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# First Maritime Mining Corporation Limited

(No Personal Liability)

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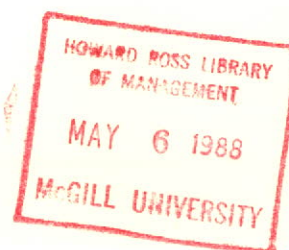
## Annual Report

For the year ended  
December 31,

# 1986

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# First Maritime Mining Corporation Limited

(No Personal Liability)

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

DIRECTORS	J. J. HOGAN, JR. .... New York, New York R. J. ISAACS ..... Islington, Ontario W. D. JAMIESON ..... Saint John, New Brunswick Secretary D. A. MACFARLANE ..... Saint John, New Brunswick President and Treasurer DR. A. L. MCALLISTER ..... Fredericton, New Brunswick
HEAD OFFICE	GOLDEN BALL BUILDING, 10 SYDNEY ST. .... Saint John, N.B.
AUDITORS	COOPERS & LYBRAND ..... Saint John, N.B.
TRANSFER AGENT	GUARANTY TRUST COMPANY OF CANADA ..... Toronto, Ontario
ANNUAL MEETING	May 19, 1987, 2:30 P.M. (local time)  The Allison Room, The Delta Brunswick Hotel, Saint John, New Brunswick

## **DIRECTORS' REPORT TO THE SHAREHOLDERS:**

Net earnings for the year 1986 were \$149,624 (3¢ per share) compared with \$552,246 (10¢ per share) in 1985. Earnings for 1986 were reduced because there were no dividends received from the Corporation's major investment, its shareholdings in Brunswick Mining and Smelting Corporation Limited ("Brunswick").

Brunswick has reported a net loss of \$6.9 million for 1986 (20¢ per share) compared with a net loss of \$5.6 million (16¢ per share) a year earlier. Although the loss for 1986 was greater than that of the previous year, Brunswick operated profitably in the fourth quarter of 1986, reporting net earnings for that quarter of \$1.2 million (3¢ per share). Whether Brunswick will operate profitably in 1987 will depend on economic and other conditions during the current year. In any event, an early resumption of dividend payments by Brunswick is not anticipated.

There has been no change in the Corporation's investments during the year. These investments and their quoted value at year end are set out in Note 1 to the financial statements.

Saint John, N.B.  
March 24, 1987

On behalf of the Board,  
D. A. Macfarlane,  
PRESIDENT

# First Maritime Mining Corporation Limited

(No Personal Liability)

## BALANCE SHEET AS AT DECEMBER 31, 1986

### ASSETS

	1986	1985
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and short-term deposits .....	2,879,115	2,666,520
Interest receivable .....	43,002	52,525
Prepaid expenses .....	1,200	1,200
	<u>2,923,317</u>	<u>2,720,245</u>
INVESTMENTS (note 1) .....	7,849,319	7,849,319
LAND — AT NOMINAL VALUE .....	2	2
	<u>10,772,638</u>	<u>10,569,566</u>

### LIABILITIES

#### CURRENT LIABILITIES

Accounts payable and accrued liabilities .....	4,600	3,102
Income taxes payable .....	44,950	23,000
Due to affiliated companies (note 2) .....	250,000	220,000
	<u>299,550</u>	<u>246,102</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 .....	(3,664,986)	(3,814,610)
	<u>10,473,088</u>	<u>10,323,464</u>
	<u>10,772,638</u>	<u>10,569,566</u>

#### SIGNED ON BEHALF OF THE BOARD

D. A. Macfarlane  
\_\_\_\_\_  
Director

W. D. Jamieson  
\_\_\_\_\_  
Director

**STATEMENT OF EARNINGS AND DEFICIT**  
**FOR THE YEAR ENDED DECEMBER 31, 1986**

	1986 \$	1985 \$
<b>REVENUE</b>		
Interest income (including \$175,222 in 1985 from affiliated companies) .....	241,513	232,043
Dividend income .....	<u>—</u>	<u>365,959</u>
	<b>241,513</b>	<b>598,002</b>
<b>EXPENSES</b>		
Administration .....	<u>46,937</u>	<u>45,756</u>
	<b>194,576</b>	<b>552,246</b>
PROVISION FOR INCOME TAXES (note 4) .....	<u>44,952</u>	<u>96,700</u>
EARNINGS BEFORE EXTRAORDINARY ITEM .....	<b>149,624</b>	<b>455,546</b>
<b>EXTRAORDINARY ITEM</b>		
Recovery of income taxes on application of prior years' losses and exploration expenditures .....	<u>—</u>	<u>96,700</u>
NET EARNINGS FOR THE YEAR .....	<b>149,624</b>	<b>552,246</b>
DEFICIT — BEGINNING OF YEAR .....	<u>3,814,610</u>	<u>4,343,856</u>
	<b>3,664,986</b>	<b>3,791,610</b>
REFUNDABLE DIVIDEND TAX (note 5) .....	<u>—</u>	<u>23,000</u>
DEFICIT — END OF YEAR .....	<u><b>3,664,986</b></u>	<u><b>3,814,610</b></u>
<b>EARNINGS PER SHARE</b>		
Before extraordinary item .....	<u>.03</u>	<u>.08</u>
For the year .....	<u><b>.03</b></u>	<u><b>.10</b></u>

## STATEMENT OF CHANGES IN CASH RESOURCES

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986 \$	1985 \$
OPERATING ACTIVITIES		
Cash provided from operations —		
Net earnings for the year .....	149,624	552,246
(Deduct) non-cash credits .....	—	(365,959)
(Deduct) refundable dividend tax .....	—	(23,000)
	<u>149,624</u>	<u>163,287</u>
Change in non-cash working capital .....	<u>32,971</u>	<u>(40,313)</u>
	<u>182,595</u>	<u>122,974</u>
INVESTING ACTIVITIES		
Purchase of investment .....	—	(46)
INCREASE IN CASH * .....	<u>182,595</u>	<u>122,928</u>
CASH — BEGINNING OF YEAR .....	<u>2,446,520</u>	<u>2,323,592</u>
CASH — END OF YEAR .....	<u>2,629,115</u>	<u>2,446,520</u>

\* For the purposes of this statement, cash is defined as cash and short-term deposits less amounts due to affiliated companies.

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of First Maritime Mining Corporation Limited (No personal liability) as at December 31, 1986 and the statements of earnings and deficit and changes in cash resources 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, 1986 and the results of its operations and the changes in its cash resources for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



CHARTERED ACCOUNTANTS

Saint John, N.B.

January 22, 1987

**NOTES TO FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED DECEMBER 31, 1986

**1. INVESTMENTS**

The corporation's investments comprise:

	Cost		Quoted Value	
	1986 \$	1985 \$	1986 \$	1985 \$
Brunswick Mining and Smelting Corporation Limited, 1,846,959 shares	6,430,242	6,430,242	21,932,638	24,010,467
Atlantic Coast Copper Corporation Limited, an affiliated company, 140,631 shares	299,737	299,737	182,820	187,039
Consolidated Rambler Mines Limited, an affiliated company, 186,400 shares	<u>1,119,340</u>	<u>1,119,340</u>	<u>1,211,600</u>	<u>1,211,600</u>
	<u>7,849,319</u>	<u>7,849,319</u>	<u>23,327,058</u>	<u>25,409,106</u>

The quoted values referred to above do not necessarily reflect the realizable value of these investments which may be more or less than that indicated by market quotations.

**2. RELATED PARTY TRANSACTIONS**

Corporation management

The corporation's management and officers are common with certain affiliated companies which share management costs with the corporation.

Due to affiliated companies

During the year, the corporation invested its own surplus funds and funds received for that purpose from affiliated companies.

**3. LONG-TERM DEBT**

Outstanding agreement

Falconbridge 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. PROVISION FOR INCOME TAXES**

The corporation claimed all of its outstanding Canadian exploration expense reserves thereby reducing income subject to Part I tax.

**5. REFUNDABLE PART IV TAX**

Taxes paid by the corporation on dividend income are refundable to the corporation in the event that the corporation pays taxable dividends to its shareholders. The cumulative refundable amount at December 31, 1986 was \$56,236. Such tax and its recovery is charged and credited to the deficit.

