

**Annual Report
1984**

bm&s

**BRUNSWICK
MINING AND
SMELTING
CORPORATION
LIMITED**

(NO PERSONAL LIABILITY)

*(Incorporated under the
laws of New Brunswick)*

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MINING AND
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laws of New Brunswick)*

Head Office: Bathurst, N.B.
Executive Office: Suite 4500,
Commerce Court West,
Toronto, Canada M5L 1B6

Annual Meeting

May 23, 1985, 11:30 a.m.,
(Atlantic Time)
in the Colonial Room at
Danny's Motel, Bathurst, N.B.

**Transfer Agent
and Registrar**

Guaranty Trust Company of Canada
Toronto, Ont. and Montreal, P.Q.
and its agent

The Central & Nova Scotia
Trust Company of Canada,
Fredericton, N.B.

Directors

E. K. Cork, Toronto, Ont.
Gilbert Finn*, Dieppe, N.B.
John P. Fisher, Edmundston, N.B.
J. A. Hall*, Toronto, Ont.
K. C. Hendrick*, Toronto, Ont.
J. O. Hinds, Toronto, Ont.
Gilbert Kerlin*, New York, N.Y.
James A. MacMurray, Saint John, N.B.
André Monast, Quebec, P.Q.
Alfred Powis*, Toronto, Ont.
J. C. White, Toronto, Ont.

*Member of Executive Committee

Officers

J. A. Hall, President
J. C. White, Senior Vice-President —
Operations
E. K. Cork, Vice-President —
Finance
J. W. Moerman, Vice-President —
Mining
A. Young, Vice-President —
Smelting
L. J. Taylor, Secretary
B. H. Grose, Assistant Secretary
B. C. Bone, Treasurer
L. S. Tigert, Assistant Treasurer
D. H. Ford, Comptroller

Metric Conversion Table

Metric Unit	Metric Symbol	Imperial Equivalent
Tonne	t	1.1023 tons
Kilogram	kg	2.2046 pounds
Gram	g	0.03215 troy ounces

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This was a year of progress for the Company, aided by record underground mine production and a firm market for metals during the first half. Although prices for most metals fell back over the remainder of the year, zinc prices averaged higher than in 1983, augmenting the improved metal recoveries and operating efficiencies and resulting in a very strong financial position at year end.

Earnings

Earnings increased to \$26.6 million or 77 cents per share from \$7.6 million or 22 cents per share in 1983. The Company had a strong start with earnings of 62 cents per share in the first half. Metal prices in North American currencies sagged in the second half as a result of exchange rates, the decline being about in line with the strength of the U.S. dollar against European currencies. As a result, earnings slipped to 15 cents per share in the third quarter and were flat in the fourth. Earnings in the final quarter were also adversely impacted by lower mine production and by a \$4.0 million after-tax write-off of the remaining project costs incurred for the now-cancelled zinc reduction plant. Although the Company and both levels of government tried hard to make it work, this plant was never economic on its own merits and, with the benefit of hindsight, the decision not to proceed was indeed a fortunate one.

Dividends

The dividend was increased from 7½ cents per share in the first quarter to 15 cents per share for each of the following three quarters, so that the total for the year was 52½ cents per share, compared to 22½ cents per share in 1983. A stock dividend plan was instituted following shareholder approval at the last annual meeting. In 1984, 193,371 shares were issued under this plan for \$3,142,000.

Financial

The Company's revenues increased 17% over 1983 (net of purchased concentrate costs), due mainly to higher zinc concentrate production and higher net realized prices for zinc and lead. Although accountable silver production was up 20%, its contribution to revenue declined due to the severe drop in price. Dividend income from Brascade Resources Inc. and Kerr Addison Mines Limited during 1984 was \$3.0 million, the same as in 1983. Net cash flow was \$22.2 million, which put the Company in a positive cash position of \$2.6 million net of short-term debt at year end. Total debt was reduced from \$41.7 million to \$25.8 million and working capital increased by \$9.5 million to \$34.5 million. Capital expenditures in 1984 amounted to \$21.7 million, of which 90% was spent at the mine, where several new projects were initiated to update and modernize the concentrator and develop the lower part of No. 12 orebody. Capital expenditures are expected to be about \$32 million in 1985.

Metal Prices

The following table illustrates the fluctuations of metal prices during the year, and shows how the persistently strong U.S. dollar continued to depress quotations at year end.

London Metal Exchange (LME)/London Quotations – U.S. Currency

		1983 Average	1984 Average	1984 High	1984 Low	1984 Dec. 31
Zinc	\$/lb	0.35	0.40	0.49	0.34	0.36
Silver	\$/oz	11.45	8.14	10.11	6.22	6.29
Lead	\$/lb	0.19	0.20	0.24	0.17	0.18
Copper	\$/lb	0.72	0.63	0.71	0.56	0.60

Inflation and Exchange Rates

A year ago there were indications that the mining industry was beginning to recover and there were expectations that this basic industry, which is so important for exports, would enjoy a surge of activity similar to that seen in high technology, financial services and transportation. Unfortunately, this was not to

happen, as commodity prices started to weaken in March and the industry remained a long way from full health at year end. The forces of change were not exactly new and could be identified in the strong U.S. dollar, high interest rates and the fact that the Canadian dollar was the second-strongest currency in the world. This meant that although prices were near all-time highs in currencies of European, African and South American countries, they were near the all-time 1932 lows in today's North American currencies adjusted for inflation.

A comparison of the effects of combined Canadian inflation and exchange rates with those of selected other countries over the past five years is given below.

During this time, Canadians have gained a slight cost advantage over the United States, but lost 70-80% with most of our European competitors.

Cdn. Higher (Lower) vs.:	Relative Cdn. Inflation Rate⁽¹⁾	Relative Cdn. Exchange Rate⁽²⁾	Relative Cdn. Cost Structure⁽³⁾
United States	9%	(12)%	(3)%
Japan	24	(8)	16
Switzerland	18	46	64
United Kingdom	1	70	71
West Germany	20	61	81
South Africa	(27)	112	85
Sweden	(5)	91	86
Chile	(71)	188	117

(1) Difference between increase in Canadian consumer price index and that of the relevant country – first quarter 1980 vs fourth quarter 1984 – per IMF.

(2) Percentage appreciation (depreciation) in the value of the Canadian dollar against the relevant country's currency from January 1, 1980 to December 31, 1984.

(3) Assumed percentage increase (decrease) in relative Canadian costs, being the total of the previous two columns.

Essentials of a Profitable Mining Operation

The Company's operating management and employees can look back on the past three years with some degree of satisfaction. Whereas it was a period when most mining companies were in the doldrums, Brunswick maintained a profit throughout, even though the rate of return was less than the interest earned in a savings account.

Many things contribute to profit. A world-scale orebody averaging some 12% combined zinc/lead and producing over six million ounces of silver per year is certainly an asset, but equally essential is the need to mine and process the ore efficiently at the lowest possible cost. Although Brunswick has done as well as most of its peers, nevertheless, unit mining and smelting costs have increased by about 50% in the past five years and continued efforts will be made to contain costs, especially through improvements in productivity. Major emphasis will continue to be given to updating operating methods, procedures and equipment to achieve higher production rates at both the mine and smelter, while manpower is being reduced mainly through the process of attrition.

Planning for Profit

The Company has been profitable every year since 1972 and, particularly in recent years, a good portion of the credit for this success must be given to individual entrepreneurship and the greater coordination of effort by all employees.

Planning to this end started in the mid seventies when Brunswick management recognized quite early a change in the business environment to one in which the elements besetting the Company were more global and involved increasing competition from Third World countries. At that time, production from No. 12 orebody was being increased to 10,000 tonnes per day in anticipation of the depletion of the No. 6 Mine. It was also known that plant modernization to include state-of-the-art technology and deeper mine development would be needed over a period of years to raise productivity, lower costs and improve product quality.

Our Employees

In any organization, employees are the most important asset and essential requirement. Over the years, Brunswick recognized that it needed to change the traditional ways of doing business. Job security, important as it is, can only be guaranteed through being competitive and profitable, and the key is close and effective communication between employees and management.

A number of different programs have been used as an aid in establishing good communication and safe working habits. The Mining Division opted for gains sharing, which this year paid out \$2.4 million to employees for gains in productivity and cost reduction. Both Divisions use the modular system of training, problem solving courses and management information sessions to encourage employee involvement in the management process. New programs will be instituted as necessary to maintain progress.

Technological Excellence

Information on technical and operational progress of the Company is provided elsewhere in this report. In fact, our people have borrowed some values and techniques from the high-tech and service industries. It is interesting to visit both Divisions today, for there is a hum of activity around the computer terminals, be it for process control, computer-aided design, management information systems, mine planning, rock stress monitoring or plain old payroll. The key element seems to be in maintaining always the pursuit for excellence.

Outlook

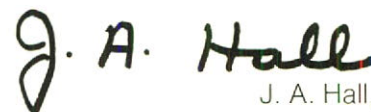
Since 1980, the Company has needed the revenue from silver to help cover production costs. Now that inflation has decreased significantly, investment demand for silver has lessened and it has become more an industrial metal. We, therefore, expect the price will stay in the U.S. \$6.00 range for the near term. The lead price is already cheap in Canadian currency, but demand is expected to weaken further as the use of lead in gasoline will soon be phased out. Zinc is moderately priced at U.S. 45 cents per pound, and we think this will hold as the use of zinc coatings on steel for corrosion protection is expanding rapidly in the automotive industry. It is a matter of staying ahead of plastics, but this coating use will help sustain current zinc production. In the long run, if new mine production is required, the price will have to be significantly higher.

We believe the current tough conditions for commodities priced in Canadian dollars will eventually improve. Brunswick, with its talented organization, will be in an excellent position to capitalize on the situation and the Directors are confident that shareholders, employees and the citizens of New Brunswick can look forward to many more profitable years.

Acknowledgements

The Directors wish to extend their thanks to Vice-Presidents John Moerman, of the mine, and Alan Young, of the smelter, and all their employees for their cooperative efforts throughout this difficult period.

On behalf of the Board of Directors,


J. A. Hall,
President.

Toronto, Canada
February 21, 1985

Brunswick owns 16.8% of the outstanding common shares of Kerr Addison Mines Limited; the result of the earlier liquidation of Zinor and Frenswick. Dividends from this investment totalled \$1.7 million in 1984.

Kerr Addison's net income for 1984 was \$17.8 million or \$1.04 per share, compared to \$16.9 million or \$0.99 per share for 1983. Gains from the sale of investments increased to \$12.1 million, offsetting a 50% decline in operating profits to \$5.7 million. The drop in gold prices has placed the remaining reserves at the Kerr Addison mine in the marginal category, and operating profits from that source were only slightly above the breakeven level during 1984. Profit

contributions from Kerr's oil and gas interests were adversely affected by weak export markets for natural gas, which limited deliveries by Canadian Hunter and Anderson Exploration to 50% and 40% of contracted quantities, respectively.

Dividends from Kerr Addison's holding of common shares of Noranda Inc. totalled \$6.6 million in 1984, but only half of that amount could be included in Kerr's earnings because Noranda incurred a loss for the year. Canadian Electrolytic Zinc, in which Kerr holds a 9.8% interest, performed near capacity, reporting a substantial improvement in earnings over the previous year.

Although improving fundamentals in metal markets indicate the possibility of higher prices in the next year or two, continuation of the currently very strong position of the U.S. dollar relative to other currencies will be a limiting factor. Natural gas export volumes are increasing, but prices are still weak.

Kerr Addison remains in a strong financial position. The ratio of shareholders' equity to long-term debt was 9 to 1 at year end, such debt having been reduced by \$30 million through sale of investments during 1984. It has an aggressive mineral exploration programme in both Canada and the United States, and continues to search for opportunities to acquire viable mineral resources.

METAL MARKETS

Zinc

Western World Balance — '000 Short Tons	1982	1983	1984 Est.
Supply	4,617	4,918	5,109
Demand	4,688	5,095	5,159
Year-end Stocks	714	537	487

Higher mine production provided adequate supplies of zinc concentrate for processing during the year. Led by a strong performance in the United States, Free World consumption rose 3.5% to about 5.2 million tons, but was still 100,000 tons below the record set in 1973.

In North America, prices tumbled from U.S. 53¢ per pound in mid-1984 to 43¢ shortly after year end, but have recently recovered to 45¢. The overseas price moved downward from U.S. \$1,090 per tonne to \$900, and then back to \$925. With most metal operations near capacity, the outlook is for firmer concentrate markets in 1985.

Lead

Western World Balance — '000 Short Tons	1982	1983	1984 Est.
Supply	4,191	4,202	4,212
Demand	4,114	4,216	4,312
Year-end Stocks	412	398	298

Notwithstanding a 100,000 ton decrease in metal inventories during 1984, caused by labour disruptions in Australia and the United States, lead prices remained weak, declining in the United States from a 1984 high of U.S. 28.2¢ per pound to 18.0¢ in February, 1985, and from 22.6¢ to 16.0¢ overseas.

Lead produced at the Brunswick smelter is sold mainly in Canada and the United States, but also in Europe and the Pacific when offshore prices are favourable. Industry inventories are low but are expected to rise in the absence of supply interruptions.

Silver

Western World Balance — '000 Troy Ounces	1982	1983	1984 Est.
Supply	395.4	463.9	470.0
Consumption	370.0	373.0	405.0
Surplus	25.4	90.9	65.0

Higher prices for silver in recent years resulted in increased mine production, particularly in Mexico and Peru. Consumption responded well to economic growth and improved jewellery trade, but prices have declined due to lower inflation, weaker oil prices and a stronger U.S. dollar.

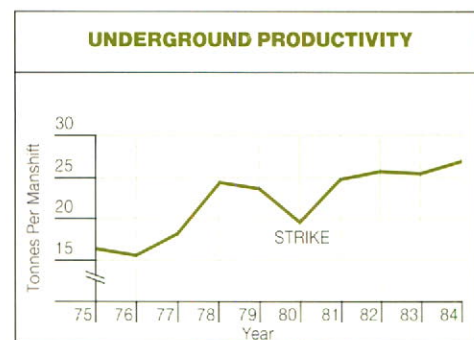
The price averaged U.S. \$8.14 per ounce in 1984 compared with \$11.45 in 1983, and dropped to a low of \$5.45 in February, 1985.

OPERATIONS Mining Division

Production		1984 Average Grades				1983
	1984 Tonnes	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Tonnes
Ore						
No. 12 Mine	3,560,200	8.91	3.57	0.32	100	3,263,600
No. 6 Mine	—					147,100
Total	3,560,200					3,410,700
Concentrates						
Zinc	448,500	51.8				419,500
Lead	215,200		32.6		456	204,500
Bulk	80,200	32.3	19.0		335	80,000
Copper	28,200			21.6	3,064	22,100
Recovery in Concentrates						
		Zn (%)	Pb (%)	Cu (%)	Ag (%)	
Zinc		73.2				
Lead			55.1		27.3	
Bulk		8.2	12.0		7.5	
Copper				53.0	24.0	
Total		81.4	67.1	53.0	58.8	
Metals in Concentrates Produced						
	1984					1983
Zinc (tonnes)	258,200					245,600
Lead (tonnes)	85,400					80,500
Copper (tonnes)	6,100					4,800
Silver (kilograms)	211,300					195,500

Mining

Following the resolution of the backfill disruptions experienced in 1983, underground production from the No. 12 Mine increased 9% to an all-time high of 3,560,200 tonnes in 1984. Excellent performance was achieved through the first three quarters, with a record 10,509 tonnes hoisted per day in July and a record 44,728 tonnes of zinc concentrate produced in August. Unfortunately, a mechanical breakdown of the main ore conveyor and an electrical failure in the No. 2 shaft distribution system hindered production in the fourth quarter. In addition, mining operations were interrupted for 1½ days by a labour dispute which involved implementation of a more efficient rockbolting method. As a result, production in the fourth quarter fell to 9,201 tonnes milled per day. Over the past several years steady progress has been made in improving underground productivity, as shown in the chart below.



Mineral Reserves – No. 12 Mine		1984 Average Grades				1983
(Includes allowance for dilution)						
	1984 Tonnes (000)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Tonnes (000)
Proven	79,438	9.15	3.72	0.31	98	71,127
Probable	25,029	8.58	3.71	0.37	97	31,918
Total	104,467					103,045
Development – No. 12 Mine						
		Drifts, Crosscuts	Raises	Diamond Drilling		
1984 – Metres		8,928	1,466	45,025		
1983 – Metres		7,925	1,186	41,345		

Exploration

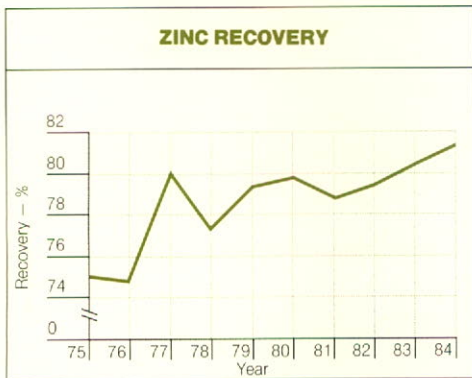
Diamond drilling at No. 12 mine again proved up more ore than was mined, resulting in a net increase of 1.4 million tonnes in the ore reserves after the extraction of 3.6 million tonnes in 1984. The area between the 850 and 725 levels continues to hold promise for further increases in proven reserves.

Expenditures on off-property exploration increased to \$3.4 million in 1984. Deep drilling on the Flat Landing Brook project continued with inconclusive results. Exploration in conjunc-

tion with Noranda on the Gordex gold property near Saint John was delayed by the need to re-structure the financing agreement.

Concentrator

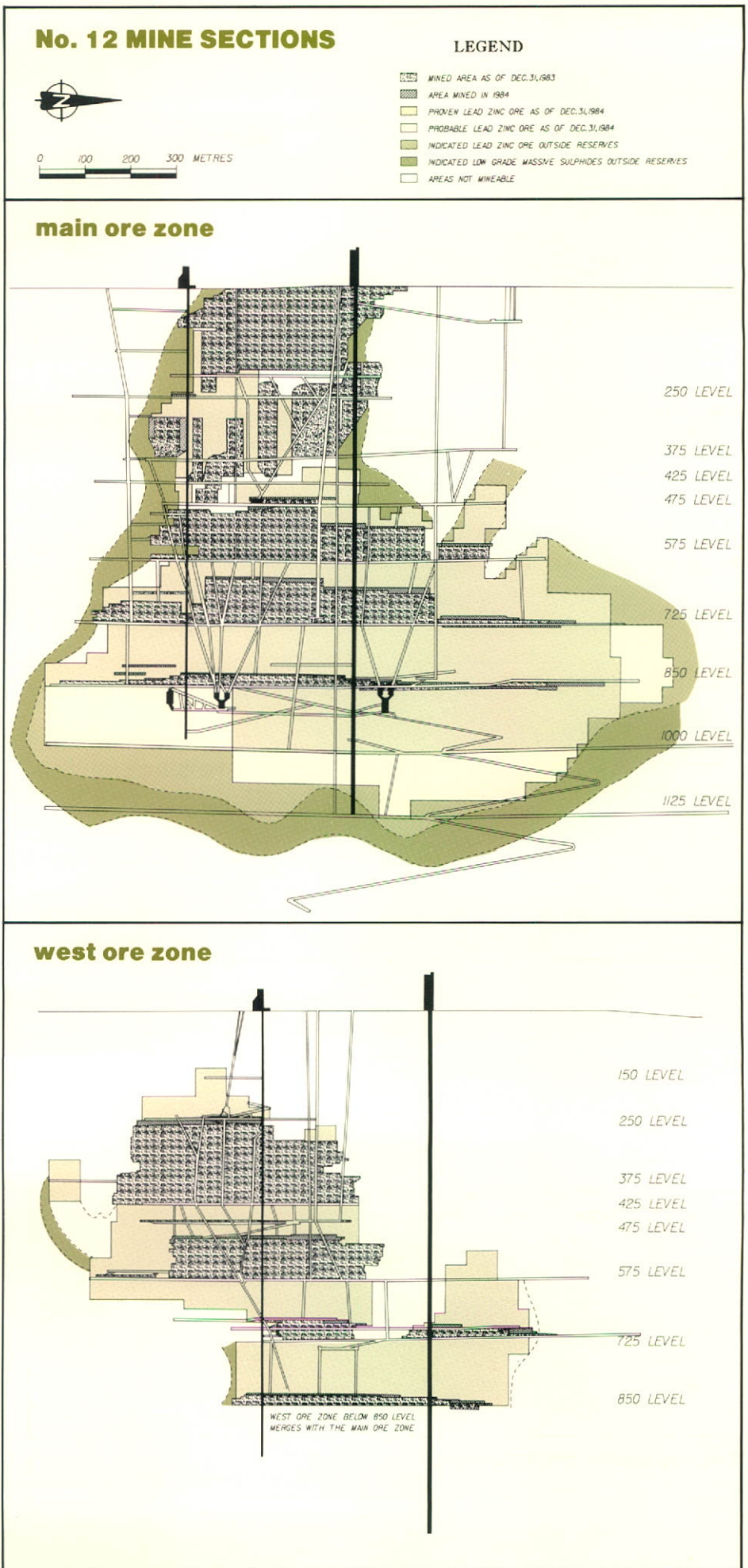
Extensive metallurgical research in cooperation with Noranda personnel resulted in a significant breakthrough in zinc recovery. Although the circuit changes were only partially implemented this year, overall zinc recovery rose from 80.5% to 81.4%. Reduction of operating costs and further recovery improvements can be confidently expected when all changes have been completed in 1985. The chart below shows the progress made in zinc recovery since 1975.



General

The cost per tonne in 1984 was \$39.78 compared to \$37.97 the previous year. This increase was mainly due to changes in wages and salaries which account for nearly half the costs. A program of workforce reduction through attrition brought the number of employees at year end to 1,660, compared to 1,676 a year earlier.

Efforts to reduce accident frequency were successful in decreasing the number of compensable injuries from 45.3 per million man-hours in 1983 to 30.9 in 1984.



Mine Development

The longitudinal mine section below shows development now underway and planned for the future.

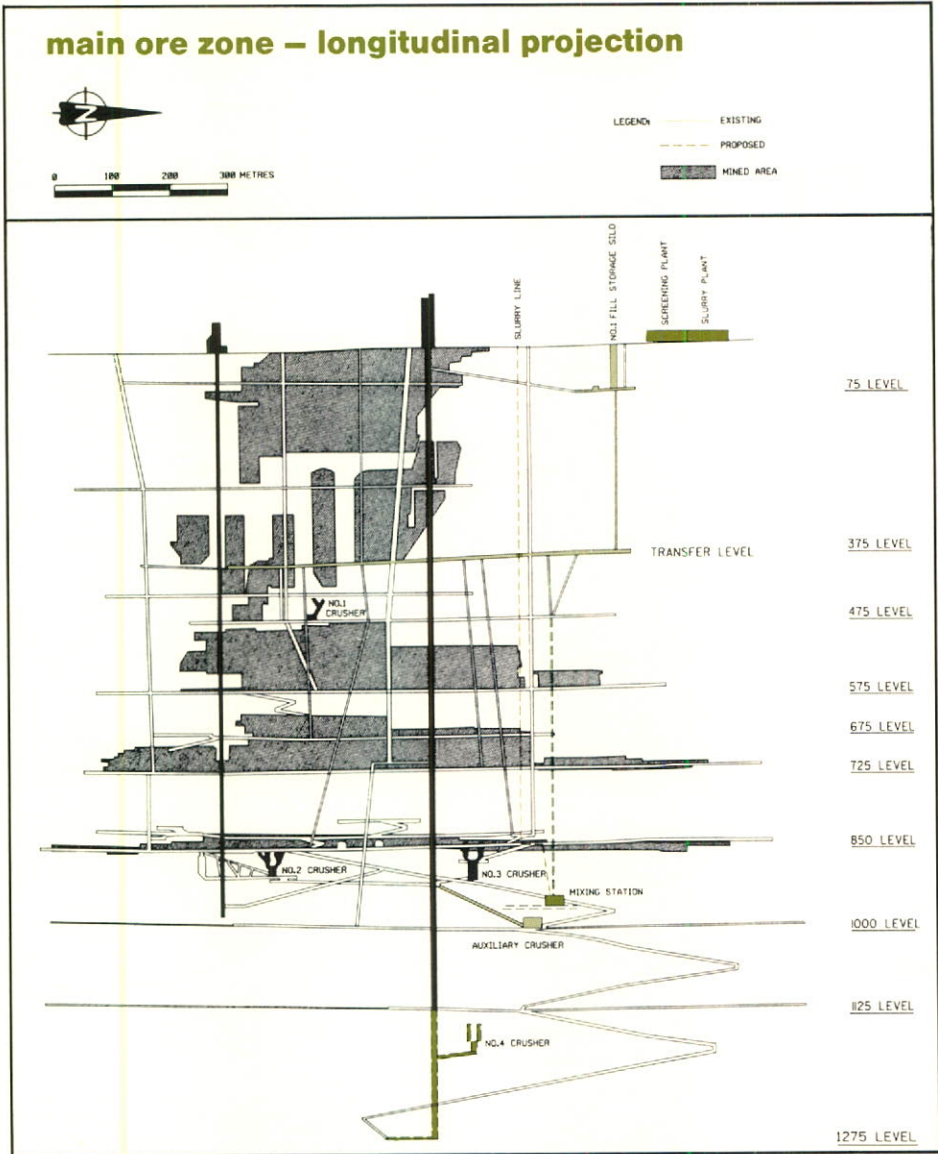
The principal mining method to date has been mechanized cut and fill, where ore extracted in ascending horizontal slices is replaced by waste rock fill. This waste comes partly from development headings but mainly from the surface quarry, where it is now mined with an 8 cubic yard shovel and crushed in the newly erected 54" mobile gyratory crusher. At present, the crushed waste rock is hauled by trucks to the main fill raise, but eventually these trucks will be

replaced by a conveyor. Under construction now and due for completion in mid-1985 is an underground 6,000 tonne waste rock silo, feeding a distribution conveyor at the 375 metre level. This conveyor will automatically re-fill the raises which lead directly to the working areas on the various major levels below.

Mining has progressed down to the 850 metre level, and the 1,000 metre level is now being prepared for ore extraction. Because rock pressures increase with depth, it has been decided that the ore on this level should be mined by a modified open-stoping system. Ore will be

extracted initially from primary stopes between secondary vertical pillars. The primary stopes will then be filled with a mixture of waste and cemented fill to support the walls and prevent dilution when the secondary pillars are subsequently mined. This cemented fill will be supplied by screening quarry waste and adding Portland cement. When completed, the entire fill system including shovel, crusher, conveyors, silo, raises and concrete facilities will have cost \$25 million. This system will be one of the most efficient and modern in the business, and will serve the life of the known ore reserves.

In addition to the backfill system, it is necessary to extend the mine development to the 1,000 metre and, eventually, the 1,125 metre levels. At present, the deepest ore crushers for #2 and #3 shafts are situated just below the 850 level, so a new intermediate crushing station is now being installed on the 1,000 level with a conveyor leading up to 850. Eventually, a permanent crusher, loading pocket and ore passes will be required to handle the ore down to the bottom of the known mine. This will require the deepening of #3 shaft to about the 1,325 metre level, starting in 1985. The ventilation and fill raises will also have to be extended. The work on this program i.e. crushers, loading pocket, shaft and raise extensions will cost in the order of \$16 million over the balance of this decade. The proposed location of these facilities is shown on the adjacent section.



OPERATIONS Smelting Division

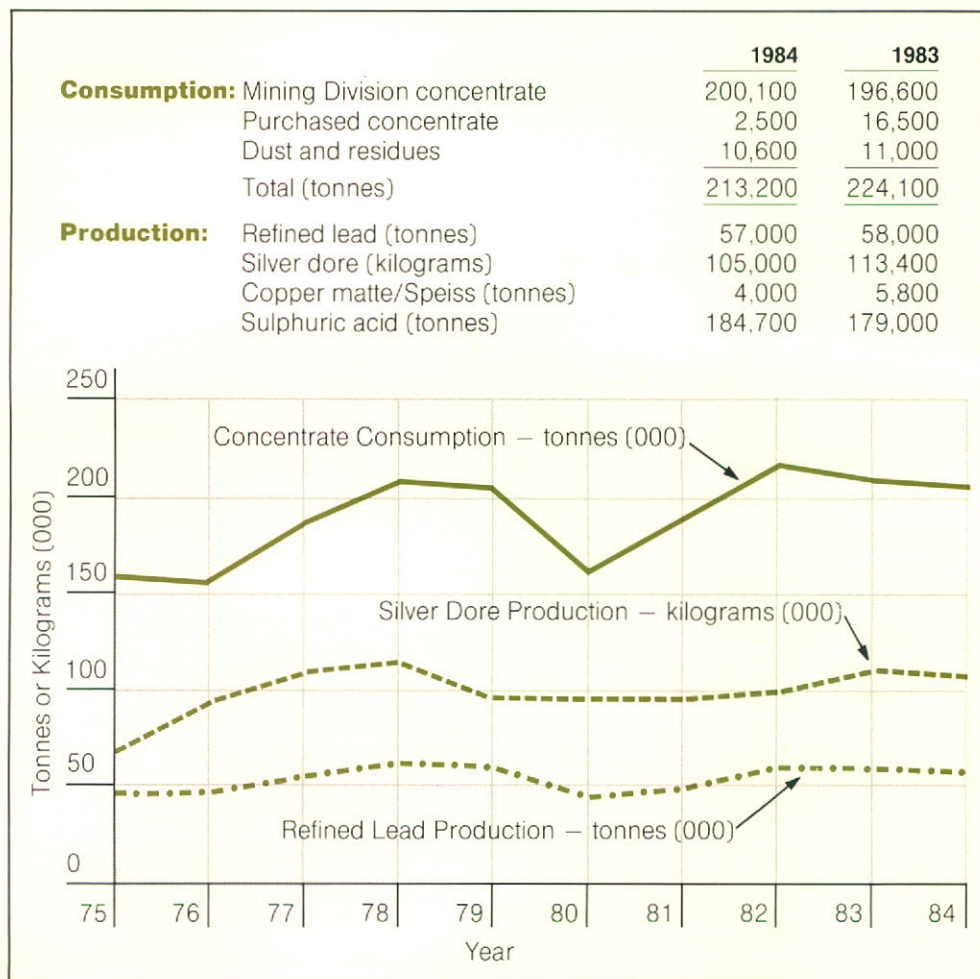
Satisfactory performance was maintained throughout 1984, with sinter plant and lead blast furnace availability being at record levels. Consumption of Mining Division concentrate was slightly higher than the previous year, but consumption of purchased concentrate was restricted to the remainder of the high-silver bearing material purchased in 1983. The result was a net decrease in tonnage consumed and average silver content, and correspondingly lower production of refined lead and silver dore. All production was sold, with about 80% of the refined lead going to customers in Canada and the United States, but at prices which fell to depressingly low levels towards year end.

Strict control measures limited the 1984 increase in total operating costs to about 6.5%, and such measures will be continued. Capital expenditures will also remain restricted and under careful control pending an improvement in economic conditions.

As shown in the chart on this page, safety performance continues to be excellent. There were only six lost-time accidents during the year, representing an overall frequency rate of 5.3 per million manhours worked, and the Division was awarded the New Brunswick Metal Mining Accident Prevention Association trophy for achievement of the lowest accident frequency in the Province during 1984. Another achievement was the completion of 500,000 accident-free workhours, equivalent to 3½ years, by acid and sinter plant employees.

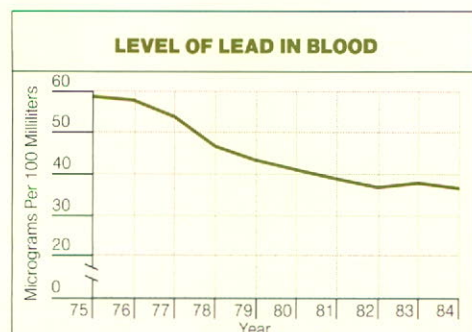
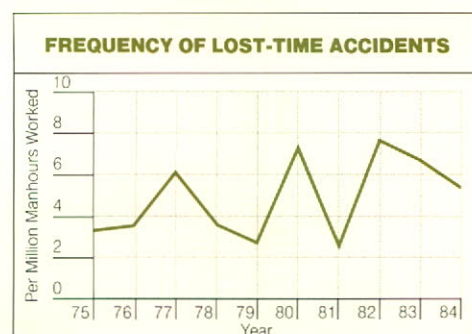
Despite the improvement reflected in the accompanying chart, the level of lead in blood of employees remains a matter of great concern, and efforts to lessen this problem will be renewed in 1985.

Concentrate consumption in recent years has been at or close to capacity of about 220,000 tonnes. Accordingly, the level of lead production from available concentrates cannot be significantly increased without a major process change. The ongoing investi-



gation of the feasibility of the Flash Smelting technique was undertaken for that purpose, as well as cost savings, and initial results have been encouraging. Other projects underway include installation of a process which will markedly reduce operating costs through recovery of zinc in the lead refining process, and investigation of a new gas-cleaning process which, if viable, could greatly increase acid plant throughput.

To promote use of the lead-acid battery, the Division organized and sponsored the Bathurst Kart Grand Prix in July, 1984. Considered to be the world's first electrically-operated car race, the event was primarily for go-carts designed, built and operated by New Brunswick high school and college students. It was a great success and will almost certainly be an annual event.



FINANCIAL REVIEW

Revenues

The major factor contributing to the increase in 1984 net revenues over those of 1983 was metal prices. The magnitude of these changes is demonstrated in the table below.

On the volume side, because of much stronger performances at both sites, zinc production was up by 5.0%, while silver accountable to Brunswick was up by 20% (6,659,000 ounces in 1984 compared to 5,532,000 in 1983). Refined lead production was slightly lower.

Production Costs

Production costs increased by 7.8% over the 1983 level. Labour costs in aggregate were up 15% due mainly to the fact that the collective agreements negotiated in 1983 called for no wage increases in that year but two increases in 1984. In addition, the much stronger performance at the mine led to increased bonuses to production miners and higher gain sharing payments to all Mining Division employees. Costs other than labour were up only 2% or about one-half of the inflation rate. These changes plus the volume changes meant that, at the mine, the cost per

tonne milled increased 5% to \$39.78 while, at the smelter, the cost to treat a tonne of lead concentrate increased 11% to \$286.77.

Taxes

It is important to note that the income tax provision was reduced by \$4.9 million in 1984 due to the realization of Federal Investment Tax credits against taxes otherwise payable. Commencing in 1985, the use of the "flow through" method will no longer be permitted and the effective income tax rate will increase.

The April 17, 1984 New Brunswick budget increased the provincial income tax rate by one percentage point effective January 1, 1984 and introduced a graduated mining tax to replace the flat-rate mining tax. The Company, together with others having an interest in taxation policy, made clear its strong disagreement with the principle of a graduated tax. The proposed tax was withdrawn on June 21, and the whole complicated area of resource taxation is presently under review by the Government.

Cash Flow

The Statement of Changes in Financial Position has been altered from the conventional working capital basis to a cash basis in 1984, reflecting the increased general interest in cash flows. Worthy of note is the fact that there was a reduction in non-cash working capital of \$12.7 million during the year, attributable to lower product inventory quantities and changes in commercial payment terms.

Bank Statement

The only real difference between the Company's bank statement reproduced on the opposite page and a personal bank statement is in the size of the numbers. This statement shows the changes in the Company's cash position during the year.

Bar Chart

The bar chart on the opposite page demonstrates the contribution of the various metals to total net revenues and also plots the production costs against the net revenues. With the higher production volumes and stronger zinc price in 1984, zinc revenues were at an all-time high. Total revenues were only marginally less than in 1979, which was the year in which silver and lead prices both reached high levels that one can but dream about today.

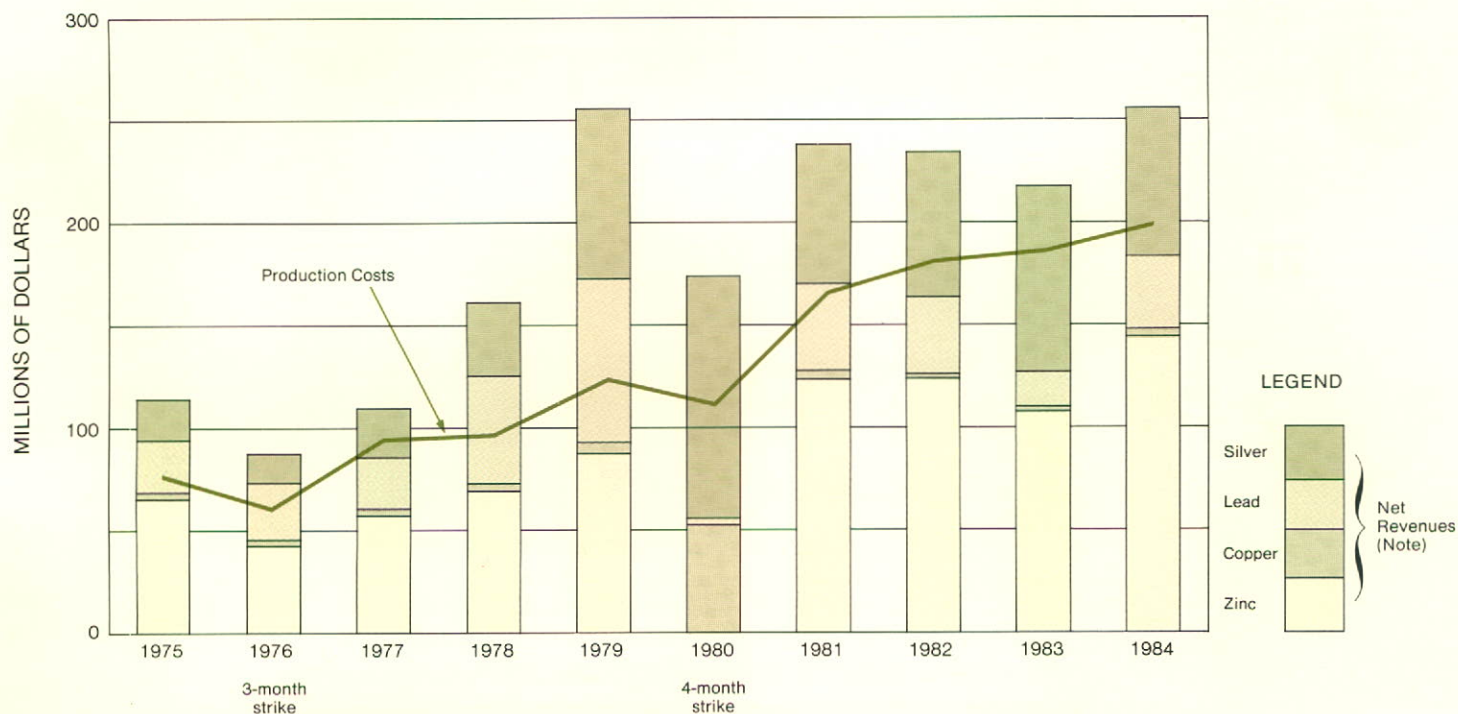
SUMMARY OF MARKET AND REALIZED PRICES

	1984	1983	% change Favourable (Unfavourable)
Average market prices (U.S. Funds)			
Zinc — \$/tonne (overseas producer price)	1,001.	825.	21.3
— ¢/lb. (equivalent of above)	45.4	37.4	21.3
Silver — \$/oz.	8.14	11.45	(28.9)
Lead — ¢/lb.	26.0	22.1	17.6
Exchange rate (\$ U.S. = \$ Cdn.)	1.295	1.232	5.1
Net realized prices (Cdn. Funds):			
Zinc (contained in concentrate) — ¢/lb.	26.6	22.0	20.9
Silver dore — \$/oz.	11.13	14.55	(23.5)
Lead — ¢/lb.	26.6	21.3	24.9

BANK STATEMENT

Date	Item	Withdrawal	Deposit	Balance
1/1/84				\$ (19,582,000 00)
	Proceeds from sale of concentrates and smelter products		307,068,000 00	
	Dividends received from associated companies		3,039,000 00	
	Paid out for:			
	wages, salaries and benefits	90,349,000 00		
	supplies	63,806,000 00		
	energy	37,744,000 00		
	transportation and outside treatment costs	36,555,000 00		
	other services and costs	13,513,000 00		
	Paid to reduce debt	2,063,000 00		
	Paid interest on debt	2,350,000 00		
	Paid for new machinery and equipment	19,662,000 00		
	Paid for deferred development	2,042,000 00		
	Paid to federal, provincial and local governments for taxes	4,838,000 00		
	Received from sale of shares to employees		56,000 00	
	Paid dividends	15,054,000 00		
31/12/84				\$ 2,605,000 00

HISTORICAL SUMMARY OF NET REVENUES AND PRODUCTION COSTS



Note: Net revenues for the purposes of this chart consist of reported net revenues less the cost of purchased lead concentrates and residues. Revenues from all smelter products other than silver dore are included with lead.

Balance Sheet December 31

BRUNSWICK MINING AND SMELTING CORPORATION LIMITED

(NO PERSONAL LIABILITY)

*(Incorporated under the
laws of New Brunswick)*

Assets

	1984	1983
(in thousands)		
<i>Current:</i>		
Short-term investments	\$ 8,315	
Accounts and settlements receivable —		
Parent and affiliated companies	10,847	\$ 9,881
Other trade	25,962	29,632
Inventories of metals and concentrates, at estimated net realizable value	12,399	23,483
Materials, supplies and prepaid expenses	14,747	13,811
	72,270	76,807
 <i>Investment in associated companies (note 2)</i>	 74,797	 74,797
 <i>Fixed, at cost:</i>		
Mine buildings, machinery and equipment	200,956	184,592
Smelter buildings, machinery and equipment	104,264	102,926
	305,220	287,518
Less accumulated depreciation	167,222	155,368
	137,998	132,150
 Mining properties, at cost less amortization, and land	 1,951	 2,013
	139,949	134,163
 <i>Other assets (note 3)</i>	 49,189	 54,740
	\$336,205	\$340,507

On behalf of the Board:


J. A. Hall, Director


J. C. White, Director

(See accompanying notes)

Liabilities and Shareholders' Equity

	1984	1983
	(in thousands)	
<i>Current:</i>		
Bank indebtedness	\$ 4,582	\$ 18,282
Debt due within one year	1,128	1,300
Accounts payable and accrued liabilities –		
Parent and affiliated companies	1,238	3,250
Other trade	18,916	18,994
Taxes payable	11,891	9,995
	<u>37,755</u>	<u>51,821</u>
<i>Taxes provided not currently payable</i>	<u>74,012</u>	<u>73,832</u>
<i>Long-term debt (note 4)</i>	<u>20,053</u>	<u>22,116</u>
<i>Shareholders' equity:</i>		
Capital stock (note 5)	34,798	34,596
Contributed surplus (note 6)	62,717	59,721
Retained earnings	106,870	98,421
	<u>204,385</u>	<u>192,738</u>
	<u>\$336,205</u>	<u>\$340,507</u>

AUDITORS' REPORT

To the Shareholders of
Brunswick Mining and Smelting
Corporation Limited
(No Personal Liability):

We have examined the balance sheet of Brunswick Mining and Smelting Corporation Limited (No Personal Liability) as at December 31, 1984 and the statements of earnings, retained earnings and changes in financial position for the year then ended. 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, these financial statements present fairly the financial position of the company as at December 31, 1984 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.

Clarkson Gordon
Chartered Accountants

Toronto, Canada
February 21, 1985.

**BRUNSWICK
MINING AND
SMELTING
CORPORATION
LIMITED**

(NO PERSONAL LIABILITY)

(Incorporated under the
laws of New Brunswick)

**Statements of Earnings and Retained Earnings
for the Years ended December 31**

Earnings	1984	1983
	(in thousands)	
<i>Revenue from concentrates and smelter products</i>	\$293,280	\$265,423
Less transportation and outside treatment charges	(36,555)	(36,071)
	256,725	229,352
<i>Expenses:</i>		
Production costs	199,320	184,881
Purchased lead concentrates and residues	1,503	11,943
Depreciation and amortization	15,906	16,152
	216,729	212,976
Operating income	39,996	16,376
Dividends from associated companies	3,039	3,039
Interest on long-term debt (note 4)	(2,162)	(2,281)
Short-term interest (net)	(188)	(1,398)
Exploration expenditures written off	(3,377)	(2,641)
Zinc reduction plant preliminary costs written off (note 3)	(5,563)	(4,510)
<i>Earnings before taxes</i>	31,745	8,585
<i>Taxes:</i>		
On income (note 7)	1,300	(900)
On production	1,300	
New Brunswick mining tax royalty	2,500	1,900
	5,100	1,000
<i>Net earnings</i>	\$ 26,645	\$ 7,585
<i>Net earnings per share</i>	\$0.77	\$0.22

Retained earnings

Balance, beginning of year	\$ 98,421	\$ 98,617
Net earnings	26,645	7,585
Dividends:		
1984 — \$0.525 per share		
1983 — \$0.225 per share		
Cash	(15,054)	(7,781)
Stock	(3,142)	
Balance, end of year	\$106,870	\$ 98,421

(See accompanying notes)

Statement of Changes in Financial Position for the Years ended December 31

	1984	1983
	(in thousands)	
Cash was obtained from:		
Operations —		
Net earnings	\$ 26,645	\$ 7,585
Depreciation and amortization	15,906	16,152
Taxes provided not currently payable	180	300
Zinc reduction plant preliminary costs written off	5,563	4,510
Change in operating working capital	12,658	2,130
	<u>60,952</u>	<u>30,677</u>
Issue of shares	56	101
Total cash obtained	<u>61,008</u>	<u>30,778</u>
Cash was used for:		
Additions to fixed assets (net)	19,662	9,638
Deferred development expenditures	2,042	1,873
Reduction of long-term debt	2,063	3,344
Dividends	15,054	7,781
Total cash used	<u>38,821</u>	<u>22,636</u>
Increase in cash	22,187	8,142
Cash, beginning of year	(19,582)	(27,724)
Cash, end of year	<u>\$ 2,605</u>	<u>\$ (19,582)</u>
Consisting of:		
Short-term investments	\$ 8,315	
Bank indebtedness	(4,582)	\$ (18,282)
Debt due within one year	(1,128)	(1,300)
	<u>\$ 2,605</u>	<u>\$ (19,582)</u>

For the purpose of this statement, operating working capital consists of the excess of current assets over current liabilities excluding the amounts defined above as forming part of cash.

(See accompanying notes)

Notes to Financial Statements

December 31, 1984

1. Accounting policies

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in Canada. The significant accounting policies are set out below.

Translation of foreign currencies —

Accounts receivable or payable in foreign currencies are translated into Canadian dollars at the rate of exchange on the balance sheet date. Foreign exchange gains and losses are included in income.

Inventories —

Inventories of metals and concentrates are valued at estimated net realizable value. Supplies are valued at the lower of cost or replacement cost.

Investment in associated companies —

The investments in Brascade Resources Inc. and Kerr Addison Mines Limited are accounted for by the cost method.

Fixed assets —

Fixed assets are valued at cost. Depreciation and amortization are provided primarily on a straight-line basis using rates that will charge operations with the cost of these assets over their estimated useful lives. Rates in use are as follows:

Buildings and fixed machinery and equipment	4.5%
Mobile equipment	12.5%
Tailings dams and equipment	6.5%
Housing	4.5% - 5.0%
Mining properties	4.0%

Deferred development expenditures —

Development expenditures are deferred until the appropriate area of the mine comes into service, and then are amortized on a straight-line basis over 25 years.

Exploration expenditures —

Oil, gas and mineral exploration expenditures are charged against earnings unless they relate to properties from which a productive result is reasonably certain or on which work is in progress, in which cases they are deferred. At the time of evaluation, deferred costs associated with unsuccessful exploration efforts are charged against earnings. Deferred costs associated with successful efforts (recoverable reserves proven to exist) will be amortized on the unit-of-production method.

Taxes —

The company provides for income and production taxes by the tax allocation method. Under this method, timing differences between reported and taxable income (related primarily to claiming capital cost allowances and deferred development expenses for tax purposes in excess of amounts written off in the accounts) result in the provision for taxes which are not currently payable.

Federal investment tax credits are recognized as a reduction in the provision for income taxes in the years in which such credits are claimed for tax purposes.

Revenue —

Concentrates and metals produced are included in inventories and revenue at estimated net realizable values when they reach saleable forms.

Interest expense —

Interest on corporate borrowing applicable to major construction projects is capitalized during the construction period. Discounts on bonds repurchased are deducted from interest on long-term debt.

2. Investment in associated companies

The investment consists of the following:

	Cost		Quoted market value	
	December 31, 1984 and December 31, 1983	December 31, 1984	December 31, 1984	December 31, 1983
			(in thousands)	
362,438 Convertible Preferred shares of Brascade Resources Inc.	\$ 9,786	\$14,316	\$14,860	
2,890,390 Common shares of Kerr Addison Mines Limited	65,011	41,188	59,614	
	<u>\$74,797</u>	<u>\$55,504</u>	<u>\$74,474</u>	

The quoted market value does not necessarily represent the value of these holdings which may be more or less than that indicated by market quotations.

The Brascade and Kerr Addison shares have been pledged as collateral for the company's bank indebtedness.

The company's shareholding in Kerr Addison represents a 16.8% interest in that company. This investment is being accounted for by the cost method and because of its significance to the company, the following summarized financial information of Kerr Addison as at, and for the years ended, December 31, 1984 and 1983 is presented:

Financial position — December 31	1984	1983
	(in thousands)	
Assets:		
Current	\$ 35,060	\$ 62,811
Investments (note)	313,380	319,294
Mining assets	11,089	10,968
Gas and oil properties	85,253	73,460
	<u>\$444,782</u>	<u>\$466,533</u>
Liabilities:		
Current	\$ 9,105	\$ 12,868
Deferred taxes and other	34,261	31,793
Long-term debt	40,000	70,000
	<u>83,366</u>	<u>114,661</u>
Shareholders' equity	<u>361,416</u>	<u>351,872</u>
	<u>\$444,782</u>	<u>\$466,533</u>
Results of operations —		
Year ended December 31		
Earnings from operations	\$ 8,258	\$ 12,113
Loss from associated company	(2,595)	(319)
Special items	12,114	5,125
Net income	<u>\$ 17,777</u>	<u>\$ 16,919</u>
Net income per share	<u>\$1.04</u>	<u>\$0.99</u>

Note: The investments consist of 13,273,981 common shares of Noranda Inc. (10.4% of Noranda's issued common shares) and 1,125,993 common shares of Anderson Exploration Ltd. (32.6% of Anderson's issued common shares).

3. Other assets

	As at December 31	
	1984	1983
	(in thousands)	
Deferred development expenditures, at cost less amortization	\$ 46,579	\$ 46,634
Bond issue expense, at cost less amortization	320	363
Interest in frontier area oil and gas drilling programs	2,290	2,290
Zinc reduction plant preliminary costs, less amounts written off		5,453
	<u>\$ 49,189</u>	<u>\$ 54,740</u>

Development of the proposed 100,000 tonne per year zinc reduction plant at Belledune, New Brunswick, in which the company has a two-thirds interest, was suspended in 1982. The company concluded in 1983 that it would not proceed

with this project in the foreseeable future and wrote off \$4,510,000 of the preliminary costs. With the worsening of conditions in international zinc markets in 1984, the company has determined that it will not build the plant and has accordingly written off a total of \$5,563,000, being the balance remaining after the 1983 write-off of \$5,453,000 plus further costs incurred in 1984 amounting to \$110,000.

4. Long-term debt

	Outstanding as at December 31	
	1984	1983
	(in thousands)	
11% General Mortgage Sinking Fund Bonds, Series B due December 1, 1996	\$ 16,637	\$ 17,332
5.85% First Mortgage Sinking Fund Bonds, Series A due April 1, 1986	1,052	1,052
7.25% General Mortgage Sinking Fund Bonds, Series A due August 15, 1987	3,478	5,000
6¼% and 6¾% first mortgages	14	32
	<u>21,181</u>	<u>23,416</u>
Less amount due within one year	<u>1,128</u>	<u>1,300</u>
	<u>\$ 20,053</u>	<u>\$ 22,116</u>
Remaining long-term debt maturities and sinking fund requirements are:		
1986	—	\$ 2,402
1987	—	1,000
1988	—	Nil
1989	—	887
Subsequent years	—	15,764

Bonds in the amount of \$2,217,000 were repurchased during the year at a discount of \$129,000 which has been deducted from interest on long-term debt.

5. Capital stock

(a) Authorized capital —		
The authorized capital consists of 40,000,000 common shares of the par value of \$1 each.		
(b) Issued capital —		
The issued capital stock is summarized below:		
	1984	1983
Shares issued at beginning of year	34,596,048	34,580,998
Issued under stock option plan (note 5(c))	8,700	15,050
Stock dividends (note 5(d))	193,371	
Shares issued at end of year	<u>34,798,119</u>	<u>34,596,048</u>

(c) Stock option plan –

In 1984, 8,700 shares in the company's capital stock were issued under the company's stock option plan for \$56,000 and options on 392,900 shares were granted. At December 31, 1984, 425,960 common shares had been set aside to cover employees' stock options, of which the following were outstanding:

Year granted	No. of shares	Normal expiry date	Option price per share
1979	15,310	Feb. 21, 1989	\$ 6.76
1979	10,950	May 16, 1989	6.11
1984	392,900	Oct. 24, 1994	16.64
	<u>419,160</u>		

(d) Stock dividend plan –

In 1984, 193,371 shares in the company's capital stock were issued under the company's stock dividend plan for \$3,142,000. At December 31, 1984, 406,629 common shares had been set aside to cover stock dividends.

6. Contributed surplus

As a result of the issue of 202,071 shares at values in excess of par, \$2,996,000 has been added to contributed surplus in 1984 (\$86,000 in 1983).

7. Income taxes

(a) Explanation of variations from the basic income tax rate. The company's provision for income taxes is made up as follows:

	1984	1983
	(in thousands)	
Provision based on combined Federal and New Brunswick rate of 51.0% (50.9% in 1983)	\$ 16,190	\$ 4,370
Increase (decrease) in taxes resulting from:		
Investment tax credits	(4,860)	(1,820)
Non-taxable dividends	(1,550)	(1,550)
Resource allowance	(4,340)	(1,430)
Inventory allowance	(300)	(400)
Earned depletion	(2,520)	(240)
Miscellaneous	(1,320)	170
Actual income tax provision (recovery)	\$ 1,300	\$ (900)

(b) Investment tax credits

At December 31, 1984, unutilized investment tax credits amounted to approximately \$7,800,000.

8. Related party transactions

During the year, the company had business transactions with its parent company, Noranda Inc., and with certain of Noranda's subsidiary and associated companies. Transactions related to the purchase, sale and processing of mining and metallurgical products (including applicable purchase and sales commissions) were effected at rates set out in various contractual agreements between the parties, such agreements being similar to those commonly used in the industry. Purchases of operating supplies were at normal market prices. Charges for management, data processing, research, exploration and other services were at rates which approximated the actual cost of providing the services. Interest charges and revenues arising from the company's participation with Noranda and associated companies in a short-term investment pool were at market rates.

Details of 1984 and 1983 transactions are as follows:

	1984	1983
	(in thousands)	
Purchase of concentrates and residues	\$ 480	\$12,900
Sales of products	70,913	32,742
Smelting and refining tolls	11,114	10,661
Commissions	1,082	1,131
Purchase of operating supplies	5,228	4,761
Charges for services	4,545	3,823
Purchase of fixed assets		856

At December 31, 1984, the amounts indicated on the accompanying balance sheet as receivable from and payable to parent and affiliated companies result from the above transactions, and are current and normal under the terms of the various agreements.

9. Segmented information and export sales

The company conducts mining and metallurgical operations and its plant facilities are all located in the Province of New Brunswick. Export sales amounted to \$154,355,000 in 1984 and \$194,421,000 in 1983.

10. Capital expenditures

1985 capital expenditures are expected to be \$32 million.

EFFECTS OF INFLATION

Although the inflation rate was lower in 1984 than during the last several years, the financial strength of individuals and companies continues to be eroded.

The statement set out below is based on the method recommended by a Committee on Inflation Accounting appointed by the Ontario Government in 1977. The adjustments to inventories, fixed assets and development are based on the Gross National Product Implicit Price Deflation indices published by Statistics Canada.

Cash generated from operations (total from statement of changes in financial position)		\$ 61,000,000	
from this, deduct the amount required to pay for the original cost of productive assets (historical cost depreciation and amortization)			<u>16,000,000</u>
which leaves this amount available, on an historical accounting basis			45,000,000
but to take into account the deterioration in purchasing power of the dollar in our inflationary environment, the following cash is also required:			
to replace inventories at higher prices	\$ 1,000,000		
for fixed assets and development at higher prices		<u>26,000,000</u>	
		27,000,000	
but partly offsetting these requirements, additional cash may be available from borrowing if the present debt-equity ratio is maintained		<u>3,000,000</u>	<u>24,000,000</u>
which leaves the cash available from the year's operations for distribution to shareholders or investment in expansion of activities			<u>\$ 21,000,000</u>

This statement demonstrates that, in 1984, \$43 million (\$16 million plus \$27 million) should have been spent to maintain the business, given the level of inflation Canada has been experiencing. The company generated \$61 million, of which \$13 million came from reduced operating working capital, and could have borrowed \$3 million which on this basis would have left \$21 million for distribution to shareholders or expenditure on growth.

What in fact happened in 1984 was that we spent \$27 million to maintain the business, \$15 million was paid as dividends, and long-term debt was reduced by \$2 million.

By this measure the Company spent \$16 million less than the amount calculated to be necessary to maintain the business. This erosion of the capital base must be recovered in subsequent years if the Company is to remain financially strong.

It should be noted that the \$27 million figure shown in the statement could be interpreted as being the approximate amount by which the Company's 1984 pre-tax earnings were overstated due to the effects of inflation on costs. Earnings are taxed without adequate recognition being given to this overstatement.

This data should not be considered as a precise measure of the adverse effects of inflation, but merely as an indication of the magnitude of the problem faced by the Company in trying to maintain financial strength during a prolonged inflationary period.

TEN YEAR FINANCIAL SUMMARY

The summary on the opposite page gives highlights of the Company's financial record during the last ten years.

Distribution of Revenue

This table analyses the earnings statement by type of expenditure. The revenues are the result of production volumes, which the Company can usually control, and international metal prices and foreign exchange rates, over which the Company has no control. Net earnings are what is left over after obligations to employees, suppliers, lenders and governments have been satisfied and after a charge has been made to recover the original cost of productive assets spread over their useful lives. Revenues and net earnings are volatile from year to year as metal markets are traditionally cyclical in nature.

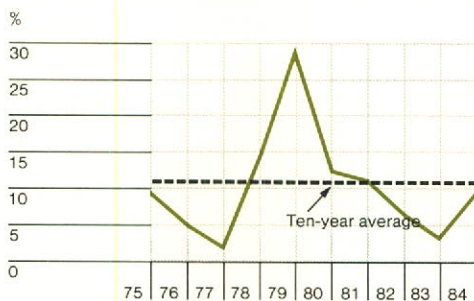
Financial Position

Net assets represent the permanent investment in the business on which a return must be earned, irrespective of how they were paid for. After increasing steadily from 1975 to 1980, the Company's capital base has remained around the \$300 million mark for the last five years. New investment has exceeded depreciation in all years except 1983 (when capital spending was curtailed) but the effects of this have been offset by lower operating working capital resulting from reduced inventory quantities, and by the write-off in 1983 and 1984 of the zinc reduction plant preliminary costs totalling \$10 million. In addition, following completion of the mine expansion project, the Company's financial position strengthened to the point that it has been able to pay out a greater proportion of its earnings as dividends. The dividend pay out for the five years 1980-1984 was 71% of earnings, compared to only 36% in the previous five year period.

Cash Flow and Reinvestment

The table opposite presents the numbers from the Statement of Changes in Financial Position in a different manner. The short-term and long-term financing activities are grouped together to demonstrate that the incurrence or repayment of debt is merely the difference between cash generated and cash required.

The cumulative column shows that 71% of the cash available for distribution or new investment has been reinvested in the business, and that reinvestment exceeds net earnings by 30%.



Rate of Return on Net Assets

This percentage is a key measurement of performance since it relates the earnings to the capital invested and since it can be compared with returns in other businesses. As with revenues and earnings, the rate of return is volatile and cyclical but has averaged about 10% over the ten-year period. High rates of return are necessary in good years to compensate for the lower rates in the bad years of the price cycle. The 9.2% return in 1984, while satisfactory by comparison to the mining industry in general, is still inadequate in light of the 3.0% return in 1983 and 6.5% the year before, especially when the effects of inflation are taken into account.

TEN YEAR FINANCIAL SUMMARY

(\$ in millions)

Distribution of Revenue	Cumulative	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975
Revenue from production	\$2,181.0	\$293.3	\$265.4	\$275.0	\$273.3	\$234.6	\$287.7	\$189.6	\$137.7	\$103.1	\$121.3
Wages, salaries and benefits	554.3	90.3	78.2	81.7	68.9	46.9	45.9	39.2	40.8	30.7	31.7
Energy, supplies and services	863.3	117.6	123.7	101.0	118.1	112.8	86.8	59.7	62.3	38.9	42.4
Transportation and outside treatment costs	263.2	36.6	36.1	39.4	31.7	18.3	30.1	22.8	18.0	14.3	15.9
Depreciation and amortization	128.2	15.9	16.2	16.9	16.0	14.6	11.6	9.8	9.6	8.8	8.8
Interest expense (income)	29.6	2.4	3.7	7.4	7.4	5.3	(2.6)	1.4	2.0	1.4	1.2
Provincial sales, property and business taxes	14.6	1.8	1.9	1.9	2.1	1.4	1.5	1.1	1.1	0.9	0.9
Income and production taxes	125.0	5.1	1.0	8.7	11.0	14.6	45.4	27.8	1.2	1.3	8.9
Share of associated company results and dividends	(32.5)	(3.0)	(3.0)	1.5	(12.3)	(13.4)	(2.3)	—	—	—	—
	1,945.7	266.7	257.8	258.5	242.9	200.5	216.4	161.8	135.0	96.3	109.8
Net earnings	\$ 235.3	\$ 26.6	\$ 7.6	\$ 16.5	\$ 30.4	\$ 34.1	\$ 71.3	\$ 27.8	\$ 2.7	\$ 6.8	\$ 11.5

Financial Position — Year End

Net assets consisted of:											
Operating working capital		\$ 31.9	\$ 44.6	\$ 46.7	\$ 34.0	\$ 48.1	\$ 54.5	\$ 70.5	\$ 51.1	\$ 43.0	\$ 40.6
Investment in associated companies		74.8	74.8	74.8	81.3	71.9	48.3	—	—	—	—
Fixed assets (net)		139.9	134.1	138.6	133.7	122.5	111.6	102.0	104.0	93.9	89.4
Other assets (net)		49.2	54.7	59.4	50.0	61.3	44.4	42.7	39.4	27.4	17.5
		295.8	308.2	319.5	299.0	303.8	258.8	215.2	194.5	164.3	147.5
Financed by:											
Short-term debt less cash*		(2.6)	19.6	27.7	23.2	35.8	(0.7)	1.4	20.6	(10.9)	10.4
Long-term debt		20.0	22.1	25.5	26.6	28.2	31.8	53.3	55.7	57.6	24.6
Shareholders' equity		204.4	192.7	192.8	179.0	168.0	163.1	125.3	100.8	99.8	96.4
Taxes provided not currently payable		74.0	73.8	73.5	70.2	71.8	64.6	35.2	17.4	17.8	16.1
		\$295.8	\$308.2	\$319.5	\$299.0	\$303.8	\$258.8	\$215.2	\$194.5	\$164.3	\$147.5

*and margin deposits in 1979

Cash Flow and Reinvestment

	Cumulative										
Net earnings	\$ 235.3	\$ 26.6	\$ 7.6	\$ 16.5	\$ 30.4	\$ 34.1	\$ 71.3	\$ 27.8	\$ 2.7	\$ 6.8	\$ 11.5
Depreciation and amortization	128.2	15.9	16.2	16.9	16.0	14.6	11.6	9.8	9.6	8.8	8.8
Taxes provided not currently payable	61.4	0.2	0.3	2.6	(1.6)	7.2	29.4	17.8	(0.4)	1.7	4.2
Associated company earnings/loss less dividends	(14.5)	—	—	4.9	(8.4)	(9.4)	(1.6)	—	—	—	—
Decrease (increase) in operating working capital	(5.5)	12.7	2.1	(12.7)	14.1	6.4	16.0	(19.4)	(8.1)	(2.4)	(14.2)
Other (net)	26.8	5.6	4.6	0.1	15.2	0.9	0.7	0.3	0.1	(0.9)	0.2
Cash generated	431.7	61.0	30.8	28.3	65.7	53.8	127.4	36.3	3.9	14.0	10.5
Borrowings (reduction in)	(2.7)	(24.3)	(11.5)	3.4	(14.2)	32.9	(23.6)	(21.6)	29.6	11.7	14.9
Cash available	\$ 429.0	\$ 36.7	\$ 19.3	\$ 31.7	\$ 51.5	\$ 86.7	\$103.8	\$ 14.7	\$ 33.5	\$ 25.7	\$ 25.4
Used as follows:											
Fixed assets and deferred development	\$ 230.7	\$ 21.7	\$ 11.5	\$ 31.3	\$ 30.8	\$ 25.6	\$ 22.4	\$ 11.3	\$ 31.8	\$ 22.3	\$ 22.0
Investment in associated companies	58.4	—	—	(4.8)	—	13.2	50.0	—	—	—	—
Oil and gas drilling expenditures	17.3	—	—	—	—	16.8	0.5	—	—	—	—
Total reinvested	306.4	21.7	11.5	26.5	30.8	55.6	72.9	11.3	31.8	22.3	22.0
Dividends	122.6	15.0	7.8	5.2	20.7	31.1	30.9	3.4	1.7	3.4	3.4
	\$ 429.0	\$ 36.7	\$ 19.3	\$ 31.7	\$ 51.5	\$ 86.7	\$103.8	\$ 14.7	\$ 33.5	\$ 25.7	\$ 25.4

Rate of Return on Net Assets — %

Net earnings exclusive of interest income or expense (net of tax) divided by average of opening and closing net assets	Average	10.2	9.2	3.0	6.5	11.3	13.1	29.5	13.9	2.1	4.8	9.0
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Per Share Data — \$

Net earnings	0.77	0.22	0.48	0.90	1.01	2.08	0.81	0.08	0.20	0.33
Dividends	0.53	0.23	0.15	0.60	0.90	0.90	0.10	0.05	0.10	0.10
Market price range — High	24.50	22.00	14.88	18.00	18.38	11.50	5.75	6.12	6.50	4.70
— Low	13.00	13.50	6.50	11.00	9.38	5.38	2.71	3.00	3.85	3.50
Book Value — Average	5.73	5.57	5.44	5.11	4.89	4.21	3.30	2.93	2.86	2.70

Note: Data for the years 1979 and earlier have been restated to give retroactive effect to the accounting policy change made during 1980 for preproduction and deferred development expenditures.

**BRUNSWICK
MINING AND
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LIMITED**

(NO PERSONAL LIABILITY)

*(Incorporated under the
laws of New Brunswick)*

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