

CONSOLIDATED BALANCE SHEET  
(UNAUDITED)

ASSETS

October 31

1990 1989

CURRENT ASSETS

Cash	\$ -	\$ -
Accounts Receivable	663,864	119,560
Inventory	110,576	328,788
Prepaid Expenses	29,619	134,352
	<u>804,059</u>	<u>582,700</u>

MINERAL PROPERTIES

	<u>4,233,117</u>	<u>5,118,345</u>
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PLANT AND EQUIPMENT

Buildings and equipment	5,406,481	4,207,571
Less accumulated depreciation	(1,912,968)	(1,038,500)
	<u>3,493,513</u>	<u>3,169,071</u>
	<u>\$ 8,530,689</u>	<u>\$ 8,870,116</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Bank indebtedness	\$ 178,228	\$ 406,019
Accounts payable and accrued liabilities	1,452,989	1,494,684
Current portion of long-term debt	534,400	420,000
	<u>2,165,617</u>	<u>2,320,703</u>

LONG-TERM DEBT

	<u>396,800</u>	<u>946,400</u>
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DEFERRED INCOME TAXES

	<u>454,883</u>	<u>186,791</u>
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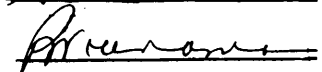
MINORITY INTEREST

	<u>90,553</u>	<u>145,841</u>
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SHAREHOLDERS' EQUITY

Capital stock	5,189,235	5,189,235
Retained earnings	233,601	81,146
	<u>5,422,836</u>	<u>5,270,381</u>
	<u>\$ 8,530,689</u>	<u>\$ 8,870,116</u>

APPROVED BY THE BOARD:

Director

Director

SHAREHOLDER INFORMATION

**Head Office**  
Treminco Resources Ltd.  
1110 - 625 Howe Street  
Vancouver, B.C.  
V6C 2T6  
Phone (604) 687-4450  
Fax (604) 687-5100

**Officers & Directors**

- R.T. Trenaman, President
- \* R.M. Porter
- Wm. St. C. Dunn
- R.G. McEachern
- A. Malim
- \* M. Munday

W.T. Trenaman, Vice President & Secretary  
• Audit Committee Members

**Banker**

Canadian Imperial Bank of Commerce  
586 Granville Street  
Vancouver, B.C.  
V6C 1X5

RoyNat Inc.  
650 West Georgia Street  
Vancouver, B.C.  
V6B 4N8

SHAREHOLDER INFORMATION

**Transfer Agent**  
National Trust Company  
666 Burrard Street  
Vancouver, B.C.  
V6C 2Z9

**Solicitor**

Fraser & Beatty  
15th Floor, The Grosvenor Building  
1040 West Georgia Street  
Vancouver, B.C.  
V6E 4H8

**Auditor**

Peat Marwick Thorne  
2500 - 1177 West Hastings Street  
Vancouver, B.C.  
V6E 2L9

**Stock Exchange**

Toronto  
Symbol: TMO

**Issued Capital Stock**

5,957,447

*Sample*  
**TREMINCO  
Resources Ltd.**

*082111050*  
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INTERIM  
REPORT  
FOR THE  
THREE MONTHS  
ENDED  
OCTOBER 31, 1990



## Report to Shareholders

On behalf of your Board of Directors, I am pleased to present the Company's quarterly report and the consolidated financial statements for the three months ended October 31, 1990.

Highlights for the quarter included:

- Signing of the formal agreement on the Willa gold-copper property near New Denver, B.C. A test-mining program is expected to commence early in 1991.
- Acquisition of the Hinckley silver-zinc-lead property which adjoins the Silvana Mine.

### FINANCIAL RESULTS

Revenue for the first quarter ended October 31, 1990 was \$3,733,000 as compared to \$1,504,000 for the same quarter of 1989. The Company incurred a loss of \$21,000 for the three months. The loss per share was nil. This compares to a loss of \$243,000 or 4 cents per share for the same period last year. The increased revenue is largely due to the addition of the Silvana Mine which the Company acquired November 1, 1989.

### CHANGES IN CASH RESOURCES

Funds generated by mining operations totalled \$450,000 or 7 cents per share for the first quarter, compared to \$97,000 or 2 cents per share for the first quarter of 1989.

Investment in plant, equipment and mineral properties totalled \$633,000 for the period as compared to \$1,256,000 a year ago. An additional \$17,000 was spent to acquire shares in Ptarmigan Mines Ltd. from a minority shareholder, thereby raising Treminc's interest in Ptarmigan Mines Ltd. to over 96.0%.

### YELLOWKNIFE DIVISION

Production at the Ptarmigan Mine during the first quarter totalled 4,118 ounces of gold as compared to 4,083 ounces for the same period in 1989. Mill throughput was 12,524 tons at a head grade of 0.344 ounces gold per ton and a recovery of 95.6%. Gold prices averaged U.S. \$384 during the quarter. Production was hampered by lack of ore during September and October as stopes on the 450-foot level and 600-foot level of the mine were awaiting completion.

The 1100-foot decline to access the ore reserves on the C Vein commenced in September and progressed well during the quarter. The Company anticipates reaching the C Vein ore zone by mid-December. A drill-indicated ore block of 70,000 tons at a grade of 0.35 ounces of gold per ton above the 400-foot level has been identified in this vein. The C Vein is expected to become a main ore source for the Ptarmigan mill commencing early in 1991.

The Company was also successful in intercepting additional ore-grade diamond-drill intersections in the Tom Vein along strike from the main Tom ore zone, indicating the presence of several ore blocks of between 20,000 and 40,000 tons. The plan is to access these blocks from the existing bottom level of the Tom Mine.

Also during the quarter, underground development work on the 750-foot level of the Ptarmigan Mine has confirmed the downward extension of the main Ptarmigan ore shoot to below this level, thereby greatly enhancing the prospect of adding to reserves below the present mine workings.

### SLOCAN DIVISION

Production for the quarter from the Silvana Mine totalled 115,000 ounces of silver, 1,006,000 pounds of lead and 1,051,000 pounds of zinc. Mill throughput for the quarter was 9,489 tons. Head grades averaged 12.56 ounces silver per ton, 5.64% and 6.00% zinc during the quarter.

Silver prices dropped to a thirteen-year low of U.S. \$4.02 during the quarter before rebounding slightly to U.S. \$4.25. Both lead and zinc prices also declined during the quarter to an average of U.S. \$0.37 and U.S. \$0.68 respectively.

The Company signed a Letter Agreement to acquire the Hinckley Property located adjacent to the Silvana Mine. The property has been partially developed by previous owners and contains a potential reserve of 30,000 tons of zinc-rich ore. Mining on this property is expected to commence by calendar-year end.

The Company is continuing to investigate other ore deposits in the vicinity of the Silvana Mill as part of its objective of expanding its scope of operations within this region.

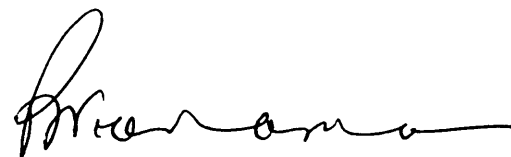
### OUTLOOK

During the next quarter, the Company expects production to commence on the C vein at the Ptarmigan Mine. This supplementary ore source should alleviate the lost production at the Ptarmigan Operations due to ore shortages experienced during the first quarter.

The acquisition of the Hinckley Property will enhance the mine life at the Silvana Mine. While revenues in the short term will be hurt by low silver prices, we expect the Silvana to continue to generate a modest operating profit.

It is the Company's plans to commence a test-mining program on the Willa Property in order to test the grade and the continuity of the ore between the 1,025-meter level and the 1,100-meter level. If the results meet expectations, the Company will commence with pre-production development shortly thereafter.

On behalf of the Board of Directors,



Roland T. Trenaman, P. Eng.  
President

November 26, 1990

## CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS (UNAUDITED)

	Three Months Ended October 31	
	1990	1989
<b>REVENUE</b>		
Production revenue	\$3,732,702	\$1,504,348
Interest income	4,895	9,045
	<u>\$3,737,597</u>	<u>\$1,513,393</u>
<b>EXPENSES</b>		
Mine operating costs	3,012,811	1,197,184
Depletion	263,000	363,500
Depreciation	226,662	180,000
Royalty	98,428	63,970
Administrative and corporate	110,010	85,756
Interest	66,523	69,797
Minority interest	(3,429)	(22,341)
	<u>3,774,005</u>	<u>1,937,866</u>
<b>INCOME BEFORE INCOME TAXES</b>	(36,408)	(424,473)
<b>INCOME TAX PROVISION</b> (Deferred)	(15,583)	(181,674)
<b>NET INCOME (Loss)</b>	(20,825)	(242,799)
<b>RETAINED EARNINGS (Deficit)</b>		
Beginning of period	254,426	323,945
End of period	<u>\$ 233,601</u>	<u>\$ 81,146</u>
<b>EARNINGS (LOSS) PER COMMON SHARE</b>	<u>\$ —</u>	<u>\$ (0.4)</u>

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION (UNAUDITED)

	Three Months Ended October 31	
	1990	1989
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATIONS</b>		
Net Income	\$ (20,825)	\$ (242,799)
Items not involving cash:		
Depletion	263,000	363,500
Depreciation	226,662	180,000
Minority interest	(3,429)	(22,341)
Deferred income taxes	(15,583)	(181,674)
	<u>449,825</u>	<u>96,686</u>
<b>INCREASE (DECREASE) IN NON-CASH WORKING CAPITAL ITEMS</b>		
Accounts receivable	(7,633)	62,310
Inventory	229,218	(111,870)
Prepaid expenses	29,116	(114,390)
Accounts payable and accrued liabilities	340,711	757,135
Repayment of long-term debt	(126,000)	(100,200)
	<u>915,237</u>	<u>589,673</u>
<b>INVESTMENTS</b>		
Purchase of plant & equipment	(284,065)	(194,934)
Investments in:		
Mineral properties	(348,982)	(1,061,516)
Acquisition of subsidiary	(17,417)	—
	<u>(650,464)</u>	<u>(1,256,450)</u>
<b>INCREASE (DECREASE) IN CASH POSITION</b>		
Cash position at beginning of period	(443,001)	260,758
Cash position at end of period	<u>\$ (178,228)</u>	<u>\$ (406,019)</u>

Cash is defined as cash plus short term investments less bank indebtedness.