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# SPUD VALLEY GOLD MINES LIMITED

(NON-PERSONAL LIABILITY)

MINE OFFICE:  
ZEBALLOS, B. C.

703 ROYAL TRUST BUILDING  
VANCOUVER, B. C.

TELEPHONE:  
SEYMOUR 3536

April 8, 1940.

## PROGRESS REPORT

To the Shareholders,  
Spud Valley Gold Mines Limited:

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Since the previous report was issued to shareholders January 15, 1940, gratifying progress has been made at the mine. Development continues to be satisfactory, and the production figures given below speak for themselves.

Month	Tons Milled	Gross Value	Value Per Ton	Profit before Depreciation, Depletion and Income Taxes (Other than Mineral Tax)
1939				
Apl./Dec. Inclusive	16,478	\$463,760.42	\$28.14	\$247,827.66
1940				
January	2,250	67,281.15	29.90	39,697.17
February	2,215	60,921.23	27.50	34,376.12
March	2,229	62,483.94	28.08	32,937.85
	<u>23,172</u>	<u>\$654,446.74</u>	<u>\$28.24</u>	<u>\$354,838.80</u>

Your Directors have had under consideration for some time the matter of retiring the balance of the debt standing against the property. The original amount of the mortgage (as of April 1, 1939) was \$350,000.00 but from proceeds of production this sum was reduced to \$140,000.00 as of January 1, 1940.

As one of the methods for the retirement of the mortgage, your Directors considered the advisability of selling a portion of the treasury shares. In order to be in a position to pursue this method, should it finally be decided upon, steps were taken to secure authority from both the Superintendent of Brokers, Victoria, B.C., and the Securities & Exchange Commission at Washington, D.C., for such sale. This authority was duly secured, but in view of the excellent performance of the mine your Directors have decided that the sale of further treasury shares is unwarranted. Instead, it has been decided to liquidate the obligation from the proceeds of production and the mortgage has now been reduced to \$40,000.00 by a payment made on April 5, of \$100,000.00. The balance will be retired in full at the end of the current month.

Your Directors feel that their satisfaction with the progress made to date will be shared by shareholders generally, especially since a large debt of \$350,000.00 will have been paid in full from mining operations in a period of thirteen months since the present management took over.

Present indications are that the payment of dividends will not be long delayed.

By Order of the Board of Directors,  
  
P. F. KNIGHT,  
  
President.

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MINE OFFICE:  
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JAN 19 1940

TELEPHONE:  
SEYMOUR 3536

BUREAU OF ECONOMICS  
AND STATISTICS  
January 15, 1940.

## PROGRESS REPORT

To the Shareholders  
Spud Valley Gold Mines Ltd. (N.P.L.)

For your information we submit herewith a brief resume of the operations of the Spud Valley Mine for the nine months ending December 31, 1939.

The property was acquired from the original owner, Mr. A. B. Trites, on April 1, 1939. At time of acquisition the property had a \$350,000.00 mortgage. This mortgage has been reduced during the nine months to \$175,000.00 and on January 2, 1940 a further payment of \$35,000.00 was made reducing the unpaid balance to \$140,000.00.

During this period the mine production was as follows:

<u>Month</u>	<u>Tons Milled</u>	<u>Gross Value</u>	<u>Value Per Ton</u>	<u>Profit before Depreciation, Depletion and Income Taxes (Other than Mineral Tax)</u>
April	1,607	\$ 49,262.65	\$30.65	\$ 29,292.08
May	1,867	55,820.75	29.90	35,265.22
June	1,786	54,224.83	30.36	31,671.65
July	1,610	42,307.42	26.32	19,152.13
August	1,773	55,509.72	31.31	29,877.82
September	1,868	51,992.80	27.83	25,104.91
October	1,903	51,557.64	27.09	23,260.88
November	1,935	49,933.40	25.81	25,730.68
December	2,129	53,088.10	24.94	28,472.29
	<u>16,478</u>	<u>\$463,697.31</u>	<u>\$28.14</u>	<u>\$247,827.66</u>

Throughout the period under review substantial sums have been expended on development work with the result that ore reserves have been greatly increased over the figure at which they stood when the property was acquired from Mr. Trites.

On December 31, 1939 the Company's current position was as follows:

### Current Assets

Cash in Bank and on Hand	\$ 47,473.04
Bullion and Concentrates in Transit and on Hand	44,115.50
Smelter Settlements Outstanding	7,826.59
Sundry Accounts Receivable	437.10
Supplies on Hand	14,835.78

\$114,688.01

### Current Liabilities

Accounts and Wages Payable	\$8,760.48
Provincial Income Tax	9,018.42
Mortgage Interest	594.52

Excess of Current Assets over Current Liabilities \$ 96,314.59

At the present rate of production the earnings of the mine will retire the balance of the mortgage indebtedness by midyear after which earnings will be available for dividends.

P. F. KNIGHT,  
President.