

*Copy for
W. Wilson*

002124

SILVANA MINES INC.
New Denver, B.C.

350-2335

ACCOUNTING REPORT
December 1978
Before Audit & Closing Entries

SILVANA MINES INC.

New Denver, B.C.

TRIAL BALANCE as at December 31st, 1978

		<u>Debit</u>	<u>Credit</u>
		\$	\$
<u>Cash on Hand & In Bank</u>		\$ 26,514.42	
Cash	\$ Nil		
C.I.B. of Commerce - General Acc't	14,530.64		
C.I.B. of Commerce - Payroll Acc't	<u>11,983.78</u>		
<u>Accounts Receivable</u>		\$190,407.78	
Sundry	<u>\$190,407.78</u>		
<u>Stores & Prepaid Charges</u>		74,907.73	
Stores	56,744.56		
Insurance	7,149.53		
Taxes	142.00		
Mill Wearing Parts	527.41		
Mine Equipment Overhaul	<u>10,344.23</u>		
<u>Buildings & Equipment</u>		1,055,040.94	
<u>Accumulated Depreciation - Bldg. & Equipment</u>			69,956.37
<u>Mining Properties</u>		857,051.00	
<u>Accumulated Depletion - Mining Properties</u>			67,624.51
<u>Provision for Depreciation & Depletion</u>		103,844.26	
<u>4000 Level Rehabilitation & Development</u>		842,795.75	
<u>Operating Expenses</u>		1,681,352.65	
Exploration	\$608,033.23		
Extraction	544,881.39		
Milling	280,002.02		
Mine to Mill Ore Haul	24,399.45		
Office Expense	87,825.49		
General Expense	<u>136,211.07</u>		
<u>1977 Production Loss Realized 1978</u>		960.18	
<u>Concentrates on Hand & In Transit 1978</u>		889,421.27	
<u>Concentrate Marketing Charges 1978</u>		881,897.11	
<u>Concentrate Production 1978</u>			2,735,321.72
<u>Reserve for Conc. Marketing Charges 1978</u>			253,842.69
<u>Concentrate Preliminary Settlements</u>			266,466.87
<u>Sundry Revenue 1978</u>			21,409.87
<u>Accounts Payable</u>			311,620.53
Sundry	\$ 98,321.35		
Payroll Payable	21,009.55		
Advance - Kam-Kotia Mines Limited	44,980.80		
Vouchers Payable	<u>147,308.83</u>		
<u>Head Office</u>			<u>2,877,950.53</u>
		<u>6,604,193.09</u>	<u>6,604,193.09</u>

SILVANA MINES INC.

New Denver, B.C.

BALANCE SHEET as at December 31, 1978

ASSETS

Current Assets

Cash on Hand & In Bank		\$ 26,514.42
Accounts Receivable		190,407.78
Stores & Prepaid Charges		74,907.73
Concentrates on Hand & In Transit	\$889,421.27	
Less: Reserve for Conc. Marketing	<u>253,842.69</u>	
	635,578.58	
Less: Concentrate Preliminary Settlements	<u>266,466.87</u>	
		<u>369,111.71</u>

\$660,941.64

Fixed Assets

Buildings & Equipment	918,813	\$1,055,040.94
Mining Properties	857,051	857,051.00
4000 Level Rehabilitation & Development	<u>353,914</u>	<u>842,795.75</u>
		2,754,887.69
Less: Accumulated Depreciation & Depletion	<u>40,026</u>	<u>137,580.88</u>

2,617,306.81

\$3,278,248.45

LIABILITIES

Current Liabilities

Accounts Payable		\$266,639.73
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Long Term

Advances - Kam-Kotia Mines Ltd.		44,980.80
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Head Office

2,877,950.53

Add: Assets on Excess of Liabilities

88,677.39

\$3,278,248.45

SILVANA MINES INC.

New Denver, B.C.

STATEMENT OF ESTIMATED MINE OPERATING PROFIT

December 1978

	<u>THIS MONTH</u>		<u>YEAR TO DATE</u>	
		1,377.55		17,600.20
Tons of Ore Milled	(Average Ag 16.62 ozs/T; Pb 5.93%; Zn 4.20%)		Average Ag 14.84 ozs/T; Pb 5.81%; Zn 4.34%)	
	<u>Total</u>	<u>Per Ton Milled</u>	<u>Total</u>	<u>Per Ton Milled</u>
	\$	\$	\$	\$
<u>Estimated Value of Production</u>				
Lead Concentrate	\$185,436.32		\$1,917,973.19	
Less: Marketing Charges	<u>44,558.54</u>	140,877.78	<u>500,543.47</u>	80.536
Zinc Concentrate	77,280.48		\$ 817,348.53	
Less: Marketing Charges	<u>\$ 30,127.63</u>	<u>47,152.85</u>	<u>381,353.64</u>	<u>435,994.89</u>
Total Net Value		188,030.63		1,853,424.61
<u>Sundry Revenue</u>		<u>455.00</u>		<u>21,409.87</u>
Total Revenue		<u>188,485.63</u>		<u>1,874,834.48</u>
<u>Operating Expenses</u>				
Exploration	26,038.65	18.902	608,033.23	34.547
Extraction	64,032.69	46.483	564,881.39	30.959
Milling	21,598.61	15.679	280,002.02	15.909
Mine to Mill Ore Haul	1,944.00	1.411	24,399.45	1.387
Office Expense	7,097.32	5.152	87,825.49	4.990
General Expense	<u>16,601.28</u>	<u>12.052</u>	<u>136,211.07</u>	<u>7.739</u>
Total Operating Expenses		<u>137,312.55</u>		<u>1,681,352.65</u>
<u>Estimated Mine Operating Profit</u>		51,173.08		193,481.83
Less: Accumulated Depreciation & Depletion		<u>(8,127.55)</u>		<u>(103,844.26)</u>
		<u>43,045.53</u>		<u>88,677.39</u>

*Est Cost 10 May 79
\$ 1,793,000*

\$ 2,735,321.72

1977 Production Loss Realized 1978

(960.18) (.055)

SIERRANA MINES INC.
New Denver, B.C.

Lead Concentrate Production
December 1978

LEAD CONCENTRATE PRODUCTION

	THIS MONTH								YEAR TO DATE							
	SDT	SILVER	LEAD	ZINC	SILVER	LEAD	ZINC	TOTAL	SDT	SILVER	LEAD	ZINC	SILVER	LEAD	ZINC	TOTAL
	ozs	lbs	lbs	\$	\$	\$	\$		ozs	lbs	lbs	\$	\$	\$	\$	
Finals - Lots 14-33									1,208.2440	123,782.00	1,439,423	232,075	742,512.62	512,470.33	69,198.85	1,325,181.60
Est. Lots 35-38									254.1215	32,924.18	325,421	41,552	224,882.38	137,099.00	15,374.24	377,355.62
On Hand - Dec. 1st	-20.5260	-2,452.86	-26,643	-3,613	-17,170.02	-11,456.49	-1,372.94	-29,999.45	20.5260	2,452.86	26,643	3,613	17,170.02	11,456.49	1,372.94	29,999.45
Est. Lots 39	77.5510	9,736.53	97,249	13,339	68,155.71	41,817.07	5,068.82	115,041.60								
On Hand - Dec. 31st	<u>69.4617</u>	<u>8,356.24</u>	<u>85,271</u>	<u>12,642</u>	<u>58,493.68</u>	<u>37,096.53</u>	<u>4,803.96</u>	<u>100,394.17</u>								
Est. Gross Value - Month	<u>126,4867</u>	<u>15,639.91</u>	<u>156,877</u>	<u>22,368</u>	<u>109,479.37</u>	<u>67,457.11</u>	<u>8,499.84</u>	185,436.32	<u>126,4867</u>	<u>15,639.91</u>	<u>156,877</u>	<u>22,368</u>	<u>109,479.37</u>	<u>67,457.11</u>	<u>8,499.84</u>	185,436.32
Est. Gross Value -Y.T.D.									<u>1,609,3782</u>	<u>174,798.95</u>	<u>1,948,364</u>	<u>299,608</u>	<u>1,095,044.39</u>	<u>728,462.93</u>	<u>94,445.87</u>	1,917,973.19
Gross Unit Value				<u>7.0000</u>	<u>.4300</u>	<u>.3800</u>							<u>6.2646</u>	<u>.3739</u>	<u>.3152</u>	
Truck Freight	\$ 1,566.01								\$ 19,295.04							
Metal Deduction				7,570.54	4,172.93	1,923.64							75,612.54	45,267.38	18,003.90	
Prime Deduction				1,329.40	15,295.51	3,690.72							14,865.30	162,644.63	49,435.39	
Treatment	6,324.34															
Moisture Penalty	-								81,709.62							
Alumina Penalty									105.56							
Rep. & Assaying	10.00								361.27							
Wage Adj. Penalty									527.48							
Rail Car Rental	505.95								5,000.12							
B.M.C. Commission	<u>2,159.50</u>								<u>6,171.75</u>							
									<u>21,542.49</u>							
Est. Total Marketing	<u>\$ 10,575.80</u>			<u>8,899.94</u>	<u>19,468.44</u>	<u>5,614.36</u>	<u>44,558.54</u>		<u>\$ 134,713.33</u>				<u>90,478.84</u>	<u>207,912.01</u>	<u>67,439.29</u>	<u>500,543.47</u>
Est. Net Value	<u>\$-10,575.80</u>			<u>100,579.43</u>	<u>47,988.67</u>	<u>2,885.48</u>	<u>140,877.78</u>		<u>\$-134,713.33</u>				<u>1,004,565.55</u>	<u>520,570.92</u>	<u>27,006.58</u>	<u>1,417,429.72</u>
Net Unit Value				<u>6.4309</u>	<u>.3059</u>	<u>.1290</u>							<u>5.7470</u>	<u>.2672</u>	<u>.0901</u>	
Est. Net Value Per Ton	\$ <u>-83.61</u>	<u>123.65</u>	<u>62.01</u>	<u>8.84</u>	<u>795.18</u>	<u>379.40</u>	<u>22.81</u>	<u>1,113.78</u>	\$ <u>- 83.71</u>	<u>108.61</u>	<u>60.53</u>	<u>9.31</u>	<u>624.19</u>	<u>323.46</u>	<u>16.78</u>	<u>880.72</u>
		ASSAYS								ASSAYS						

SILVANA MINES INC.
New Denver, B.C.

ZINC CONCENTRATE PRODUCTION

Zinc Concentrate Production
December 1978

	THIS MONTH							YEAR TO DATE								
	SDT	SILVER	ZINC	CADMIUM	SILVER	ZINC	CADMIUM	TOTAL	SDT	SILVER	ZINC	CADMIUM	SILVER	ZINC	CADMIUM	TOTAL
	ozs	lbs	lbs	\$	\$	\$	\$		ozs	lbs	lbs	\$	\$	\$	\$	
On Hand - Lots 8-26									730.8025	46,027.47	744,718	5,588.07	268,366.03	236,869.29	15,483.33	520,718.65
On Hand - Lots 27-32									217.9580	13,798.44	237,867	1,686.85	93,825.18	84,569.41	4,818.85	183,213.44
On Hand - Nov. 1st	-42.9651	-2,691.76	-43,567	-330.80	-18,842.32	-16,337.63	-956.01	-36,135.96	42.9651	2,691.76	43,567	330.80	18,842.32	16,337.63	956.01	36,135.96
On Hand - Lots 36 & 37	100.0555	7,454.90	104,034	767.00	52,184.30	39,012.75	2,216.63	93,413.68								
On Hand - Dec. 31st	<u>21.7920</u>	<u>1,595.17</u>	<u>22,271</u>	<u>167.80</u>	<u>11,156.19</u>	<u>8,351.63</u>	<u>484.94</u>	<u>20,002.76</u>								
Est. Gross Value -Month	<u>78,8824</u>	<u>6,358.31</u>	<u>82,738</u>	<u>604.00</u>	<u>44,508.17</u>	<u>31,026.75</u>	<u>1,745.56</u>	<u>77,280.48</u>	<u>78,8824</u>	<u>6,358.31</u>	<u>82,738</u>	<u>604.00</u>	<u>44,508.17</u>	<u>31,026.75</u>	<u>1,745.56</u>	<u>77,280.48</u>
Est. Gross Value -Y.T.D.									<u>1,070,6080</u>	<u>68,875.98</u>	<u>1,108,890</u>	<u>8,209.72</u>	<u>425,541.70</u>	<u>368,803.08</u>	<u>22,003.75</u>	<u>817,348.53</u>
Less Unit Value				<u>7.0000</u>	<u>.3750</u>	<u>2.8900</u>							<u>6.1784</u>	<u>.3326</u>	<u>2.8020</u>	
Truck Freight	\$ 2,144.82								\$ 28,370.01							
Metal Deduction					8,831.67	4,669.83	829.00						84,330.69	56,007.61	10,633.27	
Price Deduction					349.70	413.69	302.00						3,898.02	6,035.24	4,472.95	
Treatment	10,743.77								165,202.95							
Iron Penalty	187.73								3,120.82							
Lead Duty									1,057.57							
By Sundry Revenue									(943.09)							
By Sundry Revenue									(1,380.12)							
Rep. & Assaying	170.00								2,639.12							
Pollution Assessment						732.11									10,690.75	
B.M.C. Commission	<u>752.31</u>								<u>7,127.85</u>							
Est. Total Marketing	<u>\$ 13,999.63</u>				<u>9,181.37</u>	<u>5,815.63</u>	<u>1,131.00</u>	<u>30,127.63</u>	<u>\$ 205,295.11</u>				<u>88,218.71</u>	<u>72,733.60</u>	<u>15,106.22</u>	<u>381,253.64</u>
Est. Net Value	<u>\$-13,999.63</u>				<u>35,326.80</u>	<u>25,211.12</u>	<u>614.56</u>	<u>47,152.85</u>	<u>\$-205,295.11</u>				<u>337,322.99</u>	<u>296,069.48</u>	<u>7,897.53</u>	<u>435,994.80</u>
Net Unit Value				<u>5.5560</u>	<u>.3047</u>	<u>1.0175</u>							<u>4.8975</u>	<u>.2670</u>	<u>.9620</u>	
Est. Net Value Per Ton	\$ <u>- 177.47</u>	<u>ASSAYS</u> 80.60	52.44	.383	<u>447.84</u>	<u>319.60</u>	<u>7.79</u>	<u>597.76</u>	\$ - <u>191.76</u>	<u>ASSAYS</u> 64.33	51.79	.383	<u>315.08</u>	<u>276.54</u>	<u>7.38</u>	<u>407.24</u>

SILVANA MINES INC.

New Denver, B.C.

Mine Exploration & Extraction
December 1978

ons of Ore Milled: Month 1,377.55
Year To Date 17,600.20

MINE EXPLORATION & EXTRACTION

	Labour \$	Supplies & Other \$	Explosives \$	Mine Services \$	THIS MONTH			YEAR TO DATE				
					Total \$	Unit Adv. ft.	Unit Cost \$	Cost/T Milled \$	Total \$	Unit Adv. ft.	Unit Cost \$	Cost/T Milled \$
EXPLORATION												
Diamond Drilling	-	14,248.00	-	10,154.03	24,402.03	1199.0	20.35	17.714	211,213.56	10,286.0	20.53	12.001
Drifts & X-Cuts	521.49	35.72	123.97	955.44	1,636.62	7.9	207.17	1.188	229,440.12	1,433.2	160.09	13.036
Raises & Box Holes	-	-	-	-	-				71,919.09	646.2	111.30	4.086
Declines	-	-	-	-	-				95,460.46	664.6	143.64	5.424
	<u>521.49</u>	<u>14,283.72</u>	<u>123.97</u>	<u>11,109.47</u>	<u>26,038.65</u>			<u>18.902</u>	<u>608,033.23</u>			<u>34.547</u>
EXTRACTION												
Stope Development	7,836.62	241.12	2,581.04	21,371.08	32,029.86	247.4	129.47	23.251	131,215.50	1,185.5	110.68	7.455
Stoping	12,415.98	1,418.24	1,679.32	16,489.29	32,002.83			23.232	413,665.89			23.504
	<u>20,252.60</u>	<u>1,659.36</u>	<u>4,260.36</u>	<u>37,860.37</u>	<u>64,032.69</u>			<u>46.483</u>	<u>544,881.39</u>			<u>30.959</u>
Total This Month	20,774.09	15,943.08	4,384.33	48,969.84	90,071.34							
Cost/T Milled	<u>15.080</u>	<u>11.573</u>	<u>3.183</u>	<u>35.549</u>	<u>65.385</u>							
Total To Date	286,062.37	132,629.66	66,231.85	667,990.74					1,152,914.62			
Cost/T Milled	<u>16.253</u>	<u>7.536</u>	<u>3.763</u>	<u>37.954</u>					<u>65.506</u>			

*Contractor with
X-Box Holes*

SILVANA MINES INC.
New Denver, B.C.

MINE SERVICES EXPENSE

December 1978

	<u>Labour</u>	<u>Supplies & Other</u>	<u>THIS MONTH</u>		<u>YEAR TO DATE</u>	
			<u>Total</u>	<u>Cost/T Milled</u>	<u>Total</u>	<u>Cost/T Milled</u>
	\$	\$	\$	\$	\$	\$
Supervision	6,711.71	-	6,711.71	4.872	67,323.49	3.825
General Expense	3,681.51	1,111.24	4,792.75	3.479	57,485.93	3.266
Mine Maintenance	1,838.34	1,501.09	3,339.43	2.424	46,913.76	2.666
Waste Disposal	1,602.33	322.62	1,924.95	1.397	51,219.07	2.910
Compressed Air & Power	1,540.84	4,448.37	5,989.21	4.348	85,124.04	4.837
Ventilation	100.68	165.89	266.57	.194	6,377.68	.362
Air & Water Lines	822.87	832.53	1,655.40	1.202	39,458.25	2.242
Drill Steel & Bits	596.67	794.62	1,391.29	1.010	28,076.50	1.595
Drill Mtnc.& Repair	127.00	788.98	915.98	.665	25,838.91	1.468
Equip.Mtnc.& Repair	3,975.17	14,119.12	18,094.29	13.135	185,882.93	10.562
Mine Safety	13.13	223.69	236.82	.172	3,624.47	.206
Engineering & Surveying	3,039.44	118.17	3,157.61	2.292	64,932.61	3.689
Sampling & Assaying	442.68	51.15	493.83	.359	5,733.10	.326
This Month	24,492.37	24,477.47	48,969.84			
Cost/T Milled	<u>17.780</u>	<u>17.769</u>	<u>35.549</u>			
Year To Date	352,105.40	315,885.34			667,990.74	
Cost/T Milled	<u>20.006</u>	<u>17.948</u>			<u>37.954</u>	

SILVANA MINES INC.

New Denver, B. C.

Tons Milled; Month 1,377.55
 Year To Date 17,600.20

MILLING
 December 1978

MILLING

	<u>Labour</u> \$	<u>Supplies</u> \$	<u>Reagents</u> \$	<u>Other</u> \$	<u>THIS MONTH</u>		<u>YEAR TO DATE</u>	
					<u>Total Cost</u> \$	<u>Cost/T Milled</u> \$	<u>Total Cost</u> \$	<u>Cost/T Milled</u> \$
Crushing & Conveying	2,019.55	246.59	-	-	2,266.14	1.645	37,278.48	2.118
Grinding & Classification	2,372.71	1,467.16	-	-	3,839.87	2.788	61,537.26	3.497
Flotation	2,919.56	318.89	1,351.92	-	4,590.37	3.332	48,750.96	2.770
Filtration	1,427.25	-	-	-	1,427.25	1.036	19,165.81	1.089
Assaying	1,642.92	189.37	-	-	1,832.29	1.330	20,644.07	1.173
Power Supply & Lighting	1,520.46	3,817.20	-	-	5,337.66	3.875	45,925.11	2.609
Water Supply	4.77	-	-	-	4.77	.003	1,113.41	.053
Tailings & Disposal	182.27	5.90	-	-	188.17	.127	4,647.75	.264
Supervision	453.76	-	-	-	453.76	.329	25,911.85	1.472
General Expense	1,460.12	198.21	-	-	1,658.33	1.204	15,027.32	.854
<u>This Month</u>	<u>14,003.37</u>	<u>6,243.32</u>	<u>1,351.92</u>	<u>-</u>	<u>21,598.61</u>			
<u>Cost/T Milled</u>	<u>10.166</u>	<u>4.532</u>	<u>.981</u>	<u>-</u>	<u>15.679</u>			
<u>Year To Date</u>	<u>171,685.77</u>	<u>89,202.61</u>	<u>17,895.97</u>	<u>1,217.67</u>			<u>280,002.02</u>	
<u>Cost/T Milled</u>	<u>9.755</u>	<u>5.068</u>	<u>1.017</u>	<u>.069</u>			<u>15.909</u>	

SILVANA MINES INC.

New Denver, B.C.

MINE TO MILL ORE HAULAGE

December 1978

	<u>THIS</u> <u>MONTH</u> \$	<u>Cost/T</u> <u>Milled</u> \$	<u>TO</u> <u>DATE</u> \$	<u>Cost/T</u> <u>Milled</u> \$
Mine To Coarse Ore Bin	1,944.00	1.411	21,154.50	1.202
Mine To Mill Stockpile	-	-	2,331.47	.133
Mill Stockpile to Coarse Ore Bin	-	-	913.48	.052
	<u>1,944.00</u>	<u>1.411</u>	<u>24,399.45</u>	<u>1.387</u>

SILVANA MINES INC.
New Denver, B.C.

MINE OFFICE EXPENSE

December 1978

	<u>THIS</u> <u>MONTH</u> \$	<u>Cost/T</u> <u>Milled</u> \$	<u>TO</u> <u>DATE</u> \$	<u>Cost/T</u> <u>Milled</u> \$
Management	3,149.91	2.287	34,826.91 ^L	1.979
Head Office Administration	1,889.95	1.372	20,896.15 ^L	1.187
Travelling Expense- Officials	74.53	.054	4,749.94	.270
Office Salaries	1,344.53	.976	20,073.47 ^L	1.141
Office Printing & Supplies	53.99	.039	1,838.67	.104
Postage	17.64	.013	269.67	.015
Telephone	314.48	.228	2,660.20	.151
Audit & Legal	-	-	717.95	.041
Bank Charges	41.52	.030	541.78	.031
Heating, Light & Water	177.48	.107	613.01	.035
Miscellaneous	63.31	.046	637.74	.036
	<u>7,097.32</u>	<u>5.152</u>	<u>87,825.49</u>	<u>4.990</u>

SILVANA MINES INC.
New Denver, B.C.

GENERAL EXPENSE

December 1978

	<u>THIS</u> <u>MONTH</u> \$	<u>Cost/T</u> <u>Milled</u> \$	<u>TO</u> <u>DATE</u> \$	<u>Cost/T</u> <u>Milled</u> \$
Insurance	2,056.39	1.493	18,853.15 (E)	1.071
Real Property & Acreage Taxes	1,129.79	.820	11,163.27 (E)	.634
Statutory Holidays	3,507.16	2.546	17,446.14 L	.991
Miscellaneous	1,757.53	1.276	3,546.77 M	.202
Local Transportation	1,623.14	1.178	18,785.85 L + M	1.067
Road Maintenance	-	-	1,421.44 L + M	.081
Snow Removal	776.66	.564	3,536.52 L + M	.201
Building Repairs & Maintenance	456.98	.332	3,566.81 L + M	.203
Residence Expense	1,160.98	.843	11,932.59 L + M	.678
Royalties	4,132.65	3.000	45,958.53 (E)	2.611
	<u>16,601.28</u>	<u>12.052</u>	<u>136,211.07</u>	<u>7.739</u>

ESTIMATE

32,446 Labour
27,790 Supplies
75,975 Exempt
136,211

SILVANA MINES INC.

New Denver, B.C.

Details of Sundry Accounts Receivable as at December 31, 1978

New Denver Arena Committee	\$ 425.19
Carnegie Mining Corporation	287.02
K.W. Gordon	168.08
G. Musil	11.80
Hewitt Mines (Employee Supplies)	70.89
Hewitt Mines - Conc. Net Value (June Milling)	1,457.82
Prov. of B.C. Accelerated Mine Development Grants	57,216.82
Amalgamet Canada Ltd. - Hewitt & Syber Conc. Values	<u>130,770.16</u>
	<u>\$190,407.78</u>

Details of Sundry Accounts Payable as at December 31, 1978

Receiver General of Canada	14,785.25
MacIntyre Mining Contractors	25.00
Minister of Finance, Prov. of B.C. - 5% Tax	43.80
Imperial Oil Limited	1,361.39
Hewitt Mines (Net value Custom Ore Milled)	17,148.22
Syber Mines Ltd. (Net Value Custom Ore Milled)	9,403.59
Finning Tractor & Equipment	40,390.70
Holiday Pay - Reserve	<u>15,163.40</u>
	<u>\$ 98,321.35</u>

4000 Level Rehabilitation & Development as at December 31, 1978

	<u>Month</u>	<u>Year To Date</u>
	\$	\$
4000 Level - Buildings	41.66	36,657.63
- Portal Site	3.13	24,955.67
- Air & Water Lines	-	53,052.79
- Ventilation	1,248.70	9,705.67
- Track	13.32	133,188.45
- Tunnel Rehabilitation	-	*280,310.51
- Exploration Drift	* 54,570.15	*157,140.70
- Diamond Drilling	* 1,503.48	* 8,788.87
- Equipment	1,936.03	121,148.86
- Road	-	1,060.24
- Underground Electrics	-	<u>16,786.36</u>
	<u>59,316.47</u>	<u>842,795.75</u>

* This has been reduced through the Accelerated Mine Development Grant

21,279.90	185,864.25
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SILVANA MINES INC.

New Denver, B.C.

Details of Head Office Account as at December 31, 1978

	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>
	\$	\$	\$
Balance: November 30, 1978			Cr. 2,719,311.91
<u>Add:</u> Dec. 8 - Cash Transfer		105,000.00	
21 - Cash Transfer		235,000.00	
Head Office Administration		3,000.00	
<u>Less:</u> Dec. 4 - Amalgamet Settlement	89,871.40		
12 - Amalgamet Settlement	49,797.12		
20 - Amalgamet Settlement	44,692.86		
Balance: December 31, 1978			<u>Cr. 2,877,950.53</u>

Details of Sundry Revenue Account as at December 31, 1978

	<u>Month</u>	<u>Year To Date</u>
	\$	\$
Residence #1 Rental	75.00	900.00
#2 Rental	100.00	1,050.00
#3 Rental	100.00	600.00
#4 Rental	100.00	700.00
#5 Rental	-	300.00
Trailer Rental	80.00	880.00
Custom Assaying	-	73.00
Custom Milling Fee	-	16,830.30
Interest on Advance	-	76.57
	<u>455.00</u>	<u>21,409.87</u>

Details of Total Earnings Before Deductions as at December 31, 1978

(as per Box C on T-4 Slips)

Balance To Date		\$765,858.62
Payroll - December 2 - 15	\$33,825.04	
- December 16- 31	28,657.50	
Balance To Date		<u>828,341.16</u>

SILVANA MINES INC.

New Denver, B.C.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

August 1st, 1977 to December 31, 1978

Source of Funds

1978 Production Estimated Value	\$1,853,424.61	
Sundry Revenue	21,409.87	
Advances Kam-Kotia Mines	44,980.80	
Head Office	<u>2,877,950.53</u>	
		4,797,765.81

Application of Funds

Fixed Assets	\$2,754,887.69	
Less: Accumulated Depreciation & Depletion	<u>33,736.62</u>	
		2,721,151.07
Operating Expenses		1,681,352.65
1977 Production Loss Realized 1978		<u>960.18</u>
		<u>4,403,463.90</u>

Working Capital as at December 31, 1978

Represented by:

Current Assets	\$ 660,941.64	
Current Liabilities	<u>266,639.73</u>	
		<u>\$ 394,301.91</u>