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SULLIVAN
MINING
GROUP
LTD.

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1977

SULLIVAN MINING GROUP LTD.

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To the shareholders of SULLIVAN MINING GROUP LTD.

Your directors are pleased to submit the consolidated financial statements of your company, for the fiscal year ended August 31, 1977.

Once more, this year, the mining industry has sustained an extremely difficult period and your company has thus been severely affected. Although the reserves of Cupra and D'Estrie mines were not exhausted, these two divisions were closed prematurely at the end of January 1977, due to a severe set back of the price of copper and higher operating costs. One of the subsidiaries in New-Brunswick, Nigadoo River Mines, was also closed on August 26, 1977, because the limited quantity of ore reserves and their distribution were such that it was not possible to feed the concentrator at a rate which allowed for a profitable operation. However, Nigadoo generated a small cash flow during the last months of its operations.

The net losses of the company's divisions and subsidiaries amounted to \$15,835,399 compared with a net loss of \$7,638,452 the previous year (\$2.46 per share effectively in circulation versus \$1.18 reported last year). The above losses are made up of operating losses and also of others of a non-recurring nature, which are considered herein under as *exceptional and extraordinary*.

The exceptional losses represent the additional amortization of buildings, machinery and equipment to arrive at estimated realizable values and also the write-off of prior

years' deferred exploration expenses of the subsidiaries at the exploration stage.

The extraordinary losses consist of the unamortized balance of deferred expenses of the mines closed during the year and the write-offs of investments and expenses incurred in previous years for the Chester, Clinton and Sullipek projects.

The working capital of your company is \$8,533,323 compared with \$9,376,246 in 1976. The reduction is mainly due to expenditures related to both Brunswick Tin Mines, and Lithium division's exploration and research programs.

Brunswick Tin Mines

Your subsidiary, Brunswick Tin Mines, has signed, on August 22, 1977 a letter of intent to enter into a Joint Venture Agreement with Billiton Exploration Canada Limited, a subsidiary of Billiton International Metals, controlled by Royal Dutch Shell of Holland. This agreement will be signed shortly. Accordingly, Billiton has already started, at its own expense, metallurgical tests at the Nigadoo concentrator and at its laboratories in Holland. Concurrently, a feasibility study has also been proceeded with. Both, these tests and study should be terminated within a period of six to eight months. Billiton will have ninety days

thereafter to exercise its option and, if it does, it will assume the responsibility for arranging the financing to attain commercial production. At first, the cash flow generated from the operations will serve to reimburse the financing. From there on, Billiton and Brunswick Tin Mines will each receive 50% of the profits.

Until such time as Billiton is completely reimbursed, Brunswick Tin Mines will receive, from the operating profits, a royalty of two dollars (\$2.00), per ton treated up to a maximum of one million (\$1,000,000) dollars per year.

Quebec Lithium

During this year, the chemical engineers of the Research Center of the Department of Natural Resources of Quebec have completed testing, in its pilot plant, the production of lithium carbonate by a continuous process using sodium carbonate. These tests have been followed by Hatch, Ouellette & Associés our consulting Chemical Engineers who have studied the results obtained and who have subsequently submitted a favourable report on the economic and technical value of the process.

Furthermore, this consulting firm has forwarded to the company a report covering the operating costs, and the expenditures required for the rehabilitation of existing facilities and for the installation of new equipment.

During the year, your officers have pursued their study of lithium carbonate markets. It is hoped that agreements can be reached within a few months, which would allow the resumption of your lithium operation.

Conclusion

It should be noted that your company has an important working capital and that Brunswick Tin Mines and the Lithium division constitute two major projects, the realization of which will permit your company to face the future with confidence.

In closing, in the name of the Board of Directors, I wish to thank the personnel of your company for their loyalty and sustained efforts during the year.

On behalf of the Board of Directors,



J. Jacques Beauchemin, Q.C.
President.

Montreal, November 10, 1977.

REVIEW OF 1977 MINING OPERATIONS

Cupra — D'Estrie Mines

A total of 81,924 tons of ore was milled with an average grade of 2.88% copper, 2.15% zinc, 0.47% lead, 0.015 ounce of gold and 1.394 ounces of silver per ton: this production is for the first five months of the fiscal year.

Due to low copper prices and the rapid escalation of operating costs, the operation was not profitable any more. Then, the decision has been taken to cease operations on January 31, 1977.

At the closure, reserves amounted to 687,000 tons with grade of 2.75% copper, 1.48% zinc, 0.47% lead, 0.015 ounce of gold and 1.10 ounces of silver per ton.

Notwithstanding the future prices of copper these reserves could not be mined at a later date on account

of the progressive deterioration of the rock at depth and of the very high costs of re-opening.

Nigadoo River Mines Limited

Ore mined amounted to 197,818 tons of an average grade of 0.145% copper, 2.39% lead, 2.54% zinc and 2.50 ounces of silver.

The ore reserves at year-end were 121,010 tons. Because of limited reserves and too few stoping areas left, to feed the concentrator at an economical rate, the operations were terminated on August 26, 1977.

Officers

Marc H. Dhavernas, *Honorary Chairman of the Board*
J. Jacques Beauchemin, Q.C., *President and Chairman of the Board*
Lucien C. Béliveau, Eng., *Executive Vice-President*
Réal J. Lafleur, *Secretary-Treasurer*
Roger Plasse, Eng., *General Manager*
Thérèse Ouellette, *Assistant Secretary*
R. E. Boylan, Geologist, *Manager of Nigadoo Mine*

Directors

François J. Bastien, C.A.
Claude Beauchemin, Attorney
Gendron Beauchemin, Eng.*
J. Jacques Beauchemin, Q.C.*
Claude Beaudoin
Lucien C. Béliveau, Eng.*
Pauline B. Béliveau
Wilbrod Bhérer, Q.C.
Brigadier General J. Guy Gauvreau, D.S.O., E.D., C.D.*
Réal J. Lafleur
Alexandre J. Montminy

**Executive Committee*

Registrar and Transfer Agent

Guaranty Trust Company of Canada, Montreal - Toronto

Shares Listed

Montreal Stock Exchange / Toronto Stock Exchange

Auditors

Maheu, Noiseux & Associés, Montreal

Head Office

Suite 2500 - B.C.N. Building, 500 Place d'Armes, Montreal, Quebec, H2Y 2W6

SULLIVAN MINING GROUP LTD. and its subsidiaries

(Incorporated under the Laws of Quebec)

CONSOLIDATED BALANCE SHEET

August 31, 1977

STATEMENT 1

ASSETS	<u>1977</u>	<u>1976</u>
CURRENT		
Cash and term deposits	\$ 6,064,370	\$ 3,305,520
Accounts receivable	135,241	53,804
Marketable securities (note 2)	696,418	706,418
Recoverable income taxes	111,406	111,406
Inventories (note 3)	1,774,477	5,847,127
Prepaid expenses (note 13)	188,269	234,149
	<u>8,970,181</u>	<u>10,258,424</u>
INVESTMENTS — at cost (note 4)	<u>85,548</u>	<u>864,613</u>
FIXED ASSETS		
Land at cost	111,175	111,175
Buildings, machinery and equipment at realizable value (accumulated depreciation 1977 - \$12,439,447 — 1976 - \$9,978,748)	<u>2,796,727</u>	<u>6,118,420</u>
	<u>2,907,902</u>	<u>6,229,595</u>
DEFERRED EXPENDITURES — at cost (notes 5 and 14)	<u>8,936,977</u>	<u>21,048,547</u>
	<u>\$20,900,608</u>	<u>\$38,401,179</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued expenses	\$ 394,491	\$ 673,616
Wages and salaries payable	14,081	207,478
Mining taxes	28,286	1,084
	<u>436,858</u>	<u>882,178</u>
MINORITY INTEREST	<u>152,411</u>	<u>1,421,507</u>
SHAREHOLDERS' EQUITY		
Capital stock (note 6)		
Authorized — 20,000,000 shares without par value		
Issued — 8,400,000 shares	11,242,600	11,242,600
Capital surplus	4,677,177	4,677,177
Retained earnings	4,475,433	20,261,588
	<u>20,395,210</u>	<u>36,181,365</u>
Shares of Sullivan Mining Group Ltd. held by subsidiaries	<u>(83,871)</u>	<u>(83,871)</u>
	<u>20,311,339</u>	<u>36,097,494</u>
	<u>\$20,900,608</u>	<u>\$38,401,179</u>

On behalf of the Board of Directors

J. JACQUES BEAUCHEMIN, Director

J. GUY GAUVREAU, Director

The annexed notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF EARNINGS

Year ended August 31, 1977

STATEMENT 2

	1977	1976
VALUE OF PRODUCTION	\$13,417,723	\$20,417,000
Cost of realization and freight	6,729,663	10,171,367
	<u>6,688,060</u>	<u>10,245,633</u>
COST OF OPERATIONS		
Mining operations	6,267,309	10,340,583
Administrative and general expenses	540,093	536,489
Depreciation of fixed assets and amortization of pre-milling and deferred development expenses	3,015,000	4,530,268
	<u>9,822,402</u>	<u>15,407,340</u>
	<u>3,134,342</u>	<u>5,161,707</u>
OPERATING LOSS		
Additional depreciation of fixed assets and amortization of deferred expenditures	1,863,590	2,559,375
Reduction in value of mining and milling supplies	316,402	—
Exploration and development expenses, and mining claims and concessions (note 8)	2,772,037	—
	<u>4,952,029</u>	<u>2,559,375</u>
	<u>8,086,371</u>	<u>7,721,082</u>
OTHER EXPENSES		
Outside exploration	463,263	177,226
Net expenses of closed and non operating mines	865,639	88,401
Amortization of cost of issue of debentures of a subsidiary	—	1,333
	<u>1,328,902</u>	<u>266,960</u>
	<u>9,415,273</u>	<u>7,988,042</u>
OTHER INCOME		
Custom milling	—	16,017
Interest and dividends	257,751	416,260
Gain (loss) on sales of fixed assets	189,458	(10,936)
Gain on sales of investments	—	1,428
	<u>447,209</u>	<u>422,769</u>
LOSS BEFORE MINING TAXES, EXTRAORDINARY ITEMS AND MINORITY INTEREST		
	<u>8,968,064</u>	<u>7,565,273</u>
MINING TAXES	28,286	87,052
	<u>8,996,350</u>	<u>7,652,325</u>
LOSS BEFORE EXTRAORDINARY ITEMS AND MINORITY INTEREST	<u>8,062,747</u>	<u>—</u>
EXTRAORDINARY ITEMS (note 7)	17,059,097	7,652,325
LOSS BEFORE MINORITY INTEREST	<u>(1,223,698)</u>	<u>(13,873)</u>
MINORITY INTEREST (note 8)	\$15,835,399	\$ 7,638,452
NET LOSS FOR THE YEAR	<u>\$ 2.46</u>	<u>\$ 1.18</u>
NET LOSS PER SHARE	<u>\$ 2.46</u>	<u>\$ 1.18</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended August 31, 1977

STATEMENT 3

	1977	1976
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>\$20,261,588</u>	<u>\$27,884,817</u>
Net effect of accounting for investment in parent company on the equity method	56,055	(29,445)
Transfer of minority interest from subsidiary	45,871	—
Prior years' income taxes and other adjustments	—	44,668
	<u>101,926</u>	<u>15,223</u>
	<u>20,363,514</u>	<u>27,900,040</u>
Acquisition of shares in parent company (note 4)	52,682	—
Net loss for the year	15,835,399	7,638,452
	<u>15,888,081</u>	<u>7,638,452</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 4,475,433</u>	<u>\$20,261,588</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended August 31, 1977

STATEMENT 4

	1977	1976
SOURCE OF FUNDS		
Items applied against working capital		
Reimbursements of advances	\$ 35,000	\$ 690,000
Proceeds from sales of fixed assets	993,241	37,305
Instalments on mortgages receivable	2,902	14,631
Sale of shares and rights	—	1,672
Prior years' income tax adjustments	—	24,456
	<u>1,031,143</u>	<u>768,064</u>
USE OF FUNDS		
Funds applied to operations		
Net loss for the year	15,835,399	7,638,452
Items not requiring an outlay of funds		
Depreciation of fixed assets and amortization of deferred expenditures Additional depreciation of fixed assets and amortization of deferred expenditures	(3,015,000)	(4,530,268)
Gain (loss) on sales of fixed assets	(4,635,627)	(2,559,375)
Amortization of cost of issue of debentures	189,458	(10,936)
Extraordinary items	—	(1,333)
Profit on sale of investments	(8,062,747)	—
	<u>—</u>	<u>1,428</u>
	<u>311,483</u>	<u>537,968</u>
Items applied against working capital		
Purchases of fixed assets	21,824	368,989
Acquisition of shares in parent company	52,682	—
Pre-milling and deferred mine development expenditures	264,379	3,081,047
Minority interest's share of loss	1,223,698	13,873
Reimbursements of advances to parent company	—	440,000
	<u>1,874,066</u>	<u>4,441,877</u>
DECREASE IN WORKING CAPITAL	<u>(842,923)</u>	<u>(3,673,813)</u>
WORKING CAPITAL AT BEGINNING OF YEAR	<u>9,376,246</u>	<u>13,050,059</u>
WORKING CAPITAL AT END OF YEAR	<u>\$ 8,533,323</u>	<u>\$ 9,376,246</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 1977

1 — Accounting Policies

The Company and its subsidiaries terminated mining operations during 1977.

A. Basis of Consolidation

The accompanying financial statements include, on a consolidated basis, the accounts of Sullivan Mining Group Ltd. (the Company) and all of its subsidiaries including those that are at the exploration stage.

Sullivan's interest in its parent company, East Sullivan Mines Limited is accounted for on the equity basis due to the significant influence that it exercises on the parent company.

Certain subsidiary companies own shares in the Company. The carrying value of such shares has been deducted from the Company's shareholders equity. Similarly the Company's earnings per share has been calculated based on the number of its shares outstanding after reduction for such intercompany holdings.

B. Valuation of Inventories

Mine products are valued at estimated net return under firm sales contracts less advances thereon and mining and milling supplies are valued at possible amount of realization.

C. Valuation of Investments

Investments are carried at cost.

D. Valuation of Fixed Assets

- (i) Land is valued at cost.
- (ii) Buildings, machinery and equipment are valued at the amount that the Company anticipates to be recoverable.
- (iii) Proceeds, arising from sales of fixed assets were used to reduce realizable value and it is the intention of these companies to continue to reduce the anticipated realization value by the proceeds of future sales of fixed assets. The final balance will be applied to operations.
- (iv) Fixed assets of Québec Lithium, a division of the Company, are carried at undepreciated capital cost amounting to \$771,684 which is the value that management estimates to be recoverable.

E. Deferred Expenses

- (i) Pre-production and deferred mine development expenditures amount to \$8,781,976 for the mine at the exploration stage (Brunswick Tin Mines Limited) and will only be recovered if the ore body is brought to the commercial production stage and providing that proceeds less costs to produce and sell are sufficient to amortize the precited amount of expenses.
- (ii) The value at which the mining properties, the mining rights and concessions are recorded in the books does not purport to represent their present or future value.

F. Depreciation and Amortization

- (i) Depreciation on buildings, machinery and equipment is provided at rates varying between 5% to 15% per annum on the straight line method during the period mining operations were carried out. Additional depreciation calculated to reduce fixed assets to the amount that the companies anticipate to be recoverable is charged to operations.
- (ii) Depreciation is not calculated on buildings, machinery and equipment of the subsidiary at the exploration stage. The cost of these fixed assets amounts to \$573,516 (1976 - \$727,006).
- (iii) Deferred expenditures have been amortized at rates based on the total tons of estimated ore reserves applied to the tons milled during the period mining operations were carried out. The unamortized balance of deferred expenditures of each mine at date of termination of mining operations is written-off as an extraordinary item.
- (iv) The value of the mining properties where mining operations were carried out was written down to a nominal amount and the balance is charged to operations as an extraordinary item.

2 — Marketable Securities — at cost

	<u>1977</u>	<u>1976</u>
Bonds (market value \$148,418)	\$ 142,952	\$ 152,952
Shares (market value \$522,838)	553,466	553,466
	<u>\$ 696,418</u>	<u>\$ 706,418</u>

3 — Inventories

These consist of:

	<u>1977</u>	<u>1976</u>
Mining and milling supplies		
Valued at cost	\$ —	\$ 1,647,085
Valued at possible amount of realization	853,382	153,622
	<u>853,382</u>	<u>1,800,707</u>
Concentrates at smelters and awaiting shipment	921,095	4,046,420
	<u>\$ 1,774,477</u>	<u>\$ 5,847,127</u>

4 — Investments — at cost

The cost of the investment by the Company in the shares of East Sullivan Mines Limited, its parent company, amounts to \$1,519,738 and is accounted for on the equity method (note 1). Accounting for this investment on the equity method has resulted in the cost of the investment being charged to retained earnings and to affect retained earnings by the earnings less dividends (note 6).

Shares and bonds (note 7)	\$ —	\$ 741,163
Other shares (market value \$6,743)	24,176	24,176
Advances to a company	25,000	60,000
Mortgages receivable from employees and a director	36,372	39,274
	<u>\$ 85,548</u>	<u>\$ 864,613</u>

5 — Other Assets — at cost

Deferred expenditures		
Mines where mining operations have ceased		
Cupra-d'Estrie and Nigadoo	\$ —	\$ 6,553,136
Mine at the exploration stage	8,781,976	12,964,008
	<u>8,781,976</u>	<u>19,517,144</u>
Mining properties, claims and concessions		
Mines where mining operations have ceased		
Cupra-d'Estrie and Nigadoo	—	196,053
Others	155,001	1,335,350
	<u>155,001</u>	<u>1,531,403</u>
	<u>\$ 8,936,977</u>	<u>\$21,048,547</u>

6 — Shareholders' Equity

The issued capital stock of the company is summarized below:

	<u>1977</u> <u>(number of</u> <u>shares)</u>	<u>1976</u> <u>(number of</u> <u>shares)</u>
Class A	8,318,353	8,315,540
Class B	81,647	84,460
	<u>8,400,000</u>	<u>8,400,000</u>
Less — the company's interest in its shares held by subsidiaries	31,207	31,207
	<u>8,368,793</u>	<u>8,368,793</u>
Less — shares held in the parent company, East Sullivan Mines Limited (note 4)	1,940,471	1,888,471
	<u>6,428,322</u>	<u>6,480,322</u>

Class "A" and class "B" shares are voting, convertible into one another on a share for share basis and rank equally with respect to dividends and in all other respects. The only distinction between the two classes is that the directors may specify that cash dividends on class "B" shares be paid first out of 1971 tax-paid undistributed surplus on hand (as those expressions are defined in the Income Tax Act of Canada), with the result that Class "B" dividends so paid will be less than the Class "A" dividends by the amount of tax paid thereon.

7 — Extraordinary Items

These consist of:

Unamortized balance of deferred expenditures of mines that have ceased mining operations	\$ 4,201,440
Deferred expenditures of Chester project (note 13)	2,924,092
Mining properties where mining operations have ceased, written down to a nominal value	196,052
Loss on investments (note 4)	741,163
	<u>\$ 8,062,747</u>

8 — Exploration Expenditures of Prior Years — Subsidiaries at the Exploration Stage

Management is of the opinion that technical information obtained from exploration work carried out to date indicates that the possibility of bringing the properties to the commercial production stage is remote. In view of this, management has decided to write-off all deferred expenditures including organization expenses, and mining claims and concessions which have been written down to a nominal value.

These expenses which have been charged to operations consist of:

Deferred exploration and administrative expenditures	\$ 1,680,072
Mining claims and concessions	1,063,806
Organization expenses	28,159
	<hr/>
	2,772,037
Minority interest's share in these expenditures	1,179,390
Net effect on loss for the year	<hr/>
	\$ 1,592,647

9 — Income Taxes

- (i) The Company and its subsidiaries are not taxable because they have claimed, for tax purposes, capital cost allowance in excess of the income otherwise taxable.
- (ii) Furthermore, the Company and its subsidiaries had at August 31, 1977 further amounts available to reduce possible future taxable income:

	<u>1977</u>	<u>1976</u>
Undepreciated capital cost	\$ 7,949,862	\$ 7,657,235
Outside exploration expenditures	4,412,067	4,361,760
Preproduction expenditures	4,877,703	4,938,286
Losses for income tax purposes	1,564,585	1,768,908

- (iii) The Subsidiaries at the exploration stage, have as a Group, an amount of \$9,124,272 (1976 - \$8,648,386) available to reduce their possible future taxable incomes or the Company's which might be earned from mining operations or from investments.

10 — Pending Legal Procedures

- (i) Legal proceedings have been instituted against the Company whereby the plaintiffs are claiming 4/5 of the 340,000 escrowed shares of Sullipek Mines Inc. to be issued and allotted to Sullivan Mining Group Ltd. and alternatively failing delivery of the claimed shares, the plaintiffs have claimed the sum of \$1,000,000 of damages against Sullivan Mining Group Ltd. This litigation has arisen from an option granted by the Company to Terra Nova Explorations Ltd. on certain claims situated in the Gaspé area of the Province of Québec. These proceedings have been contested and in the opinion of the Company's counsel they are ill-founded in facts and in law.
- (ii) On October 15, 1976, an action for \$162,585 in damages and interests was instituted against the Company. These damages appear to be the result of an accident which occurred on October 19, 1975.

Although the insurance company appeared in court through their counsel, they are not admitting any contractual obligation to Sullivan Mining Group Ltd., in regard to their coverage of third party liability. The proceedings are at the preliminary stage.

11 — Contractual Obligations

According to the terms of a lease for office space, the company is committed as at August 31, 1977 for an amount of \$98,146 (1976 - \$157,247). The amount charged to expenses for the year ended August 31, 1977 amounted to \$57,510 and the minimum amount payable for 1978 is \$57,335.

12 — Remuneration of Directors and Officers

The aggregate remuneration received by directors and officers of the company amounts to \$357,177 for the year (\$608,630 for 1976).

13 — Chester Mines Limited

- (i) The Company terminated the underground exploration program of its property in 1975. Since the development and mining of the ore body is not contemplated under present metal market conditions, the Company has decided to write-off the amount of deferred expenditures accumulated in prior years by a charge to operations as an extraordinary item (note 7).
- (ii) The amount of prepaid expenses includes a sum of \$127,989 on deposit with the Province of New Brunswick held "In Trust", by that Province, as security for the observance and performance by Chester of its obligations to carry out and complete all work and measures deemed necessary by the Province to ensure that there will be no contamination of soil and water as determined by the Province and to its satisfaction.

14 — Evaluation and Feasibility — Brunswick Tin Mines Limited

The Company has accepted on August 22, 1977 a letter of intent to conclude an agreement with Billiton Exploration Canada Limited to enter into a joint venture to evaluate and if feasible, develop and exploit, the mining property of the company in New Brunswick.

Billiton will at its sole risk and expense carry out a feasibility study to evaluate the commercial potential of the property. The Company will make arrangements to provide Billiton with facilities and personnel to enable them to carry out the study. The study will take an estimated 6 to 8 months to complete.

Within 90 days after completion of the feasibility study, if Billiton determines to put the property into commercial production, it will acquire a 50% interest by arranging for the remaining finance necessary to achieve an optimum commercial production, the Company thereby retaining a 50% interest.

The Company shall be entitled to receive a royalty of \$2 canadian per ton of ore treated, up to a maximum of one million dollars per year, while the required financing is being fully retired. Thereafter, the cash flow shall be shared equally between Billiton and Brunswick Tin Mines Limited, in which Sullivan Mining Group Ltd. has an interest of 89%.

15 — Anti-Inflation Program

The Company is subject to the Law and believes it has complied with controls on prices, profits, employee compensation and shareholders dividends.

AUDITORS' REPORT

To the shareholders of
Sullivan Mining Group Ltd.

We have examined the consolidated balance sheet of Sullivan Mining Group Ltd. as at August 31, 1977 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended and we have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, subject to the recovery of deferred expenditures as referred to in note 1E and according to the best of our information and explanations given to us and as shown by the books of the company, these consolidated financial statements present fairly the financial position of the company as at August 31, 1977 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

MAHEU, NOISEUX & ASSOCIÉS

October 17, 1977

Chartered Accountants

