

Registered Office,
744 West Hastings Street,
Vancouver, B. C.

TO THE SHAREHOLDERS,

Sunshine Lardeau Mines Ltd. (N.P.L.)

During the third quarter of the fiscal year which ends July 31, 1953, development was as follows:-

Drifting and cross-cutting	500.2 feet
Raising	99.0 "
Diamond Drilling	473.0 "

10th Level adit was advanced 392 feet to 490 feet from the portal. Since the end of the period under review, upwards of 50 feet of vein have been indicated with assays over a length of 29 feet and average width of 1.9 feet being 0.17 oz. Gold, 8.3 oz. Silver, 8.6% Lead, and 5.4% Zinc.

Stope preparation has been completed along the ore body on 8th Level. The vein in the raise to 7th Level over a length of 122 feet and average width of 3.1 feet assayed 0.17 oz. Gold, 27.5 oz. Silver, 19.2% Lead and 12.4% Zinc.

7th Sub-level was driven north and south to the limits of the ore shoot, which assayed 0.136 oz. Gold, 14.9 oz. Silver, 10.5% Lead and 12.8% Zinc over a length of 123 feet and average width of 2.1 feet.

The raise was completed to 6th Level and can now be used for ore or waste transfer from the upper levels. The vein in the raise over its length of 145 feet and average width of 2 feet, assayed 0.11 oz. Gold, 19.6 oz. Silver, 9.6% Lead, and 16.7% Zinc.

Tons milled during May, June and July were 697, 1053 and 1423, respectively, for a total of 3173. Production was 321.6 tons lead concentrate and 312.2 tons of zinc concentrate, for an estimated net smelter return of \$58,865. Net operating loss for the period was \$6,775. There was an operating profit of \$10,510 in July. Capital expenditures during the period totalled \$46,174.

Operating conditions have improved. A major job is being completed at the 10th Level adit, where substantial cribbing, an ore bin and road are being constructed. The ore found on 10th Level is encouraging, but the drift must be advanced several hundred feet to get under the wide ore on 8th Level. It is planned to delimit the ore on 10th Level and to drill the vein at depth before planning future operations.

JOHN DRYBROUGH,

President.