
WESTERN MINES LIMITED

505 Burrard Street, Vancouver 1, B.C.

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**INTERIM REPORT TO SHAREHOLDERS
QUARTER ENDED DECEMBER 31, 1972**

WESTERN MINES LIMITED

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SUMMARY OF EARNINGS

To the Shareholders:

EARNINGS

Net income for the three months ended December 31, 1972 amounted to \$179,544 or 3.5 cents per share as compared to \$555,014 or 11 cents per share for the fourth quarter of 1971.

Net income for the year amounted to \$1,978,726 or 38 cents per share as compared to \$1,978,960 or 38 cents per share in 1971. Cash flow amounted to 52 cents per share in each of the years 1971 and 1972. The figures for 1972 are subject to audit.

DIVIDENDS

Regular dividend No. 5 for ten cents per share was paid in December. In addition, the Company paid a ten-cent dividend in June making a total of twenty cents per share paid in dividends in 1972.

ORE RESERVES

As at December 31, 1972, total ore reserves at the Lynx-Myra properties are estimated at 1,746,000 tons, a decrease of about 125,000 tons during the year. This decrease, however, includes the write-off of 100,000 tons below the open pit which may become available later in the operation.

OUTSIDE EXPLORATION

Cream Silver

Geological mapping and about 1,600 feet of diamond drilling were completed without results of present interest. Further work will depend on exploration results at Western Mines.

Leemac Mines

Extensive diamond drilling failed to confirm the initial potential of the property and Western's option on a 45% interest was dropped.

General

Two copper properties on Vancouver Island were optioned. Negotiations are proceeding in connection with an interesting silver-base metal property in Mexico.

W. G. Jewitt,
President.

Vancouver, B.C.
January 31, 1973.

Three months ended
December 31

| | 1972 | 1971 |
|---------------------------------------|------------------|------------------|
| Concentrate revenue | | |
| less treatment and marketing charges | \$2,295,686 | \$2,146,494 |
| Operating costs and administration | 1,752,213 | 1,361,806 |
| Operating profit | 543,473 | 784,688 |
| Miscellaneous deductions or (credits) | 89,859 | (2,764) |
| | 453,614 | 787,452 |
| Depreciation and write-offs | 248,421 | 153,404 |
| Income before taxes | 205,193 | 634,048 |
| B.C. Mining Tax | 25,649 | 79,034 |
| Net Income for the quarter | 179,544 | 555,014 |
| SHARES OUTSTANDING | 5,207,816 | 5,203,016 |
| EARNINGS PER SHARE (cents) | 3.5 | 11 |
| CASH FLOW PER SHARE (cents) | 8.2 | 13.5 |

OPERATING STATISTICS

| | 1972 | 1971 |
|---|--------|--------|
| Tons of ore milled | 95,398 | 96,278 |
| Ore grades % | | |
| Copper | 1.54 | 2.03 |
| Zinc | 7.58 | 6.14 |
| Recoveries % | | |
| Copper | 83.80 | 90.08 |
| Zinc | 79.12 | 79.71 |
| Concentrate grades % | | |
| Copper | 25.10 | 23.07 |
| Zinc | 53.42 | 53.22 |
| Average metal prices (U.S. cents per pound) | | |
| Copper | 46.27 | 46.81 |
| Zinc | 17.95 | 15.87 |

1 - 1,000
1 - 2,000
1 - 3,000
1 - 4,000

40
2000
4000