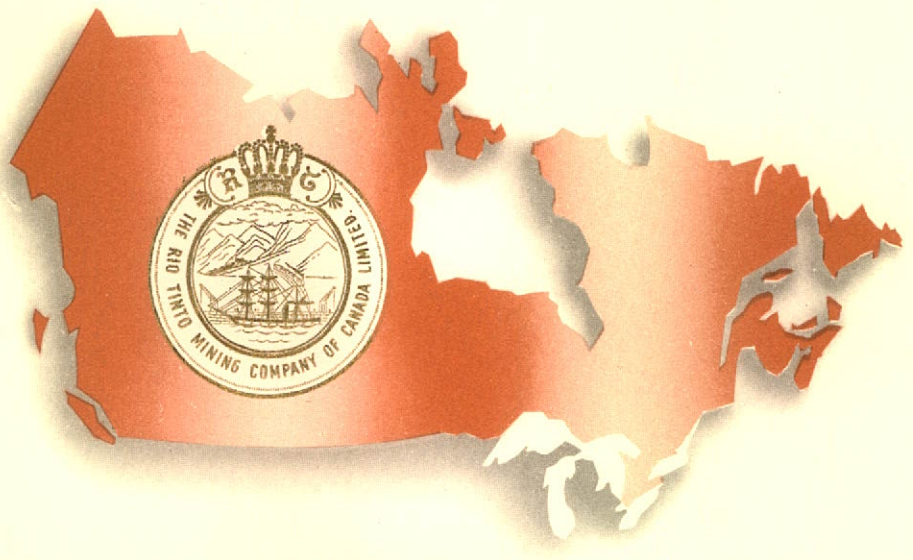


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The **RIO TINTO** mining company



of **CANADA** limited

ANNUAL REPORT 1957

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The Annual Meeting
of
THE RIO TINTO MINING COMPANY
OF CANADA LIMITED
will be held
on Monday, April 28th, 1958,
at 2.30 p.m., Toronto time,
on the 11th floor
of the Board of Trade Building,
11 Adelaide Street West,
Toronto, Canada.

DIRECTORS

JOSEPH H. HIRSHHORN, *Chairman of the Board*
THE HON. ROBERT H. WINTERS, *President*
DR. E. B. GILLANDERS, *Executive Vice-President*
W. B. MALONE, *Vice-President and Treasurer*
W. H. BOUCK, Q.C., *Vice-President*
DR. D. R. DERRY, *Vice-President*
H. BLAISE
J. N. V. DUNCAN, O.B.E.
SAM HARRIS
THE HON. SALTER A. HAYDEN, Q.C.
THE RIGHT HON. C. D. HOWE
B. R. P. MACKENZIE, Q.C.
LEO MODEL
F. PETITO
SIR MARK TURNER

* * *

ROGER JEANTY, *Executive Assistant to the President*
D. G. C. MENZEL, *Secretary*
G. BAKER, *Assistant Secretary*
C. J. SERVAIS, *Assistant Secretary*
G. R. DEVEY, *Assistant Treasurer*

BANKERS

THE CANADIAN BANK OF COMMERCE, *25 King Street West, Toronto*

SOLICITORS

FASKEN, ROBERTSON, AITCHISON, PICKUP & CALVIN,
36 Toronto Street, Toronto

AUDITORS

COOPER BROTHERS & CO.,
Chartered Accountants, 80 King Street West, Toronto

TRANSFER AGENTS

THE TORONTO GENERAL TRUSTS CORPORATION
Toronto, Montreal, Winnipeg and Vancouver
THE CORPORATION TRUST COMPANY
Jersey City, New Jersey, U.S.A.

OFFICES

335 Bay Street, Toronto

RIO TINTO MINING COMPANY OF CANADA LIMITED

REPORT OF THE CHAIRMAN

TO THE SHAREHOLDERS:

On behalf of the Directors, I take pleasure in presenting the second Annual Report of your Company.

This report includes:—

- (a) a report of the President, setting forth the principal developments and changes in your Company's affairs during the year;
- (b) a report by Dr. Duncan R. Derry, the Vice-President in Charge of Exploration, on the exploration program carried out during the year;
- (c) short descriptive notes concerning the uranium mining companies managed by your Company in the Blind River area; and
- (d) the financial statements required by law to be given to shareholders, and additional financial information designed to assist shareholders in assessing the affairs of your Company.

The present Annual Report covers the first full fiscal year of operations since the merger of interests which gave your Company its present form in May, 1956.

Certain changes have been made in your Board of Directors which I should like to outline briefly. Your former President, Mr. J. N. V. Duncan, who is also Managing Director of The Rio Tinto Company, Limited, London, relinquished his position in September in order to devote more of his energies to matters affecting the worldwide interests of the Rio Tinto Group. At the same time, your former Managing Director, Mr. R. W. Wright, relinquished his position for similar reasons and has returned to London where he is now a Director of Rio Tinto, London. I am happy to say that Mr. Duncan remains on your Board and that both Mr. Duncan and Mr. Wright still maintain an active interest in your Company. Their valuable counsels continue to be appreciated as before.

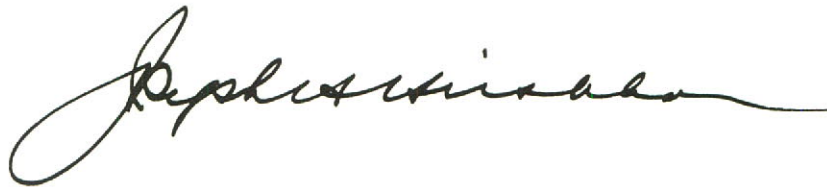
During the year, two outstanding additions were made to your Board of Directors. Mr. Frank Petito, a partner of the investment banking firm of Morgan Stanley and Company, was elected to fill a vacancy at the last Annual Meeting. Mr. Petito has had broad and intensive experience in financial matters. In October, the Board was enlarged from fourteen to fifteen members, and the Rt. Hon. C. D. Howe was elected to fill the newly created vacancy. Mr. Howe brings to the Board a high national and worldwide reputation based on a long career of distinguished private and public service. We are honored to have Mr. Petito and Mr. Howe associated with your Company.

The Hon. Robert H. Winters, who assumed the Presidency in succession to Mr. Duncan in September last year, brings to your Company outstanding knowledge and experience. As a former Minister of Public Works of Canada and an engineer by profession, Mr. Winters is ideally equipped to guide your Company's affairs. I should like to pay warm tribute to his rapid mastery and firm grasp of administrative and other problems during the relatively short time he has so far been in office.

In December, Dr. E. B. Gillanders, formerly Vice-President, Operations, was appointed Executive Vice-President. Mr. W. B. Malone, Mr. W. H. Bouck and Dr. D. R. Derry continued as Vice-Presidents in charge of Finance, Legal Affairs and Exploration, respectively.

I should like to express my personal acknowledgement of the services rendered by your Company's Vice-Presidents during a year when the rapid development of your Company's assets imposed a particularly heavy burden of work.

I also thank most warmly all the executives, specialist staff and employees of the Company for their services rendered during the year.

A handwritten signature in black ink, appearing to read 'J. P. ...', with a long horizontal flourish extending to the right.

Chairman of the Board.

REPORT OF THE DIRECTORS



This is the first Annual Report I have the honor of presenting and I take this opportunity of expressing my pleasure at being associated with an organization which enjoys such high world esteem and which is now contributing substantially to the development of the resources of our country.

During the year under review, solid progress has been made in consolidating your Company's asset structure, in expanding production and improving operating efficiency at the mines under its management.

MINING OPERATIONS

Important underlying assets of your Company continue to be the uranium mining properties of the Blind River area. Great progress was made during the year in further developing these properties. Operating data on the individual properties managed by your Company are given in another section of the present report, and I will refer only to the most significant facts. I would recall that your Company is responsible for the management of eight uranium mining properties in the Blind River area. These are Pronto, Algom Nordic and Algom Quirke, the four properties grouped under Northspan comprising Lake Nordic, Panel, Spanish and Buckles, and the Milliken Lake property. The mills at these properties will have a scheduled capacity of about 19,000 tons of ore a day, representing the major portion of the present scheduled capacity of the Blind River area, which is itself the largest uranium mining camp in the world.

Pronto

You will recall that Pronto was the first property in the area to commence milling ore late in 1955. In May, 1957, the mill capacity was increased from 1,250 to 1,500 tons of ore a day, and Pronto milled 507,000 tons of ore over the year compared with 406,000 tons in 1956. The plant continues to operate at scheduled capacity, and the year's operations have been very satisfactory. Grade and recoveries improved materially over 1956 and the net profit for the year, after depreciation and write-offs, amounted to \$2,471,000. Bank borrowings continued during the year to finance operations, but these have now been fully repaid. In addition, Pronto purchased in 1957 approximately \$1,800,000 of its debentures for redemption.

Algom

February 16th marked the official opening of the Algom Quirke and Algom Nordic plants. The Quirke plant milled 1,118,000 tons over the full year and the Nordic plant 873,000 tons from March 1st to the year end. Each plant is meeting its scheduled milling rate of 3,000 tons a day. Here again, the operations for the year are considered to be very satisfactory. The net profit for the year, after depreciation and write-offs, amounted to \$6,765,000. Loans were made by your Company and a Canadian bank to Algom during the year to cover working capital needs and capital additions. They were all repaid by December 31, 1957.

Northspan

At Northspan there have been delays in bringing the properties into operation. Noteworthy among several causes of delay were serious shortages of workers, supplies and equipment

resulting from the simultaneous construction programs in the area of seven uranium mining companies, operating under urgent construction schedules. In addition, at the Spanish property there was the problem of water. These and other difficulties led to an upward revision of the capital costs needed to bring the properties to the production stage, and it is now estimated that plant and related capital items at Northspan will cost approximately \$93,000,000 overall. I refer to the methods whereby new funds have been raised for this contingency, under the heading of "Investments." In spite of these difficulties and the delays which they have entailed, the Northspan properties are being developed into good mines. Before the end of the summer, Northspan should be delivering oxide at the scheduled contract rate.

In the previous Annual Report it was stated that the three plants of Lake Nordic, Panel and Spanish would be in production, barring unforeseen delays, between late summer and fall of last year. These objectives were not achieved but at Lake Nordic, production commenced in November and the mill has been brought up to its scheduled production by supplementing the output from the mine with Buckles ore. The mining rate is now developing on schedule.

Crushing operations commenced at the Panel mine on December 12th, 1957. The plant was officially opened by the Rt. Hon. C. D. Howe, a director of your Company, at an informal ceremony on March 12th, 1958, and it is anticipated that the mill will reach full capacity of 3,000 tons a day in June, 1958.

At Spanish, there have been problems with water. These have caused delays, but fortunately to date all such occurrences have been successfully sealed off. Subject to continuing control of the water problem, production from this plant is scheduled to commence in May. Crushing commenced at the Spanish mine on March 18, 1958, and it is expected that milling operations at the rated capacity of 2,000 tons a day will be attained during the summer of 1958.

Milliken

Excellent progress has been made in bringing to production the Milliken Lake property. Shaft sinking was completed by mid-December and lateral work was under way before the year end. The first ore from the mine was fed into the crushers on March 11th, 1958 and the plant is now producing uranium oxide. It is being brought up to its scheduled rate.

* * * *

A substantial increase in overall oxide production and shipments is therefore anticipated for this year. Your Directors and the management at the mines are giving constant attention to the problem of improving operating efficiency at the mines now in production.

Your Company and the operating mines derive substantial benefit from their close association within the Rio Tinto Group. Individual operating problems can be discussed against the background of experience gained at other properties and common solutions frequently reached. Your Company is also fortunate inasmuch as its principal assets are in an industry which is unaffected by the present business recession both as regards markets and product price.

Your Company and the uranium mining companies which it controls played a considerable role in the further development of the Elliot Lake townsite which is the hub of the Blind River mining area. At the year end, there were some 18,000 people living in the improvement district. The growth of the Elliot Lake township itself must be one of the most rapid in mining history and your Company has been directly or indirectly responsible for arranging building contracts and finance for approximately half of the number of houses built or under construction. A program for the construction of a considerable number of additional apartments and houses has been arranged for this year. Elliot Lake is an agreeable and well-planned town and already possesses many amenities including a theatre, one hotel, and another under construction. Your Chairman, Mr. J. H.

Hirshhorn, and Mr. Franc Joubin, consulting geologist of the Rio Tinto Group, have generously made a gift to the town of an auditorium, which is now under construction.

INVESTMENT PORTFOLIO

With regard to the investment portfolio, a number of measures were taken during the year to consolidate it and to secure greater control over certain of your Company's holdings. There were three developments of principal importance. In the first place, your Company exchanged 1,000,000 shares of Algom Uranium Mines Limited for 2,330,000 treasury shares of Preston East Dome Mines Limited, which already had a substantial holding in Algom. Preston thereby acquired a majority interest in Algom, and your Company in turn acquired a majority interest in Preston. Further, your Company has agreed with Preston that all shares in Algom which it may acquire through exercise of the Algom warrants which it holds shall be exchanged at the same ratio with Preston for treasury shares of the latter company.

Secondly, your Company exchanged its holding of 1,601,245 shares of Milliken Lake Uranium Mines Limited for 5,871,232 shares of Pardee Amalgamated Mines Limited, which already had a substantial holding in Milliken. Pardee thereby acquired a 42% interest in Milliken, and your Company in turn acquired a 66% interest in Pardee. Thirdly, eight small companies were amalgamated during the year to continue as Consolidated Frederick Mines Limited, in which your Company has a 46% beneficial interest. The principal assets of Consolidated Frederick Mines are direct and indirect holdings in the uranium mines managed by your Company. The merger has produced a company of more easily manageable assets, and savings have been effected in the field of administrative expense. You will recall that amalgamations of this nature were foreshadowed in the previous Annual Report.

Reference was made in the previous year's Report to your Company's agreement to purchase on demand a maximum of \$6,000,000 principal amount of 5¾% General Mortgage Bonds, Series 'B', of Northspan. An amount of \$6,000,000 of such Bonds was purchased at par and added to Unquoted Investments. This was financed entirely from your Company's own resources, as reflected in the change in Current Assets. Of these Bonds, \$1,000,000 were subsequently purchased at par from your Company by Tinto Holdings Limited, a wholly owned subsidiary of The Rio Tinto Company, Limited, of London, England.

Later in the year, it was found necessary to raise further finance for development of the Northspan properties. To that end, your Company and Tinto Holdings Limited took up 6½% Series 'A' Northspan Debentures at the issue price of \$95 per unit of \$100 as follows:

- (a) As of December 31st, 1957, your Company had bought \$4,500,000 principal amount of these Debentures, at a cost of \$4,275,000 and Unquoted Investments were accordingly increased by this sum.
- (b) In January, 1958, your Company took up an additional \$3,925,000 principal amount of these Debentures at a cost of \$3,728,750.
- (c) In March, 1958, Tinto Holdings Limited took up \$1,600,000 principal amount of these Northspan debentures at a cost of \$1,520,000.
- (d) Tinto Holdings Limited has also agreed to advance to Northspan whatever monies are necessary to place that Company into production at the initial monthly rate of 425,000 pounds of U₃O₈ in a precipitate of at least 50% by dryweight.

FINANCE

I should like to draw your attention to the most significant changes which have occurred in the financial status of your Company over the year. The Consolidated Balance Sheet accompanying the Report shows a substantial rise in Unquoted Investments compared with the position a year ago.

This change is largely a reflection of the additional financing provided for Northspan Uranium Mines Limited.

To finance your Company's share of this undertaking and also to obtain additional capital for general purposes, shareholders were offered rights to acquire new shares in the Company at the rate of one new share at \$1.50 for every five shares held. Rights were exercisable between January 15th and February 19th this year. Tinto Holdings agreed to purchase as an investment shares not taken up under the offering. As a result of purchases by shareholders and Tinto Holdings your Company received \$13,285,384 on the sale of 8,856,923 shares.

Early in 1957, and again in December pending receipt of the full amount of funds from exercise of these rights, your Company had obtained temporary loans which are reflected in the Consolidated Balance Sheet under Current Liabilities. These loans have now been repaid.

Also worthy of note is the substantial rise in the Minority Interest held in Consolidated Subsidiaries. This is mainly due to the consolidation of the Assets and Liabilities of Pardee Amalgamated Mines Limited with those of your Company.

I would also draw your attention to certain changes in the capital of your Company. On December 27th, at a General Meeting of the Company, shareholders gave approval to a special resolution calling for the reclassification of the Company's Class 'A' shares, having a par value of \$100 each, into Common shares without par value. By Supplementary Letters Patent dated December 30th, 1957, the 400,000 Class 'A' shares were reclassified into 40,000,000 common shares without par value. The authorized share capital of the Company, therefore, now stands at 80,000,000 common shares of no par value, all with equal voting rights, of which 44,232,915 were issued and fully paid at the end of the year.

Turning to the Consolidated Profit and Loss Account, your Company's Consolidated Revenue for the year was \$2,451,498 and Expenditure was \$2,297,708, leaving an Operating Profit of \$153,790 and a Net Profit, after deduction of certain provisions, of \$121,819, compared with a Loss of \$174,342 in 1956. This profit has been applied to the reduction of the Deficit of \$193,674 in last year's Consolidated Balance Sheet. As explained in the notes attaching to the Balance Sheet, your Directors have decided for the year 1957 to continue the policy of carrying forward as deferred expenditure debenture interest and expenditure on exploration and development.

RIO TINTO DOW

During the year under review, negotiations took place which led to the formation in January, 1958 of a new company, Rio Tinto Dow Limited, for the initial purpose of exploiting the thorium and rare earths by-products of the uranium mining operations in the Blind River area. The shareholders in the new company are Dow of Canada, your Company, Algom Uranium Mines Limited, Northspan Uranium Mines Limited and Milliken Lake Uranium Mines Limited. Research is being undertaken into various aspects of uranium production.

SUBSIDIARIES AND OTHER MANAGED COMPANIES

With regard to the position of subsidiaries and other managed companies, reference is made in the Report on Exploration to Oceanic Iron Ore of Canada Limited and to the copper-bearing properties of Anglo-Rouyn Mines Limited, and Pater Uranium Mines Limited. Development work and investigations were carried out at these three properties during the year, including underground work at Pater, but present conditions do not justify any further development of the copper properties for the time being, and no conclusion has been reached on the feasibility of financing the Oceanic Iron Ore project.

Your Company continued to manage Rix-Athabasca Uranium Mines Limited, in which it has a small investment. Operating results were satisfactory, and on the expiry during the year of

the previous sales contract, the company was successful in negotiating a new contract with Lorado Mines Limited.

EXPLORATION

Under the direction of Dr. Derry, Rio Canadian Exploration Ltd. continued to carry out an extensive exploration program during the year under review. These activities are described in more detail in another section of this Report. Airborne surveys continued to be a feature of the Company's activities.

Interesting findings of copper were established in a new area in Northern Quebec. These will require further investigation to establish their commercial importance.

Also of considerable potential interest are the results of a geological survey made of a property in Western Ontario containing molybdenum mineralization. Late last year a company was formed, Pidgeon Molybdenum Mines Limited, under the management of Rio Canadian Exploration. It acquired the group of claims now being diamond-drilled to establish the tonnage and grade of molybdenum mineralization.

The Company maintained its interest in African programs, of which the main items of significance are the Empress Nickel deposit of nickel and copper, the Palabora large low-grade copper deposit in which the Company is in partnership with Newmont Mining Corporation, and an extensive exploration program in Northern and Southern Rhodesia.

CHANGES IN THE BOARD OF DIRECTORS

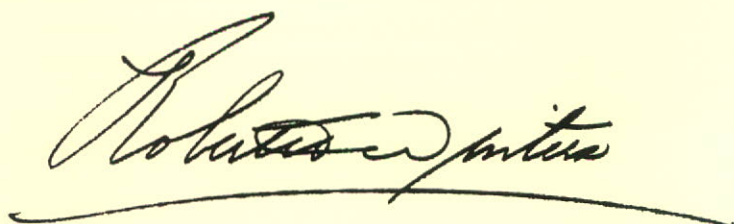
Your Chairman has already referred to certain changes in the Board of Directors during the year, and I would merely like to express my own appreciation of the services rendered your Company by Mr. Duncan and Mr. Wright, and of the valuable contributions made by the Vice-Presidents, who form a management team with whom it is a real pleasure to work. I would also like to say how pleased I am that Mr. Petito and Mr. Howe have joined the Board. Mr. Petito has had wide experience in the field of finance and has already made a notable contribution to your Company. Mr. Howe has been a colleague of mine over a period of some twelve years, and I know how valuable his services are.

CONCLUSION

In conclusion, I should like to say a word on shareholder relations. Your Directors recognize their duty towards shareholders in keeping you well informed of the state of your Company's affairs. You will find, for example, in the present Report a table setting out your Company's share in the equity and profits of the main operating companies. In addition, now that most information on uranium operations has been declassified, and as more mines are reaching the production stage, your Directors are planning to issue to shareholders periodic progress reports on operations of the mining companies managed by your Company.

It remains for me, and I also speak on behalf of your former President, Mr. Duncan, to acknowledge the achievements and loyalty of the administrative and specialist staff and all employees of your Company during the year.

On behalf of the Board,

A handwritten signature in dark ink, appearing to read "Robert W. Petito", written in a cursive style. The signature is positioned above a long, horizontal, slightly wavy line that spans most of the width of the signature area.

President.



REPORT ON EXPLORATION

Exploration was carried out in 1957 through Rio Canadian Exploration Ltd. in partnership on certain projects with associated companies and with outside interests. Exploration teams and investigations were controlled from the Head Office in Toronto through the three main field offices in Noranda, Quebec; Bathurst, New Brunswick; Vancouver, B.C., and through a temporary office in Lac La Ronge, Saskatchewan.

The airborne geophysical unit was used throughout the year in various parts of Canada between New Brunswick and Saskatchewan. Much of the basic exploration of Rio Canadian Exploration begins with these airborne geophysical surveys.

Ontario

An interesting molybdenum prospect was acquired in Western Ontario in the latter part of the year, in partnership with two other companies. Under the terms of acquisition a new company, Pidgeon Molybdenum Mines Limited was formed. Early diamond drilling results were encouraging and the work is being continued in 1958.

Options were obtained on a group of properties in the vicinity of Lake Abitibi where gold mineralization was encountered in earlier work some years ago. A drilling program is being organized.

Quebec

Exploration in Northern Quebec resulted in the discovery of copper mineralization in a new area. Further investigation will be carried out during 1958.

In the area north and east of Noranda, geological and geophysical parties followed up indications from airborne surveys. No discoveries of importance had been made to date but the work will be continued into 1958.

Maritime Provinces

In New Brunswick two areas were flown with airborne electromagnetic equipment and were followed up by ground parties, but both gave negative results. Prospecting in the area west of Fredericton gave some encouragement in the possibility of nickel mineralization.

In Nova Scotia, a preliminary survey was carried out on the occurrence of certain metals and industrial minerals which may result in more detailed studies in 1958.

Manitoba

An airborne electromagnetic survey was carried out over properties in the vicinity of Wintering Lake, southeast of the Mystery-Moak Lake area. As a result of this work, options were obtained on certain properties with the object of checking the air survey indications and diamond drilling those considered to be of promise.

Saskatchewan

A large area, lying northeast of Lac La Ronge, was covered by airborne electromagnetic survey. Many indications from the airborne survey were obtained and were followed up by ground work during the latter part of 1957 and will be completed in 1958.

British Columbia

Prospecting and reconnaissance work was carried out in several districts of the Province during the summer. An option was obtained on a large group of claims in the southern end of Vancouver Island on which copper values were obtained. Further action will depend on results on an adjoining property where a long tunnel is being driven to test copper ore indicated by diamond drilling.

ASSOCIATED COMPANIES

Development or exploration work was carried out under the direction of your Company on the following properties held by companies in which your Company has a substantial share interest.

Anglo-Rouyn Mines Limited

A program of surface diamond drilling, commenced in 1956, was continued in 1957. Some additional copper ore was proved but it is regarded as insufficient to justify plans for placing the property in production under present conditions. Since the finding of other copper bodies in this general area would affect the future of Anglo-Rouyn, this company participated with Rio Canadian Exploration in part of the airborne electromagnetic coverage mentioned above in this Report.

Pater Uranium Mines Limited

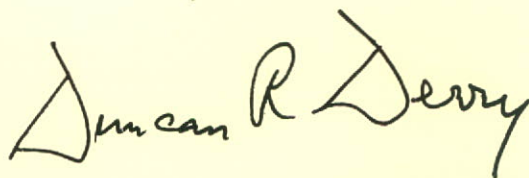
Underground work was continued on this property, lying east of the town of Blind River, Ontario. Lateral drifting, together with diamond drilling from underground, indicated additional low-grade copper ore which is expected to be mineable under more favourable metal prices, but which was considered too low-grade to justify production at the present time. The property has been placed on a care and maintenance basis pending an improvement in prices in the copper market.

Oceanic Iron Ore of Canada Limited

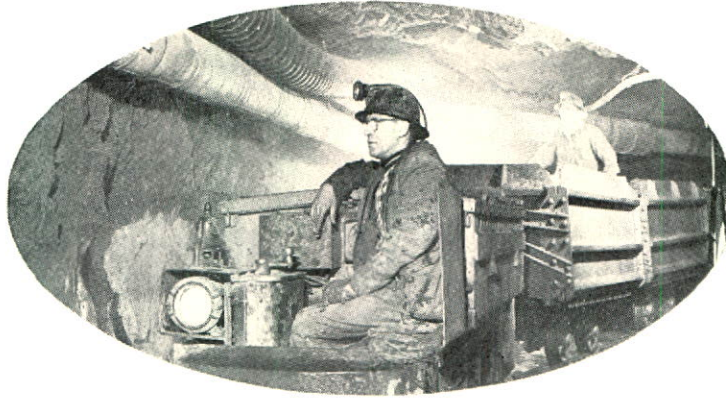
Studies on ore concentration and pelletizing were completed in 1957 and surveys on the various aspects of the project were completed leading to a general economic appraisal. Diamond drilling during the summer of 1957 added a considerable tonnage to the Payne Range ore body lying on or close to tidewater. This brings the drill-indicated tonnage on the Morgan and Payne Ranges to over 300 million tons plus a further 115 million tons partially indicated. No conclusion has been reached on the feasibility of financing this project.

Hudson-Ungava Nickel Mines Limited

This company holds a concession of approximately one hundred square miles in the Cape Smith belt of Northern Ungava in which recent nickel developments have taken place. Geological mapping and prospecting were carried out and some indications of low-grade nickel were obtained.



Vice-President.



PRONTO URANIUM MINES LIMITED

URANIUM SALES CONTRACT \$55,000,000
 RATED MILL CAPACITY..... 1,500 tons per day

R. D. LORD - - - - - *Managing Director*
 J. VAN NETTEN - - - - - *Secretary-Treasurer*
 P. E. YOUNG - - - - - *Mine Manager*

Extensions to the mill plant which were completed in May 1957 enabled it to process 1,500 tons a day and during the year 507,000 tons of ore were milled as compared with 406,000 tons in 1956. Recoveries of U₃O₈ averaged 2.13 lbs. per ton as against 1.8 lbs. in 1956 and were largely responsible for the much improved operating profits which are mentioned below.

In view of the fact that established reserves are sufficient to maintain operations for several years, exploration expenditure to prove extensions to the known orebody has been held to a minimum. However, a moderate program of drilling carried out on the surface produced ore indications which will later be followed up.

In order to gain access to the downward extension of the orebody, shaft-deepening was commenced during the latter part of the year to open up two new levels. Apart from this, capital expenditures for the forthcoming year will be limited.

The gross revenue from production for the year totalled \$11,021,741. Operating and development costs at the mine averaged \$11.37 per ton of ore milled. Interest, Ontario mining taxes and administration amounted to a further \$1.42 per ton, leaving an operating profit after these expenses, but before depreciation and preproduction write-offs, of \$4,532,664. Net profit, after depreciation and write-offs, amounted to \$2,471,007, equal to \$1.03 per share as compared with 32¢ per share in 1956.



ALGOM URANIUM MINES LIMITED

URANIUM SALES CONTRACT..... \$207,000,000

RATED MILL CAPACITY:

QUIRKE	3,000 tons per day
NORDIC	3,000 tons per day

W. P. ARNOLD - - - - -	<i>Managing Director</i>
D. A. MACFARLANE - - - - -	<i>Secretary-Treasurer</i>

Mine Managers

M. W. AIRTH - - - - -	<i>Nordic</i>
G. L. HATHERLY - - - - -	<i>Quirke</i>

The plants at each of the Company's Quirke and Nordic properties were officially opened on February 16 last year. During the year, 1,117,856 tons of ore were milled at the Quirke mine for an average daily production of 3,063 tons, while 872,526 tons were milled at the Nordic mine from March 1, 1957, for an average daily rate of 2,851 tons. Shipments of oxide from April onwards were somewhat in excess of amounts scheduled in the sales contract.

The average head content of the ore processed by the mills during the year was 2.32 pounds of uranium oxide per ton.

Gross revenue from production for the year was \$44,362,000. Operating costs averaged \$13.11 per ton, the increase over the original estimate of \$12.58 per ton being mainly due to the incidence of higher Ontario mining tax and interest on temporary borrowings. The operating profit for the year, after amortization of fixed assets and preproduction costs, was \$6,765,000, equivalent to \$2.20 per share.

All temporary borrowings incurred to bring the company to full production had been repaid by December 31, 1957, at which date the outstanding fixed debt of the company amounted to \$38,900,000.



NORTHSPAN URANIUM MINES LIMITED

URANIUM SALES CONTRACT \$275,000,000

RATED MILL CAPACITY:

LAKE NORDIC	3,500 tons per day
PANEL	3,000 tons per day
SPANISH	2,000 tons per day

W. P. ARNOLD - - - - - *Managing Director*
 G. A. ROY - - - - - *Secretary-Treasurer*

Mine Managers

D. G. ROWE - - - - - *Lake Nordic*
 A. M. GLENDINNING - - - - - *Panel*
 G. M. GODFREY - - - - - *Spanish*

The progress made during the year in bringing the three Northspan properties to production was hampered by a number of unexpected difficulties and it was necessary to raise additional finance to complete the construction programs. It is estimated that the total cost of plant and related capital items will be some \$93,000,000. The balance by which this exceeds the net proceeds of previous financing has been covered under arrangements with Tinto Holdings Limited, a majority shareholder of The Rio Tinto Mining Company of Canada Limited. Pursuant to these arrangements, Northspan had realized up to March 19, 1958, \$9,523,750 from the sale of \$10,025,000 principal amount of 6½% Debentures, Series A, due December 31, 1963. In

addition, a Canadian bank has advised Northspan that it will grant credits of up to \$10,000,000 to provide operating funds as required.

At Lake Nordic, crushing of ore started in September 1957 and the first shipment of U_3O_8 was made on November 30, 1957. The output from the mine is being supplemented by ore brought from Buckles and the mill attained a rate of 3,700 tons per day in March 1958.

Both shafts were fully completed at Panel and nearly 6,000 feet of advance in underground development was made in the year. The 3,000 ton mill started crushing operations in December 1957 and is expected to reach full capacity in June 1958, with first shipments of oxide early in April.

The Spanish American service shaft was completed in 1957, the production shaft reached 3,246 feet in March 1958 and the two shafts have been connected underground. Water occurrences resulted in delays in the program, but have been successfully sealed off to date. Crushing started on March 18th, 1958 and shipments of oxide should be possible in May; production at full capacity is expected during the summer of 1958.



MILLIKEN LAKE URANIUM MINES LIMITED

URANIUM SALES CONTRACT \$94,500,000
RATED MILL CAPACITY 3,000 tons per day

R. D. LORD - - - - - *Managing Director*
R. CARL ASHENHURST - - - - - *Secretary-Treasurer*
M. A. UPHAM - - - - - *Mine Manager*

Management of Milliken Lake was taken over by the Rio Tinto Group in the fall of 1956.

Following the successful completion of financing arrangements, whereby \$16,000,000 was raised through the issue of First Mortgage Sinking Fund Bonds and 640,000 shares of Capital Stock, and \$10,000,000 through a bank loan secured by First Mortgage Bonds, plant design and mine development were resumed at the property early in 1957.

Excellent progress was made during the year in shaft sinking, which was completed by mid December. The production shaft was sunk from 460 feet to bottom at 3,400 feet, and the service shaft was sunk from 365 feet to bottom at 3,070 feet, with stations cut, in approximately ten months. Both shafts intersected the orebody. In the service shaft, 15.6 feet of ore was exposed, averaging 2.75 pounds of uranium oxide per ton. The production shaft intersected two beds separated by 5 feet of quartzite. The upper bed averaged 7 feet thick at 1.42 pounds uranium oxide per ton, while the lower bed was 12 feet thick, averaging 2.51 pounds of uranium oxide per ton.

The rapid rate of shaft sinking and underground development enabled the plant to commence production ahead of the date previously forecast. The first ore was fed into the crusher on March 11, 1958 and the mill is expected to be operating at scheduled capacity by mid-summer.

ELLIOT LAKE — GROWTH 1957



HOMES



HIGH SCHOOL



COMMERCIAL AREA

THE RIO TINTO MINING

(Incorporated under
AND ITS CONSOLIDATED
CONSOLIDATED BALANCE

(Expressed in

ASSETS

CURRENT ASSETS:

Cash		\$	707,195	
Accounts receivable and advances —				
Subsidiary companies not consolidated	\$	39,678		
Associated companies		228,013		
Other		63,601	331,292	\$ 1,038,487

INVESTMENTS — at cost:

Quoted investments:				
Bonds and debentures —				
Subsidiary company not consolidated	4,190,512			
Other	114,842	4,305,354		
Shares —				
Subsidiary companies not consolidated	17,131,537			
Associated companies	17,369,089			
Other	5,897,228	40,397,854		
(Quoted market value of investments, transfer of which is not restricted — \$32,684,571)		44,703,208		
Shares and warrants to purchase shares, transfer of which is restricted:				
Associated companies	2,490,185			
Other	356,561	2,846,746		
Unquoted investments:				
Bonds and debentures —				
Associated company	9,275,000			
Shares and warrants to purchase shares —				
Subsidiary companies not consolidated	103,852			
Associated companies	1,465,429	10,844,281		
		58,394,235		
Deduct:				
Excess of net book value of shares in consolidated subsidiaries at the time of acquisition over the cost of the group investments in those companies		1,328,728	57,065,507	

FIXED ASSETS, OTHER ASSETS AND DEFERRED EXPENDITURE — at cost:

Mining properties	1,166,478		
Fixed assets (after deducting accumulated depreciation of \$127,859)	405,184		
Loans and advances — associated companies	710,000		
Mortgages receivable — employees	73,795		
Exploration and development expense (Note 2)	4,433,537		
Organization and financing expense	419,803		
Interest on 5% debentures (Note 3)	1,228,093		
Discount on 5% debentures (Note 3)	210,000	8,646,890	
		<u>\$66,750,884</u>	

COMPANY OF CANADA LIMITED

(the laws of Ontario)

SUBSIDIARY COMPANIES

SHEET AS AT DECEMBER 31, 1957

Canadian dollars)

LIABILITIES

CURRENT LIABILITIES:

Bank indebtedness (secured)	\$ 1,135,875	
Accounts payable and accrued liabilities	145,491	
Due to —		
Associated companies	549,888	
A director and a shareholder (Note 4)	4,133,500	
Interest accrued on 5% debentures	122,568	
Income taxes	14,725	\$ 6,102,047

LONG TERM DEBT:

5% debentures due May 1, 1963 (Note 5) —		
Authorized and issued	15,000,000	
Redeemed to date on exercise of share purchase warrants	332,000	14,668,000

MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES 3,732,608

SHAREHOLDERS' EQUITY:

Capital stock —		
Authorized by Supplementary Letters Patent dated December 30, 1957 (Note 6) —		
80,000,000 common shares without par value		
Issued and fully paid (Notes 7 and 8)		
44,232,915 common shares	42,320,084	
Deficit	71,855	42,248,229

Approved on behalf of the Board,

R. H. WINTERS, Director.

W. B. MALONE, Director.

\$66,750,884

The accompanying notes constitute an integral part of this statement and should be read in conjunction therewith.

THE RIO TINTO MINING COMPANY OF CANADA LIMITED
AND ITS CONSOLIDATED SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 1957

(Expressed in Canadian dollars)

REVENUE:

Investment income —		
Subsidiaries not consolidated	\$ 436,579	
Other	139,479	
Management fees	1,841,605	
Sundry	33,835	\$2,451,498

EXPENDITURE:

Loan interest	118,492	
Provision for depreciation of fixed assets	70,732	
Administrative and general expenses	2,108,484	2,297,708

PROFIT ON OPERATIONS FOR THE YEAR		153,790
Loss on investments sold or written off (Net)	31,654	
Provision for income taxes	14,500	46,154

Minority interest in loss of consolidated subsidiaries		107,636
		14,183

CONSOLIDATED NET PROFIT FOR THE YEAR		\$ 121,819
(After adjustment for minority interest)		

CONSOLIDATED STATEMENT OF DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1957

(Expressed in Canadian dollars)

BALANCE — DECEMBER 31, 1956		\$ 193,674
Consolidated net profit for the year	121,819	
BALANCE — DECEMBER 31, 1957		\$ 71,855

THE RIO TINTO MINING COMPANY OF CANADA LIMITED AND ITS CONSOLIDATED SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 1957

1. Principles of Consolidation

The consolidated financial statements include the accounts of all subsidiary companies in which the Company's interest is materially more than 50% and all inter-company balances and transactions of such companies have been eliminated. Accordingly, subsidiary companies in which the Company's interest approximates 50% are not consolidated, but are shown as investments in these financial statements. These subsidiaries have not been consolidated because minority interests are so large that, in the opinion of the directors, the fairest presentation is obtained by their omission and from the supplementary information submitted herewith under the statement headed "Summary of Financial Position at December 31, 1957, of Principal Operating Companies in the Rio Tinto Group in Canada not consolidated."

2. Exploration and Development Expenditure

The amount shown for exploration and development expenditure includes \$1,675,964 representing the Rio Tinto exploration programme. This is being carried forward pending the development of mines and will then be treated as part of the cost of investment in such mines up to an amount not exceeding the then estimated market value of the investments. The balance of \$2,757,573 is the development and administrative expenses incurred by a subsidiary, Pardee Amalgamated Mines Limited.

3. Interest and Discount on 5% Debentures

Interest and discount on the 5% debentures are being carried forward as deferred expenses until certain companies, in which the Company has a substantial investment, pay dividends. Such interest and discount will be charged to expense as such dividends are received.

4. Amounts Due to a Director and a Shareholder

These amounts were repaid in February, 1958, out of monies received from the sale of common shares of the Company, as described in Note 7.

5. Sinking Fund Requirements

The 5% debentures are redeemable on and after May 1, 1959 at prices reducing from 103% of par to par. Sinking fund requirements provide for the retirement of a maximum of \$3,000,000 principal amount by the end of 1959; \$6,000,000 by the end of 1960; \$9,000,000 by the end of 1961 and \$12,000,000 by the end of 1962.

6. Supplementary Letters Patent

By Supplementary Letters Patent dated December 30, 1957, the Company's Class A shares, having a par value of \$100 each, were reclassified as common shares without par value. The authorized share capital of the Company therefore, now stands at 80,000,000 common shares without par value.

7. Capital Stock

The changes during the year in the issued and outstanding share capital were as follows:

Class A shares

187,000	shares with a par value of \$100 each as at December 31, 1956	\$18,700,000
(187,000)	shares reclassified as common shares without par value on December 30, 1957 (see Note 6)	(\$18,700,000)
—	Balance at December 31, 1957	—

Common shares

23,747,310 shares at December 31, 1956	\$21,760,479
18,700,000 shares issued as a result of the reclassification of the A shares	18,700,000
1,500,000 shares issued for cash to Tinto Holdings Limited on the exercise of the warrant held by that company	1,500,000
148,000 shares issued for cash to executive officers and directors of the Company on the exercise of options	222,000
137,605 shares issued for cash on the exercise of share purchase warrants attached to the Company's 5% debentures	137,605
<u>44,232,915 shares at December 31, 1957</u>	<u>\$42,320,084</u>

1,130,085 unissued common shares were reserved against the exercise of share purchase warrants outstanding relating to the 5% debentures entitling the holders thereof to purchase 100 common shares for each \$1,000 principal amount of debentures at \$1 per share up to and including May 1, 1959 and at \$2 per share up to and including May 1, 1962.

22,000 unissued common shares were reserved against the exercise of options granted to executive officers and directors at \$1.50 per share exercisable up to June 4, 1961.

Subsequent to December 31, 1957 shareholders were offered the right to subscribe for additional shares of the Company, on the basis of one new share for every five shares held as at January 15, 1958, at the price of \$1.50 per share. A total of 8,856,923 shares was purchased pursuant to the offering and by Tinto Holdings Limited.

As of February 28, 1958, 53,204,338 shares were issued: 1,015,585 unissued common shares were reserved against the exercise of share purchase warrants and 142,000 unissued common shares were reserved against the exercise of options granted to executive officers and directors at \$1.50 per share, exercisable as to 22,000 shares up to June 4, 1961, and the balance up to December 31, 1964.

8. Restriction of Dividends

No dividends, other than stock dividends, may be paid prior to May 1, 1959. Thereafter until November 1, 1962 dividends, other than stock dividends, are restricted by the Trust Indenture relating to the 5% debentures to an amount not greater than one half of the excess of dividends received from investments over sinking fund requirements.

9. Further Investments

Prior to December 31, 1957, the Company purchased \$4,500,000 principal amount of 6½% Series A Debentures of Northspan Uranium Mines Limited for \$4,275,000 and subsequent to December 31, 1957, purchased a further \$3,925,000 principal amount of such Debentures for \$3,728,750.

10. Financial Years of Subsidiaries

The financial years of certain subsidiaries end on dates other than December 31, but in all cases accounts have been prepared as at December 31 and audited as of that date for consolidation purposes.

11. Contingent Liability

Amounts realized on the sale of certain investments by some consolidated subsidiary companies are under review by the Federal Income Tax Department. At this time, it cannot be determined what, if any, liability may result.

THE RIO TINTO MINING COMPANY OF CANADA LIMITED
AND ITS CONSOLIDATED SUBSIDIARY COMPANIES

AUDITORS' REPORT

To the Shareholders:

The Rio Tinto Mining Company of Canada Limited,

We have examined the consolidated balance sheet of The Rio Tinto Mining Company of Canada Limited and its consolidated subsidiary companies as at December 31, 1957 and the consolidated statements of profit and loss and deficit for the year ended on that date. Our examination included a general review of the accounting procedures of those companies of which we are auditors and such tests of their accounting records and other supporting evidence as we considered necessary in the circumstances. We have reviewed and accepted the financial statements as at December 31, 1957 for certain of the consolidated subsidiary companies as reported upon by their auditor.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of profit and loss and deficit, when read in conjunction with the notes appended thereto, present fairly the financial position of the company and its consolidated subsidiaries as at December 31, 1957 and the results of their operations for the year ended on that date.

COOPER BROTHERS & CO.,

Chartered Accountants.

March 21, 1958,
Toronto, Ontario, Canada.

THE RIO TINTO MINING COMPANY OF CANADA LIMITED
AND ITS CONSOLIDATED SUBSIDIARY COMPANIES

INVESTMENTS AS AT DECEMBER 31, 1957

(Expressed in Canadian dollars)

QUOTED INVESTMENTS:

BONDS AND DEBENTURES —

	Total holdings Principal amount	Holdings, transfer of which is restricted (Note B)	Holdings, transfer of which is not restricted	Quoted market value of holdings, transfer of which is not restricted (Note A)
	Principal amount	Principal amount	Principal amount	
Algom Uranium Mines Limited —				
5% General Mortgage debentures, due 1961	\$4,205,000		\$4,205,000	\$ 3,931,675
Rio Prado Consolidated Oils Limited —				
5½% Convertible sinking fund bonds, due 1964	100,000		100,000	94,000
Hydro-Electric Power Commission of Ontario —				
3% Bonds, due 1967	20,000		20,000	17,750
Government of Canada —				
3% Bonds, due 1963	2,000		2,000	1,910

\$ 4,045,335

SHARES AND WARRANTS TO PURCHASE SHARES —

Algom Uranium Mines Limited (Note C) —

	Number of shares	Number of shares	Number of shares
Warrants entitling holders to subscribe for shares at \$11 each	600,000		600,000
Anglo-Rouyn Mines Limited	2,257,270		2,257,270
Brunswick Mining and Smelting Corporation Limited	175,000		175,000
Consolidated Howey Gold Mines Limited	369,000		369,000
Deer Horn Mines Limited	987,000	370,000	617,000
Milliken Lake Uranium Mines Limited	2,839,445		2,839,445
Northspan Uranium Mines Limited	2,448,147		2,448,147
Oceanic Iron Ore of Canada Limited	1,165,020		1,165,000
Pater Uranium Mines Limited	870,011		870,011
Peach Uranium and Metal Mining Limited	76,731		76,731
Preston East Dome Mines Limited (Note D)	2,724,089		2,724,089
Pronto Uranium Mines Limited (Note D)	345,425		345,425

Holdings with neither cost nor market value of more than \$500,000 for each "total holding"

740,993

\$28,639,236

\$32,684,571

INVESTMENTS HAVING NO QUOTED VALUE — at cost:
BONDS AND DEBENTURES —

	Cost
Northspan Uranium Mines Limited —	
5¾% Series 'B' Mortgage Bonds, due 1963	\$ 5,000,000
6½% Series 'A' Debentures, due 1963	4,275,000
SHARES AND WARRANTS TO PURCHASE SHARES —	
Consolidated Frederick Mines Limited	1,047,050
Holdings with a cost of less than \$250,000 for each "total holding"	522,231
	<u>\$10,844,281</u>

NOTES TO INVESTMENTS AS AT DECEMBER 31, 1957

- A The market values shown above, which are given in compliance with the requirements of The Corporations Act, 1953, are based upon closing market prices at December 31, 1957. Because of the number of shares involved, the market value is not necessarily indicative of the amount that could be realized if the investments were sold.
- B The transfer of these holdings is restricted by pooling and/or escrow arrangements.
- C The Company has agreed with Preston East Dome Mines Limited that it will not dispose of warrants of Algom Uranium Mines Limited. It may, however, exercise such warrants and if it does so it has agreed to exchange the Algom shares which it receives, for treasury shares of Preston on the basis of 233 shares of Preston for each 100 shares of Algom.
- D Cash proceeds from the sale of investments in Algom Uranium Mines Limited and Pronto Uranium Mines Limited must either be devoted to the purchase for redemption of the Company's 5% debentures or to the purchase of other investments in Algom, Pronto or Preston East Dome Mines Limited. Cash proceeds from the sale of investments in Preston must be devoted to the purchase for redemption of the Company's 5% debentures.

THE RIO TINTO MINING COMPANY OF CANADA LIMITED
AND ITS CONSOLIDATED SUBSIDIARY COMPANIES

**SUMMARY OF FINANCIAL POSITION AT DECEMBER 31, 1957 OF PRINCIPAL
OPERATING COMPANIES IN THE RIO TINTO GROUP IN CANADA NOT CONSOLIDATED**

(Expressed in Canadian dollars)

FIXED ASSETS — at cost:

Mining properties, land, buildings, machinery and equipment, including
construction in progress and houses

Less: Accumulated depreciation

Net Fixed Assets

	Algom Uranium Mines Limited	Preston East Dome Mines Limited	Northspan Uranium Mines Limited	Milliken Lake Uranium Mines Limited	Pronto Uranium Mines Limited
	\$44,052,166	\$ 3,350,250	\$70,954,634	\$16,811,980	\$ 9,728,484
	8,773,854	2,333,648	---	---	2,918,421
	<u>35,278,312</u>	<u>1,016,602</u>	<u>70,954,634</u>	<u>16,811,980</u>	<u>6,810,063</u>

INVESTMENTS — at cost

146,786	20,107,488	642,485	8,162	191,971
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CURRENT ASSETS

8,704,004	323,800	2,912,597	1,434,335	2,426,554
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DEFERRED EXPENDITURE — including preproduction organization
and financing expenses

Less: Amounts written off

Net Deferred Expenditure

16,569,311	739,092	24,970,152	8,729,713	3,736,778
2,726,242	399,917	---	---	872,994
<u>13,843,069</u>	<u>339,175</u>	<u>24,970,152</u>	<u>8,729,713</u>	<u>2,863,784</u>

TOTAL ASSETS

57,972,171	21,787,065	99,479,868	26,984,190	12,292,372
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Less:

CURRENT LIABILITIES — including long term debt instalments due within twelve months

20,818,120	209,823	23,062,163	3,618,814	2,842,191
37,154,051	21,577,242	76,417,705	23,365,376	9,450,181
23,900,000	---	69,676,187	18,000,000	2,570,000

Less:

LONG TERM INDEBTEDNESS

\$13,254,051	\$21,577,242	\$ 6,741,518	\$ 5,365,376	\$ 6,880,181
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SHAREHOLDERS' EQUITY

\$ 6,765,644	\$ 89,973	\$ ----	\$ ----	\$ 2,471,007
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NET PROFIT FOR THE YEAR

6,765,644	1,201,392	110,688	---	3,248,524
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ACCUMULATED NET PROFIT

AMOUNT OF NET PROFIT ATTRIBUTABLE TO THE SHAREHOLDINGS OF THE RIO TINTO MINING COMPANY OF CANADA LIMITED:

Percentage of beneficial interest at December 31, 1957				
Year to December 31, 1957	\$ 2,597,331	\$ 45,859	\$ ----	\$ 352,613
Accumulated	2,597,331	612,349	36,272	463,564
	38.39%	50.97%	32.77%	28.04%
				14.27%

1. The financial statements of the above mentioned companies are accompanied by Notes to Financial Statements relating to conversion of foreign exchange, commitments for capital and other expenditure, financing which has occurred subsequent to December 31, 1957, and a disputed legal action in respect of the ownership of certain shares.

2. The payment of dividends by Algom, Northspan, Milliken or Pronto is restricted by certain conditions of the trust indentures and other agreements of these companies. Certain unissued shares of these companies are reserved for share options and share warrants.

3. During 1957, Preston became a subsidiary of Rio Tinto Canada, and Algom became a subsidiary of Preston. In accordance with Section 89 of The Corporations Act, 1953 it is reported that Rio Tinto Canada's proportion of the aggregate undistributed profits earned since the acquisition of the shares of these two companies is \$2,639,602.

PRINCIPAL OVERSEAS ASSOCIATES

UNITED KINGDOM

THE RIO TINTO COMPANY, LIMITED
RIO TINTO FINANCE AND EXPLORATION LIMITED
THE PYRITES COMPANY LIMITED
KERN OIL COMPANY LIMITED
Barrington House, Love Lane, London, E.C.2

FEDERATION OF RHODESIA AND NYASALAND

THE RIO TINTO MINING COMPANY OF CENTRAL AFRICA LIMITED
RIO TINTO (NORTHERN RHODESIA) LIMITED
RIO TINTO (SOUTHERN RHODESIA) LIMITED
RIO TINTO MINERAL SEARCH OF AFRICA (PRIVATE) LIMITED
Doncaster House, Angwa Street and Speke Avenue, Salisbury, S. Rhodesia

UNION OF SOUTH AFRICA

THE RIO TINTO MINING COMPANY OF SOUTH AFRICA LIMITED
RIO TINTO MINERAL SEARCH OF AFRICA (PRIVATE) LIMITED
Atlantis House, Market and Fraser Streets, Johannesburg

COMMONWEALTH OF AUSTRALIA

THE RIO TINTO MINING COMPANY OF AUSTRALIA PTY. LIMITED
RIO AUSTRALIAN EXPLORATION PTY. LIMITED
408 Collins Street, Melbourne

UNITED STATES OF AMERICA

THE PYRITES COMPANY INC.
P.O. Box 1188, Wilmington(99), Delaware

SPAIN

COMPANIA ESPANOLA DE MINAS DE RIO TINTO, S.A.
Alcala 95, Madrid

