

reports

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ANNUAL SUMMARY

APRIL 17, 1969

CANADA TUNGSTEN MINING

CORPORATION LIMITED

Current Price:- \$1.90
Range 1968-69:- \$2.74 - \$1.50

Earnings Per Share

Price Earnings Ratio

<u>1968</u>	<u>1969^E</u>	<u>1968</u>	<u>1969^E</u>
\$0.17	\$0.23	11.5x	8.3x

Dividend Indicated:- Nil

OPINION

Although Canada Tungsten is one of the Free World's largest producer of tungsten concentrates, the Company's investment stature is uncertain due to the weak ore position and more particularly because of the Company's unfavourable long term sales contracts. However, at current levels the unfavourable factors would appear to be amply discounted, and indications are that the shares could have speculative attraction based on the favourable outlook for the metal.

- A rising world demand for tungsten carbide is expected to assure that Free World prices remain close to \$43 U.S. per short ton unit, the price at which stockpile metal is made available to consumers in the United States.
- Although the terms of Canada Tungsten's long term contracts have not been disclosed they are expected to restrict earnings to the range \$0.20 to \$0.25 per share in 1969.
- The technical pattern is neutral, however the shares are likely to fluctuate between the support area \$1.40 - \$1.60 and the resistance area \$2.40 - \$2.60.

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OUTLOOK

Canada Tungsten's productive capacity approximates 160,000 - 180,000 short ton units of wolframite yearly, or in terms of the contained metal, 2.5 - 2.8 million pounds of tungsten. This established the mine as the largest Free World producer, accounting for approximately 10 per cent of Free World output, but only 4 per cent of global production including that of the Sino-Soviet block. The Company's production of concentrates is sold primarily under long-term contracts, which have had the effect of largely insulating earnings from the significant recovery in tungsten prices which has taken place in recent years. And the not too strong ore position (proven reserves are adequate for only a further seven years production) limits the emphasis that can be placed on the favourable longer-term outlook for the metal. Although, in time, as current contracts expire average realizations should improve.

The indications are that the secondary ball mill which was installed last December will permit an average milling rate 350 T/D to be maintained throughout 1969. This would suggest that production will total approximately 175,000 short ton units, and that earnings will be in the range \$0.20 - \$0.25 per share. Hence, in the event that production is not again disrupted, the Company's remaining income debentures should be returned in full by mid-1970.

1968 OPERATIONS

The new concentrator was only completed in late 1967, and operations during 1968 included part of the run-in of the new facilities, which later called for the installation of a ball mill which was not operational until December 1968. During the twelve months a total of 116,560 tons (319 T/D) of ore averaging 1.98 per cent tungsten trioxide and 0.32 per cent copper were processed. The overall scheelite recovery averaged 77.7 per cent and production totalled 180,000 short ton units of tungsten and 600,000 lb. of contained copper. Ore reserves at December 31, 1968, including material contained in the mill stockpile, totalled 919,100 tons grading 1.63 per cent tungsten trioxide.

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PERTINENT DATA FOR YEAR ENDED DEC. 31

	<u>1968</u>
<u>Operations</u>	
Tungsten produced as WO ₃ in short ton units	180,000
Copper produced in pounds	596,000
<u>Financial</u>	
Operating Income	2,367
Add Other Income	-
Gross Income	2,367
Less: Depreciation	750
Amortization	483
Debt Interest	244
Exploration etc.	65
<u>Net Earnings</u>	<u>825</u>
<u>Per Share Data</u>	
Shares Outstanding - 4,990,000 in both years	
Net Earnings	\$ 0.17
Cash Earnings	\$ 0.42