP, value of all goods and services, was \$57.7 billion at seasonally-adjusted annual rates, reported the Dominion Bureau of Statistics.

In dollar terms, this was about three-quarters of one per cent higher than the second-quarter figure of \$57.3 billion.

But in real terms — with the effect of price increases removed — production of Canada's goods and services was "virtually unchanged."

BUMPER YEAR

Canada still is left with the prospect of a bumper year, its GNP about 10 per cent higher than 1965, said DBS.

The economy's performance is 11.3 per cent ahead of the first nine months of 1965. This compares with a 9.7 per cent improvement in the full year 1965 over 1964.

But making price changes out once again, both increases work out in real terms of 6.6 per cent.

The bureau reported the price component of the GNP as 4.4 per cent so far in 1966 compared with the same period of 1965. The previous annual change, from 1964 to 1965, was 2.9 per cent.

EXTRA COSTS

Some of the effects of the price movements included an extra 1½ per cent in costs facing buyers of Canadian exports and one per cent in

charges for services consumers.

The price component of personal expenditures showed a moderate increase in the previous two months. Food prices helped to hold down a stable price index through July, August and September.

Strikes in the quarter lowered labor income, profits and investment income. Labor was up two per cent but down eight per cent in investment income down one per cent.

Cheering news from the expenditure side of the account. A 30 per cent increase in spending on new cars, offset the serious second-quarter decline. The big inventory up on dealer lots met the reawakened demand.

3 PER CENT

The over-all increase in summer demand was 16 per cent, largest of the year. Expansion, and in dollar terms \$1.1 billion injection in the economy.

Government expenditure on goods and services rose seven per cent between the second and third quarters. Similar increases occurred at all levels of government.

ONT. TAKES AUDIT STAND

TORONTO (CP) — Ontario's new audit laws to ensure that public companies are properly dependent and their affairs clearly defined. All General Arthur Wishart said.

In a 15-page statement, the auditor is the one who stands between directors of public companies and shareholders.

He said the government is also studying the question of having independent trustees act on behalf of note holders as a way of ensuring protection for investors.



EX

is no place for the amateur know nothing about mortgage who does.

or challenged accountant or bank and rule of thumb offered by mortgage companies.

mb, usually, is don't invest in but we're ignoring it on the grounds that some companies can provide reasonable investment opportunities. If the investor knows what he is getting himself to.

We are dealing here with companies which raise money from the public and in turn invest in mortgages. In effect, these companies are operating "mortgage mutuals" by pooling investors' money and risk.

Monday we gave examples of advertising "come-ons" which seemingly misrepresent the real risks involved. Today we pass on to watch for in this type of industry. But it covers some

is Tough

that you can get your money our certificates or shares for the long term investments. They fly into each. And a company for its money won't have much to be put out to work, earning

"guaranteed" return. Some eight-per-cent return to the promotional material.

guaranteed is only as good as Pacific Mortgage Corp. Ltd. at per cent plus cash back on the face of its "trusts" now in receivership, and the

like "trust certificate." There out it. A certificate may give a company, but it doesn't mean

You Do

that the company is operating money it has is the money put up. Who do you think is office staff, the salesmen's

company's real business. Some are really development companies involved in developing and a company feature is merely money from the public.

between companies, where from the general public and in turn about a mortgage on

Y A is in trouble. Or the two A to assess the risk properly of A maybe the shareholders

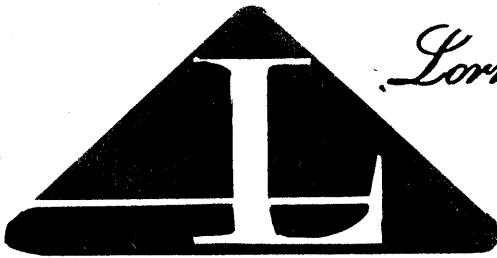
A take most of the risk, if B rs in B market the profits if be a perfectly justifiable it exists.

Appraisal

curity offered by the mortg s in. The term "mortgage" t mean a poor investment. t the appraisal work done. n caution that a property out 75 per cent of its real per cent margin to protect market falls.

safely mortgaged for \$7,500. the value of the property to gage might be written for your investment could be

conservative says, too — can out if the company you are on its staff or for fee, no vested interest in the you are in doubt about an with the Vancouver Real



558 HOWE STREET
VANCOUVER 1, B. C.

Lornex Mining Corporation Ltd. (N.P.L.)

NEWSLETTER

NOV. 13, 1966

TELEPHONE 684-9534

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., Ph.D., 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 metalurgical, 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

6th November 1966

1758 WESTERN PARKWAY
VANCOUVER 8, B.C.

DR. A. C. SKERL
A.R.S.M., PH.D., P.ENG.
CONSULTING MINING GEOLOGIST

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 correlated 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.

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¢ 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.

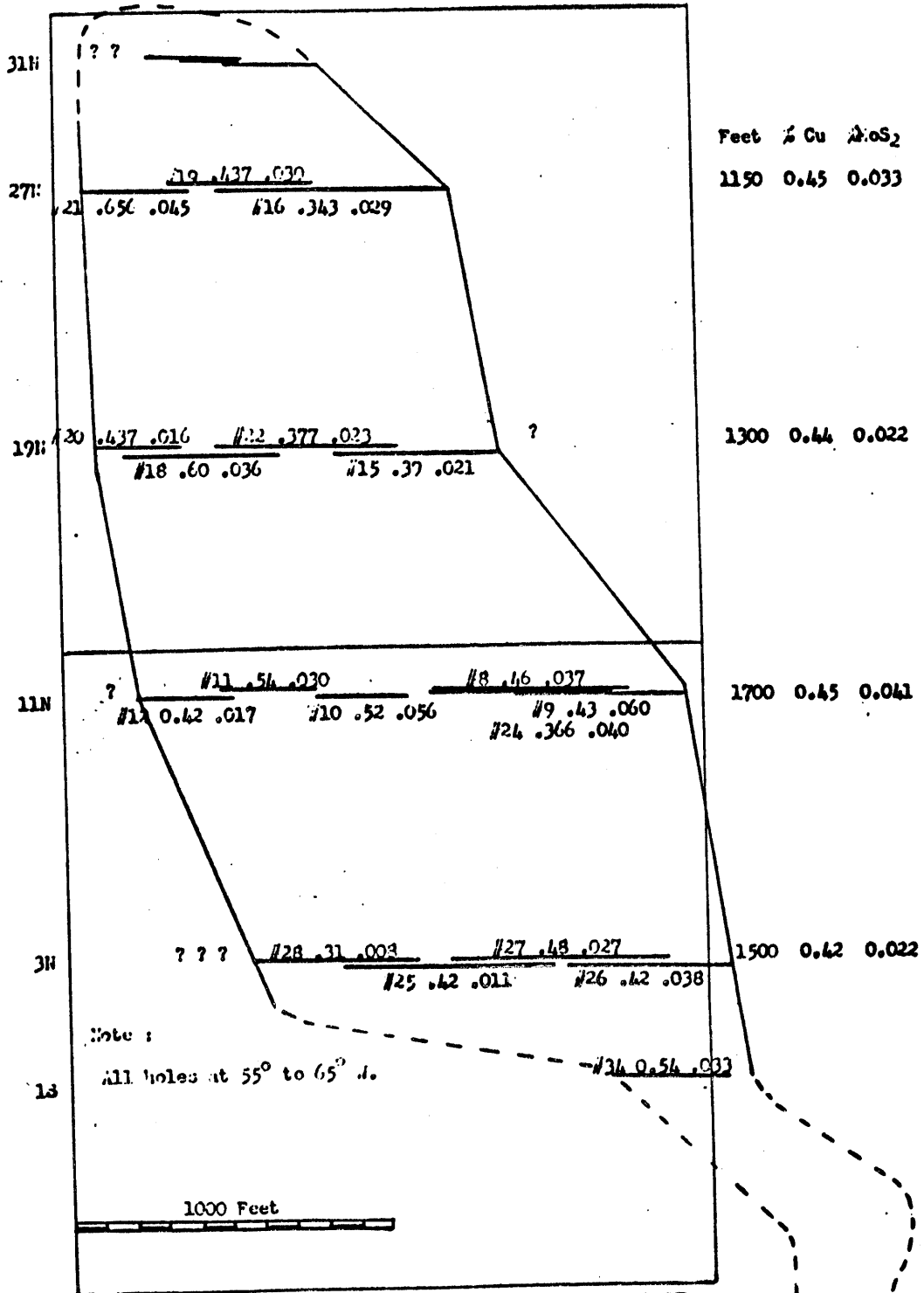
When a really firm average grade has been demonstrated it should be possible to raise the large amount of capital required to put the mine into production.

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





LORREX MINING CORPORATION
 PLAN PROJECTION OF
 DIAMOND DRILLING RESULTS
 1st November 1966
 ACS

Lornex Sees Large-Scale Operation

Lornex Mining Corporation's current exploration program is expected to be completed next spring and if it brings the 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 copper-molybdenum 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 Vancouver; J. Arthur Sadler, Toronto; and Ike Shulman, Vancouver.

~~Providence~~
Lornex

1967

decision next year

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

The statement came in response to a shareholder's question after regular business had been completed and special resolutions passed.

In special resolutions the company was changed from a specially limited company to a limited company. This allows it to drop the letters "N.P.L." from its corporate name and gives it a wider range of activities and powers.

The company also amended its articles of association to allow it a range of activities that include construction and operation of a smelter.

DECISION YEAR

Robert D. Armstrong, president of the company and of Rio Algom Mines Ltd., which holds an option to put Lornex into production, said, "It is our current expectation that the decision on production will be made in 1968."

He said the exploration program is on schedule and within cost estimates and that no unexpected developments have occurred.

"We need a large scale operation," he said. "A modest variation in conditions could have a great effect on the viability of the venture."

He said Behre Dolbear & Co. Inc. and Canadian Bechtel Ltd., geological and metallurgical consultants, respectively, should make a report next spring on which viability will be judged.

"If results are conclusive, then a full scale feasibility study will be made."

NO ABERRATION

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

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

"The thing that concerns us when we issue information is that it be 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 responsibilities. We expect to make no further reports until something further is known."

WHAT GRADE

Dr. A. C. Skerl, who was geological consultant to Lornex until Rio Algom took over, asked what grade Rio was using as the basis for ore estimates.

"We are using a variety of grades," said Armstrong. "We are calculating various pit sizes and designs for operations ranging from 5,000 to 70,000 tons a day. It now appears production will be on the order of 30,000 tons."

"The mineral area has a large oxide cap. We can recover metal from it, it is ore, if we can't, it is waste."

"Our total ore grade is 4.2 per cent copper, but whether this is meaningless or meaningful depends on the waste to ore ratio. We do know there is an immense amount of mineralization, but it is not ore unless it can be economically mined."

LORNEX MINING CORPORATION LTD.

THREE MOS. ENDED DEC. 31,	1972
Mine production revenue*	\$8,947,000
Operating expenses	5,632,000
Amortization & depreciation	1,781,000
Operating profit	1,534,000
Interest on long term debt	2,749,000
Net Loss	\$(1,215,000)
Net loss per share	(15¢)
Shares Issued-Common	7,331,904
Class A	867,758
Working capital	\$2,101,000
Long term debt	\$133,147,000

*After smelting, refining & marketing charges of \$1,689,000.

The earnings/loss statement in the adjoinable is drawn from the 1972 annual report of Lornex Mining Corporation Ltd. and covers the 3-month period from start of commercial production on 10Oct72 to 31Dec72. (Figures from first ore processing in April 1972 up to 30Sep72 were carried in GCNL 218(72). The net capital cost at 31Dec72 was \$142,668,000.

Rio Algom Mines Limited owned all issued Class A shares and 50% (3,666,152) of the issued common. 19.9% of the common (1,461,660) was owned by The Yukon Consolidated Gold Corporation. Class A shares are exchangeable 1 for 1 into common. At 31Dec72, 760,560 Class A shares were 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.

FOR THE RECORD

Merrican International Industries Ltd. president Wm. 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 Petroleum Ltd. Thus, prior to the current offering, Merrican had issued 1,005,858 shares. At 31Jan72, current assets were \$162. Current Liabilities were \$10,114 (being \$7,018 accounts payable, \$1,650 due director T. Merrifield and \$1,446 due W. Bandeen). This indicates a working capital deficit of \$9,952 at 31Jan72. Subsequent expenditures up to 31Jul72 were limited to \$840 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 \$143,000,000. The over run of \$5,000,000 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.

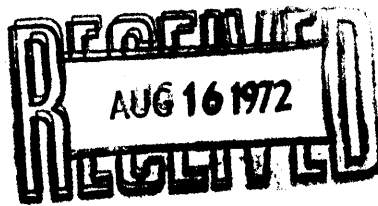
Lornex made its second shipment of copper concentrates to Japan on Oct23/72. It contained 11,800,000 payable pounds of copper. The first, containing 9,900,000 pounds, had been made on 11July72. Mr. Armstrong says the Japanese buyers' request for revision of certain terms of the copper concentrate sales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

WESTERN ADERA LIMITED

COMPANY AND EXCHANGE DI SAGREE - Western Adera Limited share trading was suspended on ON INVESTMENTS DEAL DISAGREEMENT 7Nov72 for 15 days by B.C. Securities Commission having 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 rescindment 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"

In his letter, Mr. McGraw said Adera's management considered the investment in Frisco to be "eminently sound" and should be proceeded with. They had applied to V.S.E. to delist the company's shares. Mr. McGraw, and then would proceed with the Frisco investment, would request an over-the-counter market, and would apply for listing on another exchange.



George Cross News Letter
"Reliable Reporting"

COPYRIGHT
ALL REPRODUCTION
RIGHT RESERVED
PUBLISHED DAILY
SUBSCRIPTION RATE
\$160.00 per year
NO.158(1972)
AUGUST 16, 1972

NO.158(1972)
AUGUST 16, 1972

WESTERN CANADIAN INVESTMENTS
CRESTBROOK FOREST INDUSTRIES LTD.

Six Months to July 1,	1972	1971
Sales:Pulp	\$6,351,000	\$6,442,000
Lumber	10,668,000	6,870,000
Plywood	2,540,000	1,727,000
Building Supplies	75,000	72,000
TOTAL SALES	\$19,634,000	15,111,000
Cost of Good Sold	16,491,000	12,410,000
Gross Profit	3,143,000	2,701,000
Admin.&Selling Exp.	736,000	974,000
Depreciation & Amor.	1,936,000	1,956,000
Interest Expenses	2,136,000	2,485,000
Other Expenses	262,000	(121,000)
NET LOSS	\$1,927,000	\$2,593,000

V.C.Brown, president of Crestbrook Forest Industries Ltd. states in the six months report that despite the problems created by very severe weather conditions during the first months of 1972 a substantial improvement over 1971 in the financial results is shown by the statement.

Sales show a \$4,500,000 increase over 1971. Prices for lumber and plywood are higher while returns from pulp sales are lower in 1972 than those received in 1971. The positive cash flow from operations was \$361,000.

The president states that at this time the market for lumber are still strong and are expected to remain strong through the year. He does not yet

foresee any increase in pulp prices but a betterment in the demand does appear to be developing. 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 company operations during the balance of the year he concludes.

LORNEX MINING CORPORATION LTD.

SOME REASONS FOR DELAY IN ACHIEVING COMMERCIAL PRODUCTION REPORTED - R.D. Armstrong, president of Lornex Mining Corporation, noting that it had been expected the mine would be brought into commercial production in the 2nd quarter

of 1972, reports that attainment of the planned milling rate was prevented by delays in construction resulting in processing the first ore - in April - somewhat later than planned; by milling stoppages caused by mechanical malfunctions normal in the early stages of such a project; and by variations in the milling rate while achieving the ore blend required for effective autogenous milling.

The union contract expired 30Jun72 and the operation was shut down by a strike from 3July until a new agreement, reached on 31July, was ratified by the union membership.

Production figures to the end of June are:

	June	May	April
Copper Grade	0.462%	0.397%	0.382%
Recovery	87.4%	84.5%	90.4%
Conc. % Copper	34.0%	33.9%	28.6%
Milling Rate Daily			
Av. Short Tons	23,921	15,991	7,611
Lbs. Copper Prod.	5,272,982	3,539,115	870,750

In the last week of June, the milling rate averaged 29,244 tons daily. Although the figures indicate a satisfactory trend they should not be regarded as representative of a balanced operation says Mr.Armstrong.

Lornex' first shipment of copper concentrates from Vancouver to Japanese buyers was made on 11Jul72, being 14,245 dry metric

tons containing some 9,900,000 payable pounds of copper.

By Lornex' loan agreements the date of commercial production is 1Aug72. Net production revenue before that is applied in reduction of capital costs. Due to the strike, there will be **virtually** no credit for July and operating results for the third quarter will suffer from the interruption in the milling rate increases. Because of these delays, low labor productivity and high overtime costs during the final stages of construction there will be a relatively minor increase in the project's capital cost over the estimate of \$138,000,000 previously reported. Rio Algom will provide the additional funds through purchase of units comprising income debentures and shs. when the amount is known.

Concerning revision of the concentrate sales contract requested early in the year by Japanese buyers, negotiations are still in progress.

Expenditures on the project during the first half of 1972 were \$21,687,000 incl. accrued 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 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 mineralization zone in the NW section of an I.P. anomaly on the claims near Princeton, B.C. The discovery hole contained copper mineralization throughout its length including an 80-foot section from 80 to 160 ft. averaging 0.37% copper plus values of silver, moly, and gold of which a 50-foot section averaged 0.55% copper. Percussion drilling continues on 400-foot grid and a diamond drill has been added. Its first vertical hole is drilling beyond 909 ft. with copper mineralization throughout. From 250 to 400 felty-textured andesites were encountered and from there on a volcanic flow was intersected containing consistent copper mineralization. Core is being split and sent for assay. He says major companies have shown interest in the claims and negotiations are underway.

File LORNEX

LORNEX MINING CORPORATION LTD.

RIO ALGOM MINES LIMITED

ON SEPTEMBER AND WITHIN - Issued concurrently are reports by R.D. Armstrong, president of REVISED BUDGET ESTIMATE Lornex and of Rio Algom covering progress at Lornex' Highland Valley project and earnings of Rio Algom for the 9 months to 30Sep71. Both reports refer to the Lornex project as being "substantially on schedule in relation to the 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 pre-production 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 17½ 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.'s 192 and 207 for property developments.)

The Canadian Institute of Mining and Metallurgy, Vancouver branch will hold the regular luncheon-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, vice-president 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.

Anmar 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 11Nov71. 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.

Lornex cost to develop — \$112 million

A total of \$112,756,000 additional capital will be required to bring the Highland Valley copper property of Lornex Mining Corp. Ltd. into production, the annual report reveals.

Total capital requirement for the project is estimated at \$120 million.

During the year ended Sept. 30 last, the company spent \$2,263,331 in development work, bringing the total spent to date to \$6,763,601.

Lornex is 60.3 per cent controlled 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 discretion, to decide if the Lornex claims 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 process 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

interest during construction is estimated to be \$120 million.

Expenditures on the investigation programs and on mining properties have totalled \$7,244,000, and the balance of additional capital required is estimated to be \$112,756,000. During the project life an additional \$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 investment 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 considering 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 Vancouver.

Yukon mine

Venus production cost estimated at \$3.5 million

Cost of bringing the gold-silver property of Venus Mines Ltd. at Carcross, Y.T., into production, from its present state of development, will be \$3,511,000, a feasibility report reveals.

The report was prepared by MacDonald Consultants Ltd. and Acres Western Ltd., and covers all aspects of bringing the mine

operating profit of \$1.64 per ton for silver and \$1.18 per ton for gold.

At a daily production rate of 300 tons a day, or 105,000 tons a year, it is estimated that ore reserves will allow continuous operation for five years.

Based on the projected grades and recoveries and assumed metal prices, the annual gross income of the mine would be



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 consortium responsible for design and construction.

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 Vancouver-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 purchase warrant for EDP common shares.

For each share purchase warrant of PLC together with \$10 cash payable on the closing date: One 5 percent cumulative

Ward buys 1

Two-year-old Wall & Redekop Realty Ltd. has bought 21 per cent of Dexter Realty Ltd. from three owners for an undisclosed amount of cash for all shares.

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

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

Vendors in the sale of Dexter are Lionel Foley, who sold a half interest, and Ronald Tatch and Patrick Roach, each sold his quarter interest.

Redekop said Dexter sales are expected to be more than \$100 million in 1968. Dexter staff of 80 licenced salesmen and company has about 40 sales trainees.

Wall & Redekop sales in 1967 totalled \$20 million. Redekop said the combined operation will have a staff of 105 that should

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

B.C. Telephone Wednesday announced an increase of 10 cents to 75 cents in the quarterly dividend to be paid Jan. 1. The record date is Dec. 17.

The increase means a total dividend this year of \$2.75. The company started paying 65 cents per quarter in July, 1967.

A company official said the new rate would be reviewed quarterly.

Banque Nationale shows gain

MONTREAL (CP) — Banque Canadienne Nationale Wednesday announced its total assets climbed to a record 14.28 per cent in 1969 and total deposits also reached a record 14.93 per cent above fiscal 1967.

The bank reported an increase in assets of \$176,439,873, almost double the figure for the previous year and brought total assets to an all-time high of \$1,411,517,566. Personal savings deposits increased by almost

STOCK SHORTAGE SEEN

Canadians Outperform 'Big

OTTAWA (DJ) — Canadian and foreign investors spurred by new confidence in the nation's economic and political future are putting considerable new funds into Canadian stock markets.

The result has been that Canadian exchanges industrials lists have outperformed the big 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 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 equities 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 study doesn't include in its pro-

jections. John R. Kimber, president of the Toronto Stock Exchange, thinks the study underestimates potential demand for this and other reasons.

Supply on the other hand is limited by the tremendous foreign direct investment in key Canadian industries that "locks in" equities.

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 into the U.S. market where until 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 price-earnings ratios would be upward."

TORONTO SURGE

Far more concrete reasons lie behind the Canadian market's present surge which has carried

the Toronto index of 155 industrials up 10 5-10 per cent since the June election a period during which the Dow Jones industrials gained only 7.2. Apart from the late 1966 market break the Toronto index has been confined to a range of 150 to 175 since the early sixties boom topped out in 1965. It closed Wednesday at 181.63 off .72.

The corporate profits picture has turned up too and the profit turnaround was one of the reasons the \$266 million Investors Growth Fund of Canada switched 25 per cent of its assets into Canadian stocks from U.S. equities in the fiscal quarter ended last July 31. Robert Jones, securities vice-president of Investors Group, the fund's manager also noted the increased political stability and the likelihood the U.S. profits could slow down — the Winnipeg-based fund invests in both U.S. and Canadian markets.

The buying surge both domestic and foreign has put new emphasis on the stock shortage, a problem that has been in the shadows for some time. However, it's a problem the Canadian government, which has done its own studies,

is in a position to do something about in two key pieces of upcoming legislation. One is a thorough-going revision of Canada's unwieldy tax system the other a government-sponsored development corporation.

TAX INCENTIVE

A step that's advocated by Canadian economic nationalists is giving tax incentives or otherwise inducing big foreign-owned subsidiaries to sell their shares to the Canadian public. Illustrating the potential effect of such divestment the Toronto Stock Exchange study calculated that if all the shares of the 140 biggest Canadian private companies, all but a handful are foreign-owned, were put on the market they would add \$12 billion to the \$36 billion market value of listed stocks at the end of 1966. The study notes it took four years to generate \$2 billion of new stocks in 1963-66 and there will be demand for some \$5 billion in the next four years.

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

NEW FIRMS

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

Rio Algom Pondering Production at Lornex

Rio Algom Mines is considering whether to put the Highland Valley Lornex Mining property into production at an additional 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 ended Sept. 30.

Total ore reserves have been placed at about 293 million tons 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 outstanding 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 Lornex is put into production. It is also obligated to raise financing.

He added that Rio Algom is "actively engaged in discussions with potential purchasers of the Lornex products and with financing sources..."

It is also considering the Bechtel report "and other relevant factors."

Bechtel said development of the mine, prior to commencing production, will require removal of 29 million cubic yards of 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 short tons of molybdenite concentrates over the approximate 21-year life of the orebody.

Copper recovery was esti-

mated at 92 per cent and molybdenum, about 65 per cent as molybdenite and 63 per cent when further processed to molybdc 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 molybdc oxide cons, 62 per cent molybdenum.

The Bechtel report said that during the project life an additional \$30.5 million would be required for equipment replacement. Over-all schedule for engineering, construction and mine development would be 32 months.

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

The report figured copper would be sold at 41 cents per pound and the molybdenum at \$1.83.

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

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

Neptune Get Phosphate in

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

Neptune, west of the Second Narrows Bridge on the North Shore, processed its first cargo in July when 10,000 tons of ammonium sulphate from Cominco was loaded for India.

POTASH SHIPPED

Webster said several ships have been loaded with potash since then. Terminal traffic is picking up gradually. Volume so far had been anticipated in start-up planning.

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-

MacMillans Paid

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 development 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 undertaken 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 concentrate 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 yards 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 Canadian merchandising since

About \$7,244,000 has already been spent on finding and evaluating the property. This cost is included in the \$120-million 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

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.

Milton Brick feels shares could reach \$1

Profit of Milton Brick Co. Ltd. of Milton for the year ending Dec. 31 is expected to be "70 cents a share, plus certain 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 plumbing 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-

Noranda Mines Ltd. of Toronto is contributing \$27.5-million toward the \$60-million development of the large low-grade 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 copper-molybdenum 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.

I'm the girl you mai

REFERENCE MEMORANDUM

Date Dec 9 19 68

The attached papers are referred

To JBPS

By DWS

Please reply direct Please handle

Please see me re this Your comments

For your information For approval

Please ~~retain~~ Please return

initial

MEMORANDUM

TO: D. W. Tully

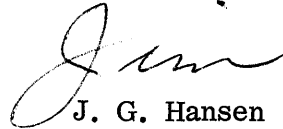
December 4, 1968

FROM: J. G. Hansen

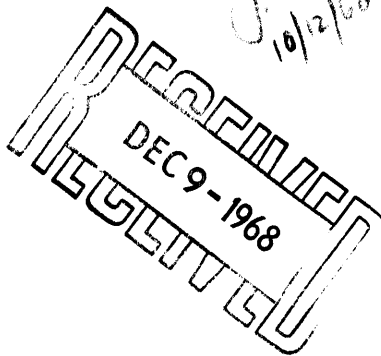
SUBJECT: Lornex Mining Corporation

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.


J. G. Hansen

JGH/fo



DEC 6 - 1968

George Cross News Letter

"Reliable Reporting"

COPYRIGHT
ALL REPRODUCTION
RIGHT RESERVED
PUBLISHED DAILY
SUBSCRIPTION RATE
\$140.00 PER YEAR

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 of 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. (See GCNL No.237, page two for details of offer which expires Dec.10,1968.)

LORNEX MINING CORPORATION LIMITED

YUKON CONSOLIDATED GOLD CORP. LTD.

RIO ALGOM MINES LIMITED

+ 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.

Assay results for recently drilled holes are as follows:

Hole No.	Location	Footage	Drilled Length	% Cu	% MoS ₂
28	3-N	215-1250	1035 ft.	0.296	0.007
	of which	560-720	160 ft.	0.625	0.010
29	1-S	280-1375	1095 ft.	0.395	0.025
	of which	570-1010	440 ft.	0.557	0.052
30	31-N	326-1456.5	1130.5 ft.	0.342	0.023
31	7-N	75-1350	1275 ft.	0.380	0.021
	of which	1200-1350	150 ft.	0.430	0.023
32	31-N	160-1248	1088 ft.	0.236	0.029
33	23-N	178.5-1078	899.5 ft.	0.334	0.013
	of which	920-1078	158 ft.	0.463	0.012
34	1-S	87-1306	1309 ft.	0.363	0.023
	of which	87-520	433 ft.	0.551	0.036
35	7-N	242-1320	1078 ft.	0.550	0.017
36	11-N	not assayed	vertical hole at proposed shaft site		
		yet			
37	1-S	92.5-1371	1278.5 ft.	0.265	0.012
38	23-N	294-1430	1136 ft.	0.547	0.032
39	7-N	294-1321	1027 ft.	0.166	0.010
	of which	520-580	60 ft.	0.953	0.057
40	15-N	54-1405	1351 ft.	0.301	0.020
41	3-N	32-1400	1367.5 ft.	0.243	0.026
	of which	1010-1400	390 ft.	0.445	0.039
42	23-N	281.5-670	388.5 ft.	0.703	0.011
43	7-N	33-1174	1141 ft.	0.444	0.035
44	19-N	Vertical perimeter hole on east end of line			
45	15-N	230-1350	1120 ft.	0.353	0.023
	of which	1110-1350	240 ft.	0.425	0.078
46	5-S	39-560	521 ft.	0.319	0.016
	of which	80-320	240 ft.	0.427	0.025
47	27-N	Vertical perimeter hole on east end of line			
48	5-S	24-955	931 ft.	0.278	0.021
49	11-N	Perimeter hole on west end of line			
50	3-N	258-666	408 ft.	0.128	0.002
51	11-N	Vertical perimeter hole on east end of line			

INTER OFFICE MEMO

CYPRUS EXPLORATION CORPORATION LTD. VANCOUVER OFFICE

Date: November 26, 1968

To: Mr. J. G. Hansen
From: Mr. D. W. Tully
Subject: FINANCING
LORNEX MINING CORPORATION LTD.

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

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

EARNINGS PER SHARE: NIL

P/E RATIO: NIL

MARKET VALUE:

NET PROFIT: NIL

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

NO. SHARES O/S:

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

CONTROLLED BY: { Rio Algom Ltd. 36.4% (May, 1968)
Yukon Consolidated Gold Corp. 24% (May, 1968)
E.H. Lorntzsen 496,000 shares
(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
2. 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	2.98 per short ton ore
Average Operating Costs	1.56 " " " "
	1.42 " " " "
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 pre-tax. 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. Lully

DWT/jel

c.c. Mr. W. O. Irish

RECEIVED
Dec 4 1967
George Cross News Letter

COPYRIGHT
ALL REPRODUCTION
RIGHT RESERVED
PUBLISHED DAILY
SUBSCRIPTION RATE
\$140.00 PER YEAR

NO. 234(1967)
DECEMBER 4, 1967

"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 diligence 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 bring out 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 obtained by each method. He said that the company has had some spectacularly high grade drill holes and some nil mineralized holes neither 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 point out 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 shareholders 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 finance which would be useful when senior financing is being sought for the project.

CHARTER OIL COMPANY LIMITED

PROXY MATERIAL FOR ANNUAL MEETING INDICATES WILLI GROUP NOW IN CONTROL - 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.

536 HOWE STREET
SUITE 203
VANCOUVER 1, B.C.
MU. 3-7265

RECEIVED
NOV 20/67
REGULATED

COPYRIGHT
ALL REPRODUCTION
RIGHT RESERVED
PUBLISHED DAILY
SUBSCRIPTION RATE
\$140.00 PER YEAR

George Cross News Letter

NO.224(1967)
NOVEMBER 20,1967

"Reliable Reporting"

NO.224(1967)
NOVEMBER 20,1967

WESTERN CANADIAN INVESTMENTS LORNEX MINING CORPORATION LTD.

+ 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 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 spent 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 cutting, 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 business of a smelter operation. 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.

NO. 224 (NOVEMBER 20, 1967) This NEWS LETTER owned published and copyrighted by GEORGE CROSS.

LORNEX MINING CORPORATION LTD.

RIO ALGOM MINES LIMITED

YUKON CONSOLIDATED GOLD CORPORATION LTD.

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.

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 LONG TERM OUTLOOK GOOD 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

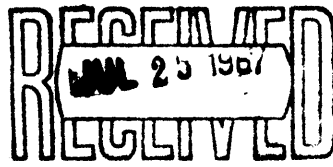
<u>Year to June 30,</u>	<u>1967</u>	<u>1966</u>
Net sales	\$19,541,918	\$24,095,183
Operating costs	16,867,766	19,432,741
Operating income	2,674,152	4,662,442
Other income	166,481	123,112
	<u>2,840,633</u>	<u>4,785,554</u>
Interest, other..	994,914	1,033,125
	<u>1,845,719</u>	<u>3,752,429</u>
Taxes on income	121,738	1,197,668
NET CASH INCOME	1,723,981	2,554,761
Depreciation.....	1,558,802	1,402,394
NET INCOME	<u>\$ 165,179</u>	<u>\$ 1,152,367</u>
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	2,390,209	2,521,763
Long term debt.	11,939,189	12,939,189
Preferred stock	1,000,000	1,000,000
Pref. dividends paid	50,000	---
Earned surplus	\$ 4,662,072	\$ 4,546,897

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 operational efficiency."



George Cross News Letter

"Reliable Reporting"

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%.

<u>First half</u>	<u>1967</u>	<u>1966</u>
Gross earnings from operations	\$7,352,616	\$6,765,379
Cost of sales and operating expenses	5,786,152	5,480,449
Depreciation	522,069	462,355
	<u>6,308,221</u>	<u>5,942,804</u>
Less:	1,044,395	822,575
Interest, debt exp.	141,269	146,353
Other interest	(61,866)	(28,478)
Taxes on income	452,000	327,300
	<u>531,403</u>	<u>445,175</u>
NET EARNINGS	<u>512,992</u>	<u>377,400</u>
PER SHARE	68¢	50¢
PAID PER SHARE	20¢	15¢

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-zinc-silver ore body in the central Yukon, subject to three conditions. In respect of all of

Source and Application of Funds

Funds from operatns.	\$1,005,901	\$1,160,911
Proceeds of disposal of fixed assets	18,200	672,783
Sale of capital stock	7,776	5,760
	<u>\$1,031,877</u>	<u>\$1,839,454</u>
Application of funds:		
Added to fixed assets	415,358	1,129,570
Debt reduction	144,257	44,103
Dividend	151,313	113,413
Other	99,819	6,411
	<u>810,747</u>	<u>1,293,497</u>
Added to working cap.	221,130	545,957
Working cap. June 30	<u>\$2,919,501</u>	<u>\$2,866,459</u>

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.

"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 Carmack, 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."

LORNE MINING CORPORATION LTD.

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 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)

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."

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 interrupted but is being resumed.

	Three Mos. March 31,	Three Mos. June 30,	Six Mos. June 30,	Operating costs, not including depreciation, depletion or bond interest, averaged \$17.41 during the first quarter of the year and \$12.60 during the second quarter.
OPERATING RESULTS FOR				
Tons ore milled	63,504	81,235	144,739	
Estimated Concentrate Value	\$1,568,404	\$1,656,691	\$3,225,095	
Estimated Operating Profit	462,548	633,291	1,095,839	
Estimated Debt Interest	174,571	181,669	356,240	
Estimated Earning before writeoffs	287,977	451,622	739,599	

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:

<u>FOOTAGE</u>	<u>% TOTAL CU</u>	<u>% MoS₂</u>
54 - 1,201	0.325	0.019

Better grade section in the hole ran:

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:

152-1,454.5	0.390	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:

	<u>Footage</u>	<u>Copper</u>	<u>MoS2</u>
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 ft.	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, capable 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

<u>HOLES NO.</u>	<u>FOOTAGE</u>	<u>PERCENT TOT. CU.</u>	<u>PERCENT MoS2</u>	<u>PERCENT SOL. CU.</u>
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.

