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MEMO TO: E.K. Cork

January 20, 1969.

FROM: A.M. Bell

SUBJECT: Western Mines

I enclose a run-down on available production performance from F. Condon. I believe the tonnage reserve figures used are high enough. It is noteworthy that when Jewett took charge in 1967, reserves were deflated. Based on 3 years reserves, shares have a value of \$1.03. Reserves could no doubt be added to by further development but proving up ore is costly. The nature of the occurrence is small discontinuous lenses in a wide shear zone. This means no large ore bodies should be expected and means high cost operation. I can't see that the situation is attractive to Noranda.

A.M.B.

E.K.C.

*I told Alfie Pacey "no" by
telephone Jan 22.
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MEMO TO: A. M. Bell

January 17, 1969.

FROM : F. Condon

SUBJECT: Analysis of Western Mines

Copper-lead-zinc-gold-silver ore at Western Mine occurs as discontinuous masses and lenses in a steeply dipping shear zone. The ore boundaries are very sharp and reserves should be accurately defined because of the nature of the deposit. Mineral reserves have been published since 1962 and are shown below.

<u>Year</u>	<u>Tons</u>	<u>% Cu</u>	<u>% Pb</u>	<u>% Zn</u>	<u>Classification</u>
1962	1,487,000	1.8	1.2	9.8	Indicated
1963	1,487,000	2.5	1.3	11.1	"
1965	2,054,000	2.2	1.1	10.0	"
1966	2,109,000	2.2	1.1	10.0	"
1967	1,552,000	2.0	.8	8.7	Proven & mined
1968	+1,516,000	2.0	.7	7.9	"

Despite the high tonnage released in 1965 and 1966 a realistic total ore reserve would be about 1,500,000 tons of mineable ore containing 2% Cu, 7% Pb, 8% Zn, 0.5 oz. Au and 1.7 oz. Ag/ton.

Production

Ore treated: 1967	230,036 tons
1968	330,223 tons
Total ore mined to Sept. 1968	560,259 tons
Net revenue of ore: 1967	\$4,539,000
1968	\$9,354,000
Total revenue to Sept. 1968	\$13,893,000

Cont'd . . .

Predicted Earnings

Remaining ore reserves = 940,000 tons
 Assumed annual production = 330,000 t.p.y.
 Remaining life = 2.8 years (assume 3.0 years)

Cash Flow (\$000)	1969 (tax free)	1970	1971
Revenue	12,783	12,783	12,783
Operating Costs	7,463	7,463	7,463
Operating Profit	5,320	5,320	5,320
Depreciation (25% D.B.)	--	2,175	1,631
Interest (6½ %)	550	210	--
Taxable Income		2,935	3,689
Tax at 40%		1,175	1,476
Cash Flow	4,770	3,935	3,844
Debt Repayment	4,770	3,210	--
Debt Outstanding	3,210	0	--
Net Cash Flow	--	725	3,844
Accumulated Cash Flow	--	725	4,569

Western Mines Ltd. - Share Valuation

Capitalization: Authorized - 7,500,000 shares

Issued - 4,786,616 shares

Earnings per share: 1968 1967 (8 months)
 \$0.84 \$0.18

Current Price (F.P.) - \$2.60

Cont'd . . .

<u>Valuation:</u>	<u>(\$000's)</u>	<u>Per Share</u>
Working Capital (Sept. 30/68)	390	.08
Value of future Earnings (3 years)	<u>4,569</u>	<u>.95</u>
Total	4,959	<u><u>\$1.03</u></u>

Shares held by Cominco - 721,071 shares
Option available - 66,400 shares
Cominco interest - 15%

My earlier estimate of 63¢/share was based on predicted production. The \$1.03 /share is based on actual production figures from the 1969 Financial Report.

FC/sh