

## Slocan Division

The Silvana mine operated for twelve months in fiscal 1991, as compared to nine months in fiscal 1990. Consequently, production of silver and zinc were higher in 1991 as a result of increased mill throughput. The production of lead dropped slightly as lower lead grades in the mill feed offset the increased throughput.

Production from the (Silvana and Hinckley) mines for 1991 amounted to 367,000 ounces of silver, 3.16 million pounds of lead and 3.82 million pounds of zinc. Total tons milled were 33,000 at an average grade of 11.57 ounces silver, 5.18% lead and 6.23% zinc.

Despite the increased metal output of the Division, the sharp decline in prices for all three metals, particularly lead and zinc prices, coupled with the stronger Canadian currency, resulted in significantly lower revenues and operating profits in 1991 as compared to 1990. The continued deterioration in operating profits throughout the year forced the mine to reduce its workforce from 35 to 15 employees by the end of July, 1991.

Revenues in 1991 were down 14% to \$5.2 million from \$6.0 million in 1990. The Division broke even in 1991, down from a profit of \$1,227,000 in 1990.

The price of zinc, in Canadian funds, decreased 36% during fiscal 1991. The price fell from 84¢ Cdn. to 54¢ Cdn. a pound. Over the same period, lead prices slumped 38%, from 46¢ Cdn. to 28¢ Cdn. a pound.

Silver prices were also down, falling 21% from \$5.70 Cdn. an ounce at the beginning of the fiscal period to \$4.50 Cdn. at the end. The negative impact on the Division's revenues due solely to the appreciation of the Canadian dollar was in excess of \$500,000.

Until metal prices improve, the Company will continue to focus its Silvana operations on the economic mining of the remaining highgrade stopes.

Operations at the Hinckley mine, which was acquired in December, 1990, were suspended in July, 1991 pending an improvement in metal prices. The added costs of operating the Hinckley as a satellite deposit could not be justified given the depressed state of the metals market.

The Willa project was idle during the year as the Company attempted to conserve cash. Without a cash injection from a joint-venture partner or a significant increase in gold and copper prices, it is unlikely that Treminco will move ahead with the proposed development plans at the Willa during fiscal 1992.

The measured and drill-indicated ore reserves at the Silvana and Hinckley mines as of July 31, 1991 were 36,100 tons at an average grade of 8.89 oz. silver per ton, 3.89% lead and 5.08% zinc. Comparative figures for July 31, 1990 were 43,500 tons at an average grade of 10.16 oz. silver per ton, 3.85% lead and 5.25% zinc. The Company is confident that there is tremendous potential to locate additional ore reserves within the boundaries of the Silvana property, if metal prices improve to the level whereby the necessary exploration expenditures are made.

## Corporate Strategy & Outlook

Despite continued weakening in both precious and base metal prices, and a furthering strengthening of the Canadian dollar in the first quarter of fiscal 1992, the combination of reduced operating costs and improved ore grades at both the Yellowknife and Slocan divisions have produced positive results in terms of operating profits.

The strong cash flows over recent months have enabled the Company to significantly reduce its liabilities to the preferred creditors. The Company anticipates further improvements in the working capital position over the remainder of 1992. However, as was illustrated in 1991, the Company's revenues and cash flows are extremely sensitive to fluctuations in metal prices and the Canadian dollar.

The positive results, however, have come at the expense of developing new ore reserves. The long-term survival of your Company now depends upon the improvement in metal prices and/or the injection of capital into the Company's treasury. To this end, your Company is actively seeking joint-venture partners capable of infusing much needed working capital.

We trust that the continuation of both operations during a time when many mines in North America have been forced to close, hopefully demonstrates to you, the shareholders, management's commitment to take the actions necessary to enhance the future viability of your Company.

The Board regrets that, due to other business commitments, Mr. Andrew Malim will not be standing for re-election as a director of the Company. Mr. Malim was actively involved in the growth of the Company since his appointment to the Board in 1987 and his advice and guidance will be missed.

I am confident that the Company's employees can respond to the challenges that result from lower metal prices and difficult economic times. On behalf of the Board, I would like to thank the employees as well as all of our suppliers and creditors for their continued understanding and support during this period of uncertainty. We are confident that through our commitment and perseverance their loyalty will be reciprocated.

On behalf of the Board of Directors,

R.T. Treman, P. Eng.  
President

November 15, 1991

PROD. \*

RES.

TOP → Silvana



# TREMINCO Resources Ltd.

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## NOTICE

FEBRUARY 25, 1993

TO: ALL EMPLOYEES, SILVANA MINE

FROM: BILL TRENAMAN

DUE TO THE CLOSURE OF COMINCO'S TRAIL SMELTER AND THE CONTINUANCE OF POOR METAL PRICES, TREMINCO WILL BE CLOSING ITS SILVANA AND RINCYLEY OPERATIONS FOR AN INDEFINATE PERIOD COMMENCING APRIL 03, 1993. THE CLOSURE WILL BE FOR A ~~PERIOD~~ ALL EMPLOYEES WILL BE NOTIFIED WHEN THEY ARE TO RETURN TO WORK.

BILL T. TRENAMAN

**FAXED**  
FERNIE

- COPIES: ALL BULLETIN BOARDS
- R. T. TRENAMAN
- MINE MANAGER FILE
- TUNNEL AND ROCK WORKERS UNION
- MINES INSPECTION

STEVE	W
DENNIS	R
GARY	M <sup>CD</sup>
ANDREW	W
R. FYLES	VICTORIA
G. McKILLOP	"

# MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

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Date: 2 March 93 Time: 1620

Please deliver the following message :

FAX TO # \_\_\_\_\_

Vic Preto - Victoria - 356-8153

Tom Schroeter - Vancouver - 775-0313

FROM: Paul Wilton

Nelson

COMMENTS: Notice of " [redacted] " of [redacted] mine received

today by Red Mellor - closure to start April 3<sup>rd</sup> for minimum one

month - note that closure of Trail smelter is only for months of

April & August '93 (so far) - this will leave only one operating metal

mine in Kootenays (Sullivan)!

Number of pages 2 including cover sheet

Paul