

826505



# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

**TWELFTH ANNUAL REPORT**  
FOR THE YEAR ENDED SEPTEMBER 30TH, 1964

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

## AUTHORIZED CAPITAL

5,000,000 Common Shares  
Par Value \$2.00 each

## ISSUED

4,163,916

## REMAINING IN TREASURY

836,084

R. J. ARMSTRONG, P.Eng. . . . .	Montreal	<b>DIRECTORS</b>
E. C. HAMMOND . . . . .	Vancouver	
H. H. HUESTIS . . . . .	Vancouver	
A. W. JOHNSTON, P.Eng. . . . .	Toronto	
R. T. HAGER . . . . .	Vancouver	
J. A. McLALLEN . . . . .	Vancouver	
J. M. POWELSON, P.Eng. . . . .	Toronto	
J. E. R. WOOD, P.Eng. . . . .	Vancouver	
H. M. WRIGHT, P.Eng. . . . .	Vancouver	

H. M. WRIGHT, P.Eng. . . . .	President	<b>OFFICERS</b>
R. T. HAGER . . . . .	1st Vice-President	
H. H. HUESTIS . . . . .	2nd Vice-President	
F. A. ROBERTSON, C.A. . . . .	Secretary Treasurer	

C. M. CAMPBELL, Jr., P.Eng. . . . .	General Manager	<b>MANAGER</b>
-------------------------------------	-----------------	----------------

LAWRENCE, SHAW, STEWART & McLOUGHLIN Vancouver, B.C.	<b>SOLICITORS</b>
---	-------------------

J. A. C. ROSS and ASSOCIATES LTD. Vancouver, B.C.	<b>CONSULTING ENGINEERS</b>
--	-----------------------------

EASTERN & CHARTERED TRUST CO. Vancouver, B.C. Toronto, Ont.	<b>REGISTRAR and TRANSFER AGENTS</b>
---	--------------------------------------

McDONALD, CURRIE & CO. CHARTERED ACCOUNTANTS Vancouver, B.C.	<b>AUDITORS</b>
--	-----------------

CANADIAN IMPERIAL BANK OF COMMERCE Vancouver, Campbell River, Nelson	<b>BANK</b>
---	-------------

401 - 850 WEST HASTINGS STREET Vancouver, B.C.	<b>HEAD OFFICE</b>
---	--------------------

SHARES OF THIS COMPANY ARE LISTED Vancouver Stock Exchange Toronto Stock Exchange Canadian Stock Exchange	<b>EXCHANGE LISTING</b>
--	-------------------------

**TWELFTH ANNUAL REPORT**  
FOR THE YEAR ENDED SEPTEMBER 30TH, 1964

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

## President's Report

VANCOUVER, B.C.

NOVEMBER 5, 1964

TO THE SHAREHOLDERS,  
WESTERN MINES LIMITED (N.P.L.)

The Twelfth Annual Report of your Company is submitted herewith by your Directors, along with the Balance Sheet, Statement of Deferred Exploration and Mine Development Costs, Auditors Report, the report of Mr. J. A. C. Ross, P.Eng., Consulting Mining Engineer and the Report of Mr. G. H. McDougall, P.Eng. the Mine Manager.

As outlined in Mr. McDougall's report, work during the past year has been concentrated on preparing the Lynx Mine for production. The work accomplished has included 6945 feet of drifting, 1192 feet of raising, 208 feet of shaft and 16,241 feet of diamond drilling. Including the ore on the dump, this programme has placed over 900,000 tons in the category of available for mining. As this programme continues, it seems likely that the balance of the reserve within the presently explored framework will be placed in the same category.

Engineering studies required as the base for decisions in connection with plant installation were completed during the year under review. These included reports on hydro, road metallurgy, foundations, marketing and a Production Plan Report. In addition the 25 acre site at the Lynx was cleared and prepared for the surface plant including the 750 ton mill.

Our consulting engineer, Mr. J. A. C. Ross, P.Eng. has reported fully on the technical aspects of our Myra Falls properties which include the promising zone on the Price, the extension of the zone south of the fault in the Paramount and of particular interest the 500 foot extension to 1300 feet of ore zone length on the 925 level.

Shareholders are naturally interested in the ore reserve situation at the property. It is all very well to go on extending ore reserves but this does not ready a mine for production. Accordingly, your Directors have followed a policy of "consolidation" over the past year. Nevertheless, a careful study of the engineering reports in this Annual Report will give reassurance of the ore potential of our properties and we can look forward to many years of operating life.

Early activity will include sinking the shaft a further 350 feet which will allow two additional levels or a total of 7 levels. We will continue the exploration south towards the Paramount when the new levels are established. Further work is also planned for the Price and the Paramount mines.

We are pleased to report that the financing arrangements to bring the property into production at a rate of 750 tons per day are well in hand and there will be a detailed report on these arrangements coincidentally with the Annual Meeting.

The cash flow studies prepared in connection with the financing have shown that the mine will produce a net profit before taxes of between 5 and 6 million dollars per year based on June, 1964 metal prices. The first three years of production from the Lynx will be tax exempt.

Renewed interest is being shown in our Ainsworth properties because of the improved metal prices.

In September, Mr. C. M. Campbell, Jr., P. Eng. joined our Company as General Manager. His main responsibility will be to place the property into production as quickly as possible.

The Board expresses appreciation to Mr. J. A. C. Ross, P.Eng., Mr. G. H. McDougall, P.Eng. and all employees for their very fine service during the past year.

On behalf of the Board,

**H. M. WRIGHT, P.Eng.**  
President.

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

## Report of the Consulting Engineer

FOR THE YEAR  
ENDED  
SEPTEMBER 30,  
1964

The President and Directors,  
Western Mines Limited, (N.P.L.),  
Room 401 - 850 West Hastings Street,  
Vancouver 1, B.C.

Gentlemen:

Sufficient development and exploration work was completed the past year on the Lynx Mine to permit final planning for production. Detailed Feasibility Studies were carried out on such major problems as power, transportation, metallurgy, marketing and mining methods. From these studies estimates were prepared on the capital expenditures required to bring the mine into production and the returns expected from a 750 TPD operation. At the year end programs of stope preparation and mine development were continuing.

### PRICE CREEK MINES LIMITED (N.P.L.) — Price Property

Work on this property was limited to a small amount of mapping and sampling of the more important outcrops. These studies, however, again confirm its similarity to the Paramount and the Lynx, both geologically and in types of mineralization. At present the Price offers a prime target for an intensive surface exploration program, the objective being an occurrence similar to the Lynx.

### MYRA FALLS MINES LIMITED (N.P.L.) — Paramount Property

Only a limited amount of work was carried out on this property during the year as efforts were concentrated on the Lynx. Of important significance, however, is the locating of the quartz sericite schist zone beyond a prominent fault structure. This discovery indicates extension of this favourable formation in the direction of the Price zone some 6000 feet to the south. This zone could be developed rapidly and will undoubtedly provide substantial tonnages of ore in the future.

### WESTERN MINES LIMITED (N.P.L.) — Lynx Property

All major efforts this year were concentrated on the Lynx property as outlined in considerable detail in the report by the Mine Manager. Ore zones have now been opened on 5 levels and considerable mine production preparation has been completed. Most of the work was directed toward proving up sufficient ore to permit planning for production. This objective has been reached although the complexity of the structure necessitated considerably greater concentration of diamond drilling in the ore zones than had been contemplated. As a result only modest increases have been made to the ore reserves.

### GEOLOGY

As considerable data on the geology has become available through extensive underground development the past year, a summary of the general geology is reviewed in this report.

The area is underlain by a series of tuffs, agglomerates, andesitic flows and dikes. The rocks strike northwesterly, and dip to the southwest at varying angles. Included within the series, but lying north of the ore occurrences are a series of fossilized limestones which belong to the Permian Age or older. Granite rocks belonging to the "Coast Range Intrusion" type truncate the volcanic series.

The ore occurrences on the Lynx, Paramount and Price properties occur in similar shear zones varying in width from 200 to 500 feet. Underground and surface exploration has shown more than 1800 feet of continuous shear zone at the Lynx and approximately 900 feet at the Paramount. The two developments have so many similar geological features that, although they are separated by a distance of approximately 3600 feet, they appear to be parts of the same shear zone. The Price showing lies approximately 6800 feet south of the Paramount and the occurrence exhibits many similarities to the Paramount and the Lynx. Thus it could be considered to be a continuation south of the same zone or a separate similar shear.

The rocks have been intensely altered within the shear zone. The alteration products being mainly sericite and chlorite schists. Recent mapping underground and its correlation with surface geology during the past season, has brought out the interesting fact that, while dips of formations measured on surface during regional mapping are fairly shallow, the dips of the same formations

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

## Report of the Consulting Engineer

CONTINUED

measured underground are steep. This would indicate that the rocks within the mine area have been dragged or folded into step, isoclinal folds, within the shear zone. The ore shoots themselves exhibit folding and although post ore faulting is prevalent, it is felt that by solving the indicated folded pattern, a guide to finding new ore would be established.

The ore shoots consist of massive sphalerite with chalcopyrite, galena, with occasional occurrences of bornite and tetrahedrite in a gangue of quartz sericite schist, considerable pyrite and some barite. They vary in width from 2' to 40' and in proven continuous lengths up to 800 feet with extensions still open.

### ORE RESERVES

Because of the complexity of the structure, diamond drilling on close patterns have been found necessary in this mine to outline the ore zones accurately. Ore lying along the main hanging wall contact of the unaltered volcanics appear to be more regular, requiring less exploration effort than zones located well within the quartz sericite schist formation. There is much yet to be learned on the structure and ore occurrences at this mine, but it is expected many of these will be determined during the coming year. In the meantime ore reserves have been recalculated within the limits of our knowledge and have been classified into two groups; assured ore and possible ore. Assured ore has been defined by drifting, raising and diamond drilling and is available for mining. Possible ore consists of extensions of assured ore where these extensions are geologically reasonable.

The following table summarizes the ore reserves as calculated at September 30, 1964 and include a factor for dilution of 20%.

#### SUMMARY OF ORE RESERVES:

Classification	Tons	Average Metal Content				
		Gold oz/ton	Silver oz/ton	Copper %	Lead %	Zinc %
<b>Lynx Mine:</b>						
Assured Ore.....	810,300	0.066	3.04	2.31	1.24	10.91
Possible Ore.....	689,900	0.060	2.76	2.04	1.18	9.99
Totals & Averages.....	1,500,200	0.063	2.91	2.19	1.21	10.49
<b>Paramount Mine:</b>						
Assured Ore.....	71,800	0.09	4.49	1.12	1.60	10.43
Possible Ore.....	41,500	0.07	4.06	0.62	1.65	8.92
Totals & Averages.....	113,300	0.08	4.23	0.94	1.62	9.88
<b>Grand Total — Lynx &amp; Paramount Mines.....</b>	<b>1,613,500</b>	<b>0.064</b>	<b>3.01</b>	<b>2.10</b>	<b>1.24</b>	<b>10.45</b>

In addition to the foregoing tonnages, there exists 138,000 tons of marginal ore which could be mined at a small profit, should extra tonnage facilities become available or if metal prices increase, etc.

Ore has now been found over a horizontal distance of 1800 feet and a vertical distance of 870 feet. Zones are still open at these extremities, indicating that substantial additions to the reserves can be expected as exploration work continues in these areas.

In summary, the results of work the past year has proven this mine will be a very profitable operation for many years to come.

### MINERAL CLAIM HOLDINGS

The company continued to hold under option the adjoining group of Bama mineral claims owned by Yankee Dundee Mines Limited. Several claims and fractions were staked during the year bringing the total now held by the company at Myra Falls to 23 Crown Grants, 2 claims held by mineral leases and 128 by location. The block of ground now held by the company will permit active exploration of the favourable formation for many years to come without approaching the boundaries of its holdings.

Respectfully submitted,

J. A. C. ROSS, P.Eng.  
Consulting Engineer.

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

## Report of the Mine Manager

FOR THE  
YEAR ENDED  
SEPTEMBER 30,  
1964

The President and Directors,  
Western Mines Limited, (N.P.L.),  
Room 401 - 850 West Hastings Street,  
Vancouver 1, B.C.

Gentlemen:

The most significant underground development during the past fiscal year was the shaft programme. This programme, completed in December, made the area from the 1225 to the 925 foot level available for exploration and deep drilling. In May, with the exception of diamond drilling, lateral work below the 1225 foot level was temporarily suspended.

An intermittent and limited stope preparation and development programme was carried out during the year on the 1225, 1350 and 1500 foot adit levels.

### PRICE CREEK MINES LIMITED (N.P.L.) — Price Property.

No drilling was done on the Price claims during the fiscal year. However, the obvious similarity of both structure and mineralization of the upper showing to that of the Lynx makes this property extremely interesting. Samples were taken from a sulphide exposure over a width of 13 feet. Assays from one foot of the sampling gave 0.02 oz. of gold, 1.00 oz. of silver, 1.33% copper, 0.18% lead and 37.79% zinc per ton. Over the remaining twelve feet the returns were 0.005 oz. of gold, 1.60 oz of silver, 1.10% copper, 2.00% lead and 9.70% zinc per ton.

Drilling footages on the Price are as follows:

Type	To Sept. 30, 1963 feet	Year 1964 feet	Total Feet
Surface.....	565	—	565

### MYRA FALLS MINES LIMITED (N.P.L.) — Paramount Property

Work at the Myra Falls mine, formerly the Paramount Property, was restricted to the 1350 foot level. This work consisted of advancing the main drift a further 301 feet and completing a limited diamond drill programme.

Total ore exposed by drifting is now 350 feet in length. This ore shoot averaged 0.19 oz. of gold, 6.80 oz. of silver, 0.97% copper, 2.30% lead and 14.80% zinc per ton over a mining width of four feet. The drift was terminated when a known major fault was encountered.

Total underground diamond drilling from this level was 1,693 feet. Two holes were drilled from the face of the drift in an attempt to locate the offset sericite schist zone south of the fault. The first hole, drilled a 0° encountered zone material from 406.0 feet to 434.0 feet. Intersections from 414.0 feet to 419.0 feet and from 426.0 feet to 434.0 feet returned values of 0.11 oz. of gold, 6.51 oz. of silver, 0.59% copper, 0.26% lead and 5.83% zinc and 0.02 oz. of gold, 4.64 oz. of silver, 1.05% copper, 1.10% lead and 8.60% zinc per ton respectively.

The second hole, drilled to test the zone 150 feet below the 1350 foot elevation, intersected the sericite schist zone from 407.0 feet to 598.0 feet with an ore section from 414.5 feet to 424.0 feet averaging 0.16 oz. of gold, 6.24 oz. of silver, 0.77% copper, 3.61% lead and 15.70% zinc per ton.

Locating this zone with commercial ore values is of particular significance as it opens up the area south of the fault for future exploration.

The following table summarizes exploratory and development work completed at Myra Falls Mines Limited to September 30, 1964.

#### DIAMOND DRILLING:

Type	To Sept. 30, 1963 feet	Year 1964 feet	Total Feet
Surface.....	3116*	—	3116
Underground.....	1439	1693	3132
<b>Total Drilling.....</b>	<b>4555</b>	<b>1693</b>	<b>6248</b>

\*Excludes 4,300 feet by previous operators.

#### UNDERGROUND HEADINGS:

Drifts and Crosscuts.....	759**	301	1060
---------------------------	-------	-----	------

\*\*Excludes 50 feet by previous operators.

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

## Report of the Mine Manager

CONTINUED

WESTERN MINES LIMITED (N.P.L.) — Lynx Property

### SURFACE:

The logged over area around the Lynx portal was prepared for construction of permanent buildings. All stumps were blasted, dozed out and burned with existing slash.

A soil investigation for foundation purposes was carried out during the summer. Results were satisfactory and no major foundation problems were anticipated.

All compressors were installed beside the power plant. A total of 2,630 c.f.m. of air is now available for underground and adit level use.

Sufficient sand and gravel was washed from Myra Creek and transported to the portal site to complete the foundations for the production hoist and motor.

The ore dumps in this area totalled more than 40,000 tons as of September 30, 1964.

### UNDERGROUND:

During the month of August an adit was collared at the 1500 foot elevation and advanced 80 feet to connect with the ore and waste pass driven from the 1350 foot level. The drive toward the known ore body will be resumed in the near future.

On the 1350 level lateral development consisted of 1,437 feet of drifting and 492 feet of raising which included one ore and waste pass. With the exception of ballast, track had been laid on the level and 3,335 feet of diamond drilling had been completed by the end of the fiscal year.

Ore shoots totalling a length of 1,250 feet of mine grade or better than average mine grade, have now been exposed by drifting and drilling on this level.

On the 1225 foot level, drifting, mostly for stope preparation purposes, totalled 1,443 feet and raising, including one ore and waste pass, amounted to 332 feet. A limited diamond drilling programme continued at intervals and laying of track was completed by the fiscal year end.

Eight ore shoots were opened up by drifting for future stoping. Silling, in most areas was delayed until fill support becomes available. One stope was timbered with sufficient chutes to allow for mining by shrinkage methods.

The shaft, collared from this level, was completed to a depth of 349 feet below the 1225 foot elevation. Stations were cut at the 1075 and 925 foot levels.

A 52' x 32' x 20' hoistroom was slashed out for the main production hoist. The hoist had been 85% installed by the end of the fiscal year.

On the 1075 foot level a total footage of 1,731 feet of drifting, 185 feet of stope raising and 2,769 feet of diamond drilling were completed during the fiscal year. Exposure of ore by drifting was limited, but subsequent diamond drilling has indicated the ore potential to be comparable to other levels.

Drifting on the 925 foot level totalled 2,254 feet. One stope raise of 183 feet in length was driven and 9,363 feet of diamond drilling completed. Drifting on this level exposed a continuous ore shoot of more than 800 feet in length and over drift width in many sections. Subsequent drilling has confirmed this ore shoot extends a further 500 feet to the south and grades well above mine average.

### CAMPS AND TRANSPORTATION

With the addition of sleeping tents the Paramount Camp was expanded to accommodate one hundred employees. No further expansion is anticipated at this location.

Buildings at the Thelwood Camp remained intact although a portion of the sleeping and heating equipment was utilized at the Paramount Camp. A new road was built to the 1500 foot level portal and roads currently in use were maintained and widened in several sections.

### POWER

Engineering studies conclude that a hydro-electric generating plant, based on the Tennent Creek drainage only, is capable of providing up to 4,200 h.p. By utilizing the additional catchment of a small lake situated southwest of Tennent Lake it would be relatively simple to increase the plant capacity to 5,400 h.p.

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

## EXPLORATION AND DEVELOPMENT WORK AT WESTERN MINES COMPLETED TO SEPTEMBER 30th, 1964, IS SUMMARIZED IN THE FOLLOWING TABLE

Type:	Location Level	To Sept. 30, 1963 Feet	Year 1964 Feet	Total Feet
DRIFTS & CROSSCUTS	1500	—	80	80
	1350	674	1437	2111
	1225	4755	1443	6198
	1075	—	1731	1731
	925	—	2254	2254
<b>Total Drifting</b>		<b>5429</b>	<b>6945</b>	<b>12374</b>
RAISES & PASSES	1500	—	—	—
	1350	—	492	492
	1225	552	332	884
	1075	—	185	185
	925	—	183	183
<b>Total Raising</b>		<b>552</b>	<b>1192</b>	<b>1744</b>
DIAMOND DRILLING	1500	—	—	—
	1350	—	3335	3335
	1225	29438	774	30212
	1075	—	2769	2769
	925	—	9363	9363
<b>Total Underground Drilling</b>		<b>29438</b>	<b>16241</b>	<b>45679</b>
<b>Total Surface Drilling</b>		<b>11469</b>	<b>—</b>	<b>11469</b>
<b>Total Drilling</b>		<b>40907</b>	<b>16241</b>	<b>57148</b>
SHAFT		315	208	523
RELATED RAISES		396	—	396
<b>Total Footage</b>		<b>711</b>	<b>208</b>	<b>919</b>

### PERSONNEL AND EMPLOYEE RELATIONS

An average of 70 staff, miners and service personnel were employed during the fiscal year. This number included personnel employed by contractors and varied from a high of 96 during the month of April to a low of 60 during the latter part of the fiscal year.

The high standard of relations between the Management and employees of Western Mines, as well as contracting firms, continued throughout the year.

Collective bargaining with the West Coast and Island Mine and Mill Workers Union, Local 1030, is currently in progress for contract renewal.

### ACKNOWLEDGEMENTS

I wish to express my sincere appreciation to the staff and employees of Western Mines Limited for their continued efficient service, to Mr. H. M. Wright, President, the Directors, and to Mr. J. A. C. Ross, Consulting Engineer, for their co-operation and assistance.

Respectfully Submitted,

WESTERN MINES LIMITED (N.P.L.)

**G. H. McDOUGALL, P.Eng.**  
Mine Manager.

## Report of the Mine Manager

CONTINUED

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

AND WHOLLY-OWNED SUBSIDIARIES

## MYRA FALLS MINES LTD. (N.P.L.) AND PRICE CREEK MINES LTD. (N.P.L.)

CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30th, 1964

EXHIBIT "A"

	ASSETS			LIABILITIES AND SHAREHOLDERS' EQUITY	
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash.....	\$	18,245	Accounts payable.....	\$	56,540
Accounts receivable.....		580	Accrued wages and vacation pay.....	<u>13,319</u>	\$ 69,859
Short term investments including accrued interest.....		295,416	<b>DEFERRED INVESTMENT INCOME</b> .....		144
Mine and mill supplies, at cost.....		27,116	<b>SHAREHOLDERS' EQUITY</b>		
Prepaid expenses.....		<u>10,496</u>	<b>Share Capital</b> (Notes 1, 2 and 3)		
		\$ 351,853	Authorized:		
<b>INVESTMENT, at cost</b>			<u>5,000,000</u> common shares of a par		
5,000 shares of Table Mountain Mines Limited (N.P.L.).....		4,930	value of \$2.00 each.....	<u>\$10,000,000</u>	
<b>MINING PROPERTIES, at cost (Note 1)</b>			Issued and fully paid:		
	<b>Acquired For</b>		3,393,876 shares for cash		
	<b>Shares</b>	<b>Cash</b>	(56,100 during the year).....	6,787,752	
Vancouver Island.....	50,000	143,748	Less discount net of premiums.....	<u>2,542,532</u>	
Ainsworth.....	<u>650,000</u>	<u>9,750</u>	770,040 shares for properties	4,245,220	
	<u>\$700,000</u>	<u>\$153,498</u>	and services.....	1,540,080	
		853,498	Less discount.....	<u>450,000</u>	
<b>PLANT AND EQUIPMENT, at cost (Note 4)</b>			<u>4,163,916</u>	1,090,080	
Vancouver Island.....		895,386	<b>Deficit</b> (unchanged from prior year).....	<u>38,584</u>	5,296,716
Ainsworth.....		432,839			
Accumulated depreciation.....		<u>27,189</u>			
		405,650			
<b>PREPRODUCTION EXPENSE, per Schedule "1"</b> .....		<u>2,855,402</u>			
		<u>\$5,366,719</u>			<u>\$5,366,719</u>

We have examined the consolidated balance sheet of Western Mines Limited (Non-Personal Liability) and its wholly-owned subsidiaries Myra Falls Mines Ltd. (N.P.L.) and Price Creek Mines Ltd. (N.P.L.) as at September 30th, 1964 and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the above consolidated balance sheet, supplemented by the notes and schedules, is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at September 30th, 1964, and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

November 6th, 1964.

**McDONALD, CURRIE & CO.**  
Chartered Accountants

SIGNED ON BEHALF OF THE BOARD:

**H. M. WRIGHT, Director**

**R. T. HAGER, Director**

**auditors'  
report**

# WESTERN MINES LIMITED

(Non-Personal Liability)

And Wholly-Owned Subsidiaries

MYRA FALLS MINES LTD. (N.P.L.) and PRICE CREEK MINES LTD. (N.P.L.)

## Notes to Consolidated Balance Sheet

As at September 30th, 1964

1. By an agreement dated December 15th, 1962, the Company was granted an option to purchase certain recorded mineral claims on Vancouver Island, B.C., adjacent to the Company's registered claims in consideration for 50,000 treasury shares of the Company as follows:

5,000 shares on or before December 15th, 1966
7,500 shares on or before December 15th, 1967
10,000 shares on or before December 15th, 1968
12,500 shares on or before December 15th, 1969
15,000 shares on or before December 15th, 1970
<u>50,000 shares</u>

This option has been recorded in the accounts at nominal value of \$1.00.

2. The Company has granted four employees options to purchase 21,100 treasury shares exercisable as follows:

6,100 shares at \$1.69 between July 20th, 1965 and October 18th, 1965
5,000 shares at \$4.00 between September 16th, 1966 and September 15th, 1967
5,000 shares at \$4.00 between September 16th, 1967 and September 15th, 1968
5,000 shares at \$4.00 between September 16th, 1968 and September 15th, 1969
<u>21,100 shares</u>

3. Under an agreement dated May 31st, 1961, the Company granted to the Consolidated Mining and Smelting Company of Canada Limited ("Cominco") the right to participate in any future financing of the Company. Cominco's participation is limited to a proportion equal to the percentage of their registered shareholdings in the Company at such time.

4. No provision has been made for the depreciation of capital assets in accordance with the accepted practice of Canadian mining companies of deferring any allowance until the production period.

## Consolidated Statement of Source and Application of Funds

For the Year Ended September 30th, 1964

SOURCE OF FUNDS			
Interest earned on deposits	\$	39,528	
Less portion which was not received during current year (being deferred income at September 30th, 1963)		9,960	\$ 29,568
Equipment rental income			5,786
Proceeds from sale of capital stock (56,100 shares)		185,309	\$ 220,663
<b>APPLICATION OF FUNDS</b>			
Payment on mining properties			22,500
Acquisition of capital assets			
Buildings		23,289	
Machinery and equipment		183,896	
Automotive equipment		10,328	
Boats, wharves and floats		322	
Water and power system		32,116	
Site development		10,993	260,944
Preproduction expense			
Vancouver Island		1,081,286	
Ainsworth		3,194	1,084,480
			<u>1,367,924</u>
DECREASE IN WORKING CAPITAL			<u>\$1,147,261</u>

# WESTERN MINES LIMITED

(Non-Personal Liability)

And Wholly-Owned Subsidiaries

MYRA FALLS MINES LTD. (N.P.L.) and PRICE CREEK MINES LTD. (N.P.L.)

## Consolidated Statement of Preproduction Expense

To September 30th, 1964

	Total to September 30th, 1963	Year Ended September 30th, 1964	SCHEDULE "1" Total
<b>VANCOUVER ISLAND</b>			
Surface diamond drilling	\$ 133,043	\$ —	\$ 133,043
Surface trenching and stripping	6,807	—	6,807
Underground diamond drilling	147,257	60,309	207,566
Drifting and crosscutting	222,470	455,497	677,967
Raising	19,437	29,951	49,388
Shaft sinking	164,859	155,685	320,544
Ore and water passes	—	16,326	16,326
Stope preparation	—	18,855	18,855
Recording and surveying	1,416	34	1,450
Mill metallurgy and feasibility	17,596	53,003	70,599
Underground transportation	7,599	—	7,599
Mine servicing	62,437	—	62,437
Equipment operation, repairs and maintenance	104,901	58,505	163,406
Road construction and maintenance	78,006	7,100	85,106
Supervision and engineering	75,184	32,284	107,468
Camp and cookhouse operation	95,240	60,768	156,008
Freight and water transportation	114,274	38,757	153,031
Camp preparation and temporary buildings	19,548	6,996	26,544
Administration salaries and office expense	51,627	39,072	90,699
Travel	18,071	9,456	27,527
Taxes, fees and licences	4,560	5,456	10,016
Telephone and telegraph	7,951	3,583	11,534
Insurance	7,500	14,863	22,363
Legal, audit and stock exchange fees	48,883	13,112	61,995
Shareholders' information and annual meeting expense	7,306	1,674	8,980
	<u>1,415,972</u>	<u>1,081,286</u>	<u>2,497,258</u>
Less: Recovery of road costs from			
Provincial Government	27,500	—	27,500
Interest earned on deposits	58,773	39,528	98,301
Sale of timber	8,655	—	8,655
Equipment rental	300	5,786	6,086
	<u>95,228</u>	<u>45,314</u>	<u>140,542</u>
<b>Total Vancouver Island Expense</b>	<u>1,320,744</u>	<u>1,035,972</u>	<u>2,356,716</u>
<b>AINSWORTH</b>			
Maintenance	4,379	3,194	7,573
Preproduction expense	491,113	—	491,113
<b>Total Ainsworth Expense</b>	<u>495,492</u>	<u>3,194</u>	<u>498,686</u>
<b>PREPRODUCTION EXPENSE, carried to Exhibit "A"</b>	<u>\$1,816,236</u>	<u>\$1,039,166</u>	<u>\$2,855,402</u>

Views of the Mine Site

Cover Photo - Myra Falls at the south end of Buttle Lake, Vancouver Island.

Looking north-east towards the diesel power house with the 1200 ft. level ore and waste dumps in the background.

Portal of the 1350 ft. level.

Drilling for foundation data at location of mill bins.

Cookhouse at Paramount Camp.

7 i - • ----

17....

Clearing in progress on the Lynx Site for the Western Mill and related surface installations.

-,5-

• 'VV vr

""ST<sub>1</sub>' as

Dock location at Myra Falls.