

BRILUND  
MINES  
LIMITED

ANNUAL REPORT 1973

# BRILUND MINES LIMITED

HEAD OFFICE  
SUITE 401  
330 UNIVERSITY AVENUE  
TORONTO, CANADA

ADDRESS REPLY TO  
EXECUTIVE OFFICE  
1330 REPUBLIC NATIONAL BANK BUILDING  
DALLAS, TEXAS 75201

June 18, 1974.

Dear Friend and Shareholder:

During 1973 your Company continued to pursue its exploration work on its oil and mineral concessions.

## WITH REFERENCE TO MINERALS

1. Eland Exploration, the Cominco subsidiary, is continuing its work on two of Etosha's mineral concessions Area 1 (Grant No. M 46/3/150) and a part of Extension 1A (Grant No. M 46/3/193).
2. With respect to the Border Property, the portion of Extension 1A reserved by Etosha, Etosha has reanalyzed the cores of 20 of the 40 holes drilled and has confirmed the existence of low-grade mineralization on this property.
3. TG Exploration, Ltd. has decided not to renew its working option on Area 2A (Grant No. M 46/3/161). Etosha is presently engaged in negotiation with other companies concerning further exploration of this concession area.
4. With reference to the Area 1A Pick Axe project (Grant No. M 46/3/162) on which TG Exploration, as previously reported last year did not renew its working option, the Company has continued exploration on its own, including extensive trenching operations.
5. The Company has kept in good standing all of its mineral concessions by expenditure of minimum required amounts on prospecting and exploratory work except that the Company has relinquished Area 2 (Grant No. M 46/3/155) and Extension 2A (Grant No. M 46/3/192) which it does not deem to be prospective.

## WITH REFERENCE TO OIL EXPLORATION

1. The next phase in Etosha's oil exploration program requires that test wells be drilled in various areas of oil potential in the Etosha Basin. To implement this program, discussions are continuing with producing oil companies with reference to involving one or more of them to participate in such a test drilling program.
2. Considerable laboratory work has been done during 1973 to verify and confirm the source rock potential of the Otavi dolomites in the concession area.

3. During the current year the Company will receive \$650 a day, or a total of \$237,250, as a rental fee for its oil rig under a two year lease agreement concluded between Etosha and affiliates of Total, a French Oil Company. During the second year Etosha will be paid the same amount, except that rental payments will be reduced to \$325 for each day the rig is not in operation and the lease becomes terminable if such idle periods exceed 90 days during the second year. Total has an option to purchase the rig for \$642,000, less certain deductions for rental payments made, if the option is exercised during the first year of the lease.
4. Transmitted herewith are your Company's financial statements for the year 1973.
5. Your management will continue to work to merit the confidence reposed in it by its shareholders.

Cordially yours,

EMANUEL ROSENBLAT,

President and Chairman of the Board.



# BRILUND MINES LIMITED

*(Incorporated under the laws of the Province of Ontario)*

## *Consolidated Balance Sheet*

<b>ASSETS</b>	1973	1972
<b>Current</b>		
Cash .....	\$ 7,950	\$ 103,216
Term deposits .....	95,550	—
Accounts receivable .....	86,868	12,715
Inventory drilling supplies, at cost .....	22,175	133,098
Sundry deposits and prepayments .....	460	460
	\$ 213,003	\$ 249,489
<b>Cash Surrender Value — Life Insurance</b> .....	\$ 43,045	\$ 48,139
<b>Prospecting Grants</b> , located in the northern sector of South-West Africa, covering gas, oil and minerals		
Prospecting and development expenditures, including cost of grants .....	\$ 9,773,463	\$ 9,594,824
<b>Investments in Other Companies — at Nominal Value</b> .....	\$ 2	\$ 2
<b>Fixed — at cost</b>		
Land and buildings .....	\$ 376,331	\$ 376,991
Aircraft .....	142,182	142,182
Laboratory and field equipment .....	343,062	371,078
Motor vehicles .....	181,940	215,990
Office furniture and equipment .....	98,314	97,781
Leasehold improvements .....	2,872	2,872
Drilling rig .....	722,115	878,370
	\$ 1,866,816	\$ 2,085,264
<b>Less — Accumulated depreciation</b> .....	1,398,776	1,520,650
	\$ 468,040	\$ 564,614
	\$10,497,553	\$10,457,068

On behalf of the Board:

“E. ROSENBLAT”, Director.

“P. MAZUR”, Director.

The accompanying notes form an integral part of these financial statements.

This is the balance sheet referred to in the accompanying notes.

**AUDITORS**

To the Shareholders of  
Brilund Mines Limited and Subsidiaries:

We have examined the consolidated balance sheet of Brilund Mines Limited and its subsidiaries as at December 31, 1973 and the results of its operations and the source and application of working capital for the year ended December 31, 1973 and the results of its operations and the source and application of working capital for the year ended December 31, 1972. We have included a general review of the accounting procedures and such tests of accounting records as we considered necessary. We have relied on the reports of the auditors who have examined the financial statements of the subsidiaries.

In our opinion these consolidated financial statements, when read in conjunction with the accompanying notes, present a true and fair view of the financial position of the company as at December 31, 1973 and the results of its operations and the source and application of working capital for the year ended December 31, 1973 and the results of its operations and the source and application of working capital for the year ended December 31, 1972, in accordance with the accepted accounting principles applied on a basis consistent with that of the preceding years.

Toronto, Ontario.  
February 20, 1974.

# ED AND SUBSIDIARIES

aws of the Province of Ontario)

as at December 31, 1973

## LIABILITIES

Current	1973	1972
Accounts payable and accrued charges .....	\$ 140,846	\$ 142,464
Directors' loan and advances .....	312,838	107,083
	<u>\$ 453,684</u>	<u>\$ 249,547</u>
Mortgage Payable, 9½%, principal due December, 1979 .....	\$ 198,000	\$ 198,000

## SHAREHOLDERS' EQUITY

### Capital Stock

#### Authorized (Note 2)

4,250,000 shares, par value \$1

#### Issued and Fully Paid

4,203,257 shares .....

Add premium thereon — net .....

	\$ 4,203,257	\$ 4,203,257
	5,811,613	5,811,613
	<u>\$10,014,870</u>	<u>\$10,014,870</u>
Deficit .....	(1,643,991)	(1,480,339)
Excess of Book Value of Subsidiary at Date of Acquisition Over Cost Thereof ..	1,474,990	1,474,990
	<u>\$ 9,845,869</u>	<u>\$10,009,521</u>
	<u><u>\$10,497,553</u></u>	<u><u>\$10,457,068</u></u>

cial statements and should be read in conjunction therewith.

our report dated February 20, 1974.

## REPORT

Subsidiaries as at December 31, 1973 and the accompanying consolidated statements of then ended. Our examination of the financial statements of Brilund Mines Limited records and other supporting evidence as we considered necessary in the circumstances. of the subsidiaries.

with the accompanying notes appended thereto, present fairly the financial position of the application of its working capital for the year then ended, in accordance with generally year.

JOHNSON, STEWART, BOURNE, BROWN & CO.,  
Chartered Accountants.

# BRILUND MINES LIMITED AND SUBSIDIARIES

## *Consolidated Statement of Deficit* For the Year Ended December 31, 1973

	1973	1972
Balance — January 1 .....	\$1,480,339	\$1,294,749
Add — Net loss .....	163,652	185,590
Balance — December 31 .....	<u>\$1,643,991</u>	<u>\$1,480,339</u>

## *Notes to the Financial Statements* As at December 31, 1973

### **Note 1: Basis of Consolidation**

The accompanying financial statements consolidate the accounts of the Company and its subsidiaries, all of which are wholly owned.

### **Foreign Exchange Conversion**

Fixed assets are converted at rates prevailing at date of acquisition. All other assets and liabilities are converted at the exchange rate, 1 rand = \$1.47 in effect at December 31, 1973 (1972 — \$1.26).

**Note 2:** The company has granted a five year stock option to its Assistant Secretary for 10,000 shares exercisable at \$27 per share. This option expires on March 1, 1974. The option was not exercised and lapsed prior to the release of these financial statements.

**Note 3:** The aggregate direct remuneration paid or payable to directors, senior officers and employees as defined by the Business Corporations Act, 1970 amounted to \$89,700.



# BRILUND MINES LIMITED AND SUBSIDIARIES

## *Consolidated Statement of Expenses*

For the Year Ended December 31, 1973

	<u>1973</u>	<u>1972</u>
<b>Expenses</b>		
Accounting and audit .....	\$ 2,564	\$ 9,000
Bank charges and interest .....	5,328	192
Depreciation .....	1,708	1,992
Directors' and officers' salaries .....	75,000	74,480
Foreign exchange .....	139	(592)
General expense .....	(66)	3,106
Life insurance .....	9,311	11,094
Legal .....	8,552	12,581
Office salaries .....	14,700	15,437
Office services .....	10,000	10,000
Rent .....	2,764	2,807
Stationery and office .....	5,703	3,642
Telephone .....	6,933	7,322
Transfer agents fees and expenses .....	3,364	11,290
Travel .....	17,652	23,239
<b>Net Loss</b> .....	<u>\$ 163,652</u>	<u>\$ 185,590</u>

## *Consolidated Statement of Source and Application of Working Capital*

For the Year Ended December 31, 1973

	<u>1973</u>	<u>1972</u>
<b>Source</b>		
Decrease in life insurance — Cash surrender value .....	\$ 5,094	\$ —
Sale of fixed assets .....	233,836	—
	<u>\$ 238,930</u>	<u>\$ —</u>
<b>Application</b>		
Net loss before depreciation of \$1,708 (1972 — \$1,992) .....	\$ 161,944	\$ 183,598
Prospecting and development expenditures .....	302,221	248,796
Purchase of fixed assets .....	15,388	924
Increase in life insurance cash surrender value .....	—	3,571
	<u>\$ 479,553</u>	<u>\$ 436,889</u>
<b>Decrease in Working Capital</b> .....	\$ 240,623	\$ 436,889
Working capital (deficit) — January 1 .....	(58)	436,831
<b>Working Capital Deficit December 31</b> .....	<u>\$ 240,681</u>	<u>\$ 58</u>

