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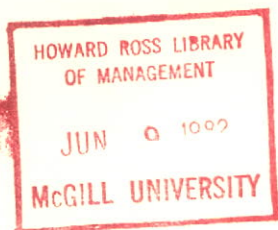
First Maritime Mining Corporation Limited

(No Personal Liability)

Annual Report

For the year ended December 31,

1981



First Maritime Mining Corporation Limited

(No Personal Liability)

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

DIRECTORS

J. J. HOGAN New York, New York
R. J. ISAACS Islington, Ontario
A. G. KIRKLAND Saint John, New Brunswick
D. A. MACFARLANE Saint John, New Brunswick
DR. A. L. McALLISTER Fredericton, New Brunswick

OFFICERS

D. A. MACFARLANE *President and Treasurer*
A. G. KIRKLAND *Vice-President*
W. D. JAMIESON *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

June 29, 1982, 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

Net earnings for 1981 were \$1,244,903 (\$0.23 per share) compared with earnings before special items of \$1,440,412 (\$0.27 per share) in 1980. The reduction in earnings in 1981 is due to the lower dividends received from the Corporation's investment in Brunswick Mining and Smelting Corporation Limited ("Brunswick"). That company reduced its dividend payments to 60¢ per share in 1981 in comparison with 90¢ a year earlier. This reduction in dividend income was, in part, offset by increased interest earned which was up from \$77,678 in 1980 to \$286,515 in 1981. The earnings for 1981 reflected in an improved working capital which increased from \$1.2 million at the end of 1980 to \$2.3 million at the end of 1981.

First Maritime continues to hold its investment in 1,772,453 shares of Brunswick. Like the Canadian mining industry in general, Brunswick had lower earnings in 1981 when compared with 1980 but the company's expanded operating capacity (10,000 tonnes per day) makes it the largest producer of zinc and lead concentrates in Canada. The announcement that the company would be the major participant in the construction of a 100,000 metric tonne zinc plant in New Brunswick has affirmed our belief that Brunswick will continue in the forefront of Canada's zinc-lead industry for many years to come.

Shareholders will note that exploration expenditures were increased in 1981 in comparison with the previous year. Your Corporation shared in two programs, one of which was carried out in New Brunswick and was a continuation of the search for tin, tungsten and molybdenum which began in 1980. The other project was carried out in Newfoundland and was directed primarily toward the search for the same minerals. While no showings of economic significance were discovered, a good amount of geological information was obtained which will be useful in further work.

On December 28, 1981, Mr. L. McC. Ritchie, a director and President of our Corporation, died. Mr. Ritchie, a former judge of the Supreme Court of New Brunswick, had been a director of First Maritime for almost twelve years. His position on the Board was filled by Mr. J. J. Hogan, a lawyer resident in New York, U.S.A.

On behalf of the board

D. A. MACFARLANE
President.

Saint John, N.B.
April 30, 1982.

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, 1981 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, 1981 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

Chartered Accountants

Saint John, N.B.
January 22, 1982

First Maritime Mining

(No Person)

BALANCE SHEET AS

ASSETS

	1981 \$	1980 \$
Current Assets		
Cash and short-term deposits	2,300,057	1,214,216
Accounts receivable	<u>63,077</u>	<u>12,424</u>
	2,363,134	1,226,640
Investments (note 1)	5,259,356	5,154,530
Land – At Nominal Value	<u>2</u>	<u>2</u>
	<u>7,622,492</u>	<u>6,381,172</u>

Signed on behalf of the Board

D. A. MACFARLANE, Director

A. G. KIRKLAND, Director

g Corporation Limited

nal liability)

AT DECEMBER 31, 1981

LIABILITIES

	1981	1980
	\$	\$
Current Liabilities		
Accounts payable and accrued liabilities	<u>2,190</u>	<u>5,773</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>(6,517,772)</u>	<u>(7,762,675)</u>
	<u>7,620,302</u>	<u>6,375,399</u>
	<u>7,622,492</u>	<u>6,381,172</u>

First Maritime Mining Corporation Limited

(No Personal liability)

STATEMENT OF EARNINGS AND DEFICIT

For the year ended December 31, 1981

	1981 \$	1980 \$
Income		
Dividends	1,061,642	1,589,718
Interest	<u>286,515</u>	<u>77,678</u>
	<u>1,348,157</u>	<u>1,667,396</u>
Expenses		
Administration costs	26,685	20,572
Interest on long-term debt	—	97,567
Loss on foreign exchange	—	37,621
Loss on sale of supplies inventory	—	47,463
Exploration expense	<u>76,569</u>	<u>23,761</u>
	<u>103,254</u>	<u>226,984</u>
	1,244,903	1,440,412
Loss of Subsidiary for the Six Months Ending June 30, 1980 (note 4)	<u>—</u>	<u>695,882</u>
Earnings Before Extraordinary Item	1,244,903	744,530
Proceeds in Excess of Net Book Value on Sale of Subsidiary (note 4)	<u>—</u>	<u>315,912</u>
Net Earnings for the Year	1,244,903	1,060,442
Deficit — Beginning of Year	<u>7,762,675</u>	<u>8,823,117</u>
Deficit — End of Year	<u><u>6,517,772</u></u>	<u><u>7,762,675</u></u>
Earnings per Share		
Before extraordinary item	<u>.23</u>	<u>.14</u>
For the year	<u><u>.23</u></u>	<u><u>.20</u></u>

First Maritime Mining Corporation Limited

(No Personal liability)

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended December 31, 1981

	1981 \$	1980 \$
Source of Working Capital		
From operations	1,244,903	1,462,542
Proceeds on sale of fixed assets	—	702,537
Proceeds on sale of supplies inventory	—	47,791
	<u>1,244,903</u>	<u>2,212,870</u>
Proceeds on sale of subsidiary (\$450,000) less working capital of subsidiary at date of sale (\$2,056)	—	447,944
	<u>1,244,903</u>	<u>2,660,814</u>
Use of Working Capital		
Purchase of investments	104,826	—
Repayment of long-term debt	—	2,566,520
	<u>104,826</u>	<u>2,566,520</u>
Increase in Working Capital	1,140,077	94,294
Working Capital — Beginning of Year	<u>1,220,867</u>	<u>1,126,573</u>
Working Capital — End of Year	<u>2,360,944</u>	<u>1,220,867</u>

First Maritime Mining Corporation Limited

(No Personal liability)

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 1981

1. Investments

Investments are 1,772,453 shares of Brunswick Mining and Smelting Corporation Limited valued at cost — quoted value \$25,922,000 (1980 — 1,766,353 shares — quoted value \$28,924,000).

2. Related Party Transactions

The corporation loaned \$1,402,000 to an affiliated company during the year which was repaid prior to December 31, 1981. Interest was charged on this loan at the prime bank rate.

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 Company.

4. Sale of Subsidiary Company

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 months ended June 30, 1980 is reflected in the statement of earnings.

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.

5. Future Income Taxes

The corporation has accumulated losses for tax purposes of \$1,419,766 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, 1982	312,714
1983	350,308
1984	431,467
1985	325,277
	<u>1,419,766</u>

