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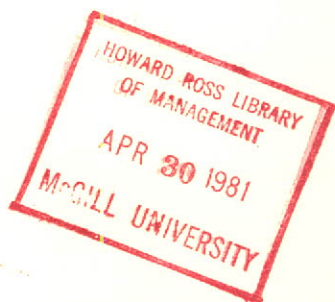
First Maritime Mining Corporation Limited

(No Personal Liability)

Annual Report

For the year ended December 31,

1980



First Maritime Mining Corporation Limited

(No Personal Liability)

Incorporated under the laws of New Brunswick on December 30, 1955

DIRECTORS

R. J. ISAACS Islington, Ontario
A. G. KIRKLAND Saint John, New Brunswick
DR. A. L. McALLISTER Fredericton, New Brunswick
G. S. McMACKIN Saint John, New Brunswick
L. MCC. RITCHIE Saint John, New Brunswick

OFFICERS

L. MCC. RITCHIE *President*
A. G. KIRKLAND *Vice-President*
D. A. MACFARLANE *Secretary and Treasurer*
MRS. M. JONES *Asst. Secretary*

HEAD OFFICE

GOLDEN BALL BUILDING Saint John, New Brunswick

AUDITORS

COOPERS & LYBRAND Saint John, New Brunswick

TRANSFER AGENT

GUARANTY TRUST COMPANY OF CANADA Toronto, Ontario

ANNUAL MEETING

May 20, 1981, 2:30 P.M. (Saint John time)
Golden Ball Building, Saint John, New Brunswick

First Maritime Mining Corporation Limited

(No Personal Liability)

DIRECTORS' REPORT TO THE SHAREHOLDERS

Operations for the year 1980 (after extra-ordinary item) resulted in a net profit of \$1,060,442 (\$.20 per share) compared with \$1,294,287 (\$.24 per share) in 1979.

In the first quarter of 1980, Gullbridge Mines Limited ("Gullbridge"), the former wholly-owned subsidiary of First Maritime, sold almost all of its fixed assets (including the supplies inventory of First Maritime) to Nelson Machinery Company Ltd. of North Vancouver, B.C. for \$750,000. As these assets were carried on the Gullbridge books at an amount greater than \$750,000, a write-off of approximately \$354,000 was recorded resulting from this sale.

As shareholders were advised in the First Maritime semi-annual report, First Maritime completed the sale of all of its shares of Gullbridge to Consolidated Rambler Mines Limited on June 30, 1980 for \$450,000, an amount determined by an independent evaluation. These shares had been written down in 1971 and accordingly, their sale in 1980 results in a recovery of about \$315,000 which is shown as an extra-ordinary item in the 1980 accounts.

First Maritime continues to hold its investment in 1,766,353 shares of Brunswick Mining and Smelting Corporation Limited ("Brunswick"). A combination of the proceeds from the sale of Gullbridge and dividend income from Brunswick provided the corporation with sufficient cash to completely retire all debt by mid-year. The corporation subsequently has improved its working capital such that at year end, it was debt free and had a working capital position of \$1.2 million.

In the summer of 1980, the corporation, together with Atlantic Coast Copper Corporation Limited, carried out a field exploration program in New Brunswick in search of tin, tungsten and molybdenum. Useful geological data has been recorded and this program will be continued in the current year.

On behalf of the board

L. McC. RITCHIE
President.

Saint John, N.B.
March 23, 1981.

COOPERS & LYBRAND

CHARTERED ACCOUNTANTS
801 BRUNSWICK HOUSE
SAINT JOHN, N. B., CANADA

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of First Maritime Mining Corporation Limited (No personal liability) as at December 31, 1980 and the statements of earnings and deficit 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 corporation as at December 31, 1980 and the results of its operations and changes in 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.

COOPERS & LYBRAND

Saint John, N.B.
January 21, 1981

Chartered Accountants

First Maritime Mining

(No Personal Assets)

BALANCE SHEET AS AT

ASSETS

	1980 \$	1979 \$
Current Assets		
Cash and short-term deposits	1,214,216	1,189,570
Accounts receivable	<u>12,424</u>	<u>78,787</u>
	1,226,640	1,268,357
 Investments (note 5)	 5,154,530	 5,154,530
 Fixed Assets (note 2)	 2	 1,505,120
 Deferred Expenditures		
Materials and supplies — at estimated realizable value	<u>—</u>	<u>95,254</u>
	<u><u>6,381,172</u></u>	<u><u>8,023,261</u></u>

Signed on behalf of the Board

L. McC. RITCHIE, Director

A. G. KIRKLAND, Director

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S AT DECEMBER 31, 1980

LIABILITIES

	1980	1979
	\$	\$
Current Liabilities		
Accounts payable and accrued liabilities	5,773	141,784
Long-term Debt (note 3)		
U.S. \$2,200,000 promissory note — secured	<u>—</u>	<u>2,566,520</u>
	<u>5,773</u>	<u>2,708,304</u>

SHAREHOLDERS' EQUITY

Capital Stock		
Authorized — 7,000,000 shares of \$1 par value		
Issued and fully paid — 5,371,280 shares	5,371,280	5,371,280
Contributed Surplus	8,766,794	8,766,794
Deficit	<u>(7,762,675)</u>	<u>(8,823,117)</u>
	<u>6,375,399</u>	<u>5,314,957</u>
	<u>6,381,172</u>	<u>8,023,261</u>

First Maritime Mining Corporation Limited

(No Personal liability)

STATEMENT OF EARNINGS AND DEFICIT

For the year ended December 31, 1980

	1980 \$	1979 \$
Income		
Dividends	1,589,718	1,589,718
Interest	77,678	49,560
Other income	<u>—</u>	<u>20,000</u>
	<u>1,667,396</u>	<u>1,659,278</u>
Expenses		
Administration costs	20,572	23,580
Interest on long-term debt	97,567	343,786
Loss (gain) on foreign exchange	37,621	(49,680)
Loss on sale of supplies inventory	47,463	—
Exploration expense	23,761	—
Mine costs	<u>—</u>	<u>47,305</u>
	<u>226,984</u>	<u>364,991</u>
	1,440,412	1,294,287
Loss of Subsidiary for the Six Months Ending June 30, 1980 (note 2)	<u>695,882</u>	<u>—</u>
Earnings Before Extraordinary Item	744,530	1,294,287
Proceeds in Excess of Net Book Value on Sale of Subsidiary	<u>315,912</u>	<u>—</u>
Net Earnings for the Year	1,060,442	1,294,287
Deficit — Beginning of Year	<u>8,823,117</u>	<u>10,117,404</u>
Deficit — End of Year	<u>7,762,675</u>	<u>8,823,117</u>
Earnings per Share		
Before extraordinary item	<u>.26</u>	<u>.24</u>
For the year	<u>.20</u>	<u>.24</u>

First Maritime Mining Corporation Limited

(No Personal liability)

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended December 31, 1980

	1980 \$	1979 \$
Source of Working Capital		
From operations	1,462,542	1,294,534
Increase in long-term debt	—	3,118,180
Proceeds on sale of fixed assets	702,537	96,817
Proceeds on sale of supplies inventory	47,791	—
	<u>2,212,870</u>	<u>4,509,531</u>
Proceeds on sale of subsidiary (\$450,000) less working capital of subsidiary at date of sale (\$2,056)	447,944	—
	<u>2,660,814</u>	<u>4,509,531</u>
Use of Working Capital		
Repayment of long-term debt	2,566,520	2,869,899
Purchase of fixed assets	—	2,777
	<u>2,566,520</u>	<u>2,872,676</u>
Increase in Working Capital	94,294	1,636,855
Working Capital (Deficiency) — Beginning of Year	1,126,573	(510,282)
Working Capital — End of Year	<u>1,220,867</u>	<u>1,126,573</u>

First Maritime Mining Corporation Limited

(No Personal liability)

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 1980

1. Investments

On June 30, 1980 the wholly owned subsidiary, Gullbridge Mines Limited was sold to an affiliated corporation, Consolidated Rambler Mines Limited. The subsidiary's loss for the six month ended June 30, 1980 is reflected in the statement of earnings.

2. Fixed Assets

	1980	1979
	\$	\$
Land — at nominal value	2	4
Buildings, equipment and other surface installations — at cost less proceeds on disposal	—	4,877,394
Accumulated depreciation	—	(3,372,278)
	<u>2</u>	<u>1,505,120</u>

Prior to June 30, 1980 the majority of the fixed assets of Gullbridge Mines Limited were sold realizing a loss on disposal of \$670,403.

3. Long-Term Debt

Outstanding agreement —

Falconbridge Nickel Mines Limited, under existing agreements, has the right to participate to the extent of one-third in any future financing which might be arranged by the corporation.

4. Related Party Transactions

The corporation loaned \$470,000 to an affiliated company during the year which was repaid prior to December 31, 1980. Interest was charged on this loan at commercial rates.

5. Investments

Investments are 1,766,353 shares of Brunswick Mining and Smelting Corporation Limited valued at cost — quoted value \$28,924,000 (1979 — \$19,430,000).

6. Future Income Taxes

The corporation has accumulated losses for tax purposes of \$1,679,596 which may be carried forward and used to reduce taxable income in future years and for which no future tax benefit has been recognized in the accounts. These losses may be claimed no later than:

	\$
Year ending December 31, 1981	249,437
1982	323,107
1983	350,308
1984	431,467
1985	<u>325,277</u>
	<u><u>1,679,596</u></u>

7. Comparative Figures

The comparative figures are those shown on the consolidated financial statements of the corporation and its subsidiary for the year ended December 31, 1979.

