Hollinger Argus Limited
Hollinger Argus Limitée

Annual Report
1982

"AUTUMN, ALGONQUIN PARK" C. 1915
by
J. W. Beatty

A stunning look at the artist's interpretation of the Algonquin Landscape in Autumn.
Oil on canvas 30''x 38''

Hollinger Argus Limited
Incorporated under the laws of Ontario

Hollinger Argus Limitée
Constituée en vertu des lois de l'Ontario

Annual Report 1982

Contents

Annual Meeting

Thursday, May 12, 1983, 11:00 a.m. (Eastern Daylight Time), Saskatchewan Room, Royal York Hotel, 100 Front Street West, Toronto.

Highlights	1982	1981
Net income (before extraordinary loss)	**$13,114,000**	$21,404,000
Net income (after extraordinary loss)	**$13,114,000**	$ 8,695,000
Earnings/share (before extraordinary loss)	**$2.23**	$3.64
Earnings/share (after extraordinary loss)	**$2.23**	$1.48
Regular dividends paid per share	**$2.20**	$2.20
Cash and Short-Term deposits	**$25,899,000**	$25,079,000
Shares held in Canada	**98.49%**	98.33%

Directors

Douglas G. Bassett
Toronto

Edward G. Battle
Toronto

***Conrad M. Black**
Toronto

***G. Montegu Black**
Toronto

Thomas G. Bolton
Toronto

***Edmund C. Bovey**
Toronto

Dixon S. Chant
Toronto

***Charles G. Cowan**
Toronto

****Glen W. Davis**
Toronto

Fredrik S. Eaton
Toronto

****John R. Finlay**
Toronto

***P. C. Finlay**
Toronto

H. N. R. Jackman
Toronto

H. T. McCurdy
Toronto

D. A. McIntosh
Toronto

F. David Radler
Vancouver

****Ronald T. Riley**
Montreal

C. B. Ross
Toronto

Trumbull Warren
Hamilton

Lorne C. Webster
Montreal

****Peter G. White**
London

Officers

P. C. Finlay
Chairman

Conrad M. Black
Vice-Chairman of the Board
and Chief Executive Officer

G. Montegu Black
President

C. B. Ross
Executive Vice-President

Dixon S. Chant
Executive Vice-President

Charles G. Cowan
Secretary

W. F. White
Treasurer

Allen A. McMartin
Honorary Director

Head office
Suite 601, P.O. Box 221
Commerce Court East,
Toronto, Ontario M5L 1E8

Transfer Agents and Registrars
Crown Trust Company
Toronto and Montreal

Morgan Guaranty Trust
Company of New York
New York

Bankers
Bank of Montreal
Toronto

General Counsel and Solicitors
Holden, Murdoch & Finlay
Toronto

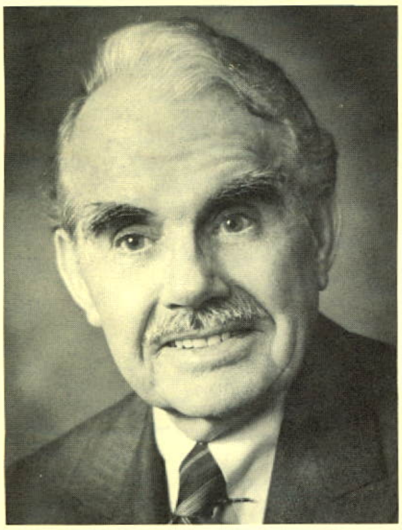
Auditors
Deloitte Haskins & Sells
Toronto

* Member of the Executive Committee
** Member of the Audit Committee

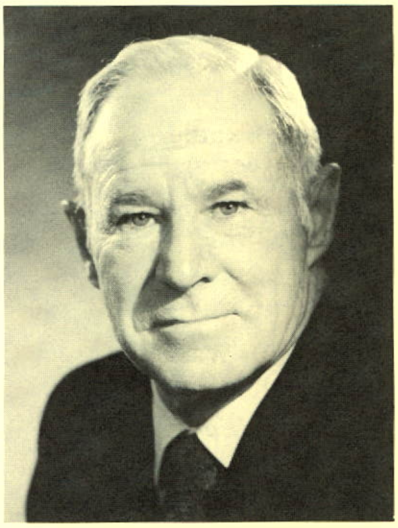
P. C. Finlay
Chairman and
Member of the
Executive Committee

G. Montegu Black
President and
Member of the
Executive Committee

Conrad M. Black
Vice-Chairman and
Chief Executive Officer and
Chairman of the
Executive Committee



Dixon S. Chant
Executive Vice-President



C. B. Ross
Executive Vice-President

Directors' Report to the Shareholders:

Submitted herewith is the Annual Report of the Directors of Hollinger Argus Limited for the year ended December 31, 1982, being the company's 72nd year of operation. Hollinger Argus financial statements are consolidated with those of its subsidiaries, Labrador Mining and Exploration Company Limited and Hollinger North Shore Exploration Inc.
The consolidated net income of Hollinger Argus Limited in 1982, was $13,114,000, equal to $2.23 per share compared with a net income in 1981, excluding extraordinary loss of $12,709,000, of $21,404,000, equal to $3.64 per share, and after extraordinary loss, was equal to $1.48 per share.

Revenue from royalties on iron ore in 1982 amounted to $30,433,000, as compared to $45,665,000 in 1981. Interest received in 1982 amounted to $21,328,000 as compared to $35,071,000 in 1981. Dividends in 1982 amounted to $6,754,000, as compared to $15,287,000 in 1981. Other revenue in 1982 amounted to $579,000, as compared to $687,000 in 1981. Expense in 1982 amounted to $58,531,000 including $42,971,000 interest expense, compared to $65,699,000 in 1981.

Current income taxes in 1981 were $1,255,000, up from $396,000 in the year 1981. Due primarily to operating tax losses and the write-down of oil and gas properties, there was a reduction in deferred taxes in 1982 of $9,506,000, compared to deferred taxes expensed in 1981 of $1,317,000.

Newfoundland royalty taxes were $5,700,000 in 1982 as compared to $8,873,000 in 1981.

Net earnings in 1982 included Labrador Mining's share of equity earnings in Norcen Energy Resources Limited amounting to $14,133,000 as compared to $7,104,000 in 1981.

Iron Ore Company of Canada:

Iron Ore Company of Canada had a loss of $37,614,656 (U.S. funds) during 1982, which included a provision for loss on Schefferville plant closing of $47,571,400.

Iron Ore Company paid dividends of $5.00 U.S. per share in January, 1982. Hollinger Argus received $3,661,095.00 U.S., the Canadian equivalent being $4,371,347.00.

Investments

The significant investments of Hollinger Argus at December 31, 1982, were as follows:

Company	Shares	% Interest
Hollinger-Hanna Limited	500	50
Hollinger North Shore	1,455,825	60
Iron Ore Company	732,219	7.146
Labrador Mining	2,677,677	66.94

The significant investments of Labrador Mining at December 31, 1982, were as follows:

Company	Shares	% Interest
Iron Ore Company	340,565	3.32
Norcen Energy Resources Limited	9,643,250	36.1
Brascan Limited indebtedness	$61,785,530.00	

Share Information

The common stock of Hollinger Argus Limited was traded on the Toronto and Montreal Stock Exchanges during the year 1982.

	Sale price per share				Dividends per share	
	1982		1981		1982	1981
Quarter	High	Low	High	Low		
1	$28.58	$26.16	$49.00	$47.25	$ .55	$ .55
2	27.00	26.42	49.08	45.96	.55	.55
3	25.71	24.00	41.66	34.25	.55	.55
4	29.50	27.35	31.00	29.92	.55	.55

During 1981, 17,967 shares valued at $845,000 were issued as stock dividends. During 1982, 650 shares valued at $18,000 were issued as stock dividends. Shareholders who received stock dividends did not receive cash dividends except in lieu of fractional shares.

It is difficult to forecast the production and results for the year 1983 of the Iron Ore Company. The present forecasts are that the pellet production will be approximately 6,000,000 tonnes, concentrates production will be down slightly from last year at 5,000,000 tonnes and direct shipping ore will be reduced to approximately 1,000,000 tonnes. Having in mind the estimate of production, as set out above, the best we can hope for is that profits will be at a break-even point during the year 1983.

It is hoped that the lower interest rates and slightly increased motor car production will have a beneficial effect on the steel industry as the industry is still faced with the problem of steel imports and whether there will be any relief in this regard is unknown at the present time.

Oil and Gas Exploration

The joint venture managed by Sulpetro Limited in which Hollinger Argus and Labrador Mining share equally a 75% interest continues to hold lands in Alberta amounting to 100,772 gross acres. No wells were drilled on the lands during 1982. A small amount of income was received from one producing oil well. There are two capped gas wells on one of the interests.

The oil and gas properties were written down by $10,440,000 after a re-assessment of the value thereof at the year-end.

Dividends

Cash dividends were paid quarterly during the year 1982 at the rate of 55¢ per share, totalling in all, $12,925,604.

Also, during the year, 650 shares, valued at $18,000, were issued as stock dividends.

Standard Broadcasting Corporation Limited

On January 24, 1983, Hollinger Argus Limited agreed to purchase 2,885,975 common shares (approximately 49.4%) of Standard Broadcasting Corporation Limited at the price of $10.50 a share, totalling $30,302,000 cash. This sale was finalized on March 7, 1983.

Your Directors were of the opinion that this was a good investment for Hollinger Argus.

Proposed Restructuring of the Corporation, Labrador Mining and Norcen Energy Resources Limited

The companies have developed proposals by which Norcen, in effect, would acquire resource and other assets of the Corporation and Labrador Mining for a consideration based on independent valuations. The principal assets to be acquired by Norcen would include the 7.146% and 3.32% share interests of the Corporation and Labrador Mining respectively in Iron Ore Company and Labrador Mining's royalty interest in lands being mined by Iron Ore Company. Under the proposals the "follow up offer", which was first announced in July, 1982, will be made by the Corporation to holders of Labrador Mining shares not now held by the Corporation. There are

Shareholders of Record
as at December 31, 1973 and 1982

	Shareholders		Percentage		Shares Held		Percentage	
Residence	1973	1982	1973	1982	1973	1982	1973	1982
Canada	3,793	1,145	79.07	66.69	4,328,265	5,794,794	87.97	98.49
United States	882	497	18.39	28.94	199,737	71,413	4.06	1.21
United Kingdom	46	28	.96	1.63	25,514	3,925	0.52	0.07
Other	76	47	1.58	2.74	366,484	13,785	7.45	0.23
Total:	4,797	1,717	100.00	100.00	4,920,000	5,883,917	100.00	100.00

not as yet formal agreements among the companies and implementation of the proposals would require regulatory authority and certain other approvals. We are hopeful that the proposals will be implemented in the very near future.

Directors

David A. Dunlap served as a Director of your Corporation from his appointment on June 23, 1965, to his retirement as a Director on September 1, 1982. During this period of time he participated actively in the affairs of your Corporation. He served on many committees and, in more recent years, he was a member of the Resource Committee and a member and Chairman of the Audit Committee. On behalf of your Directors and Shareholders we wish to record their appreciation to him for the many services that he rendered.

Lorne C. Webster, B.E., of Montreal, has been elected as a Director to fill the vacancy on the Board. We wish to welcome Mr. Webster as a Director and are certain that he will be of great assistance to the Board in its deliberations.

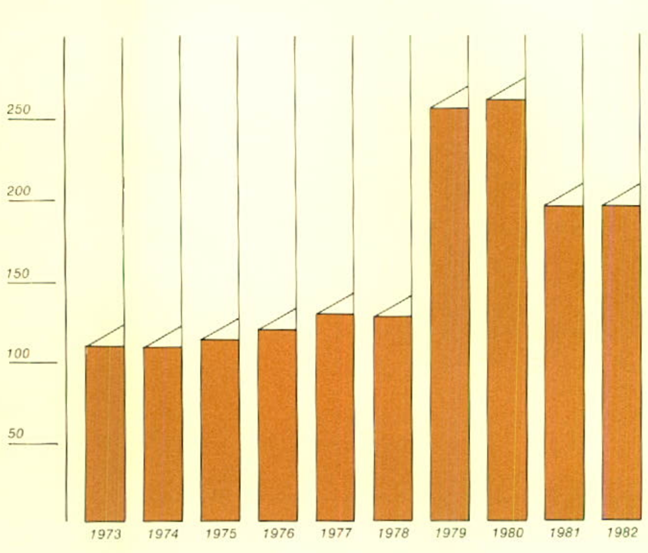
General Remarks

The economy has been very depressed in the last year. We realize that these bad economic conditions are worldwide but in Canada were, in a measure, caused by the handling of our economy by federal and provincial governments.

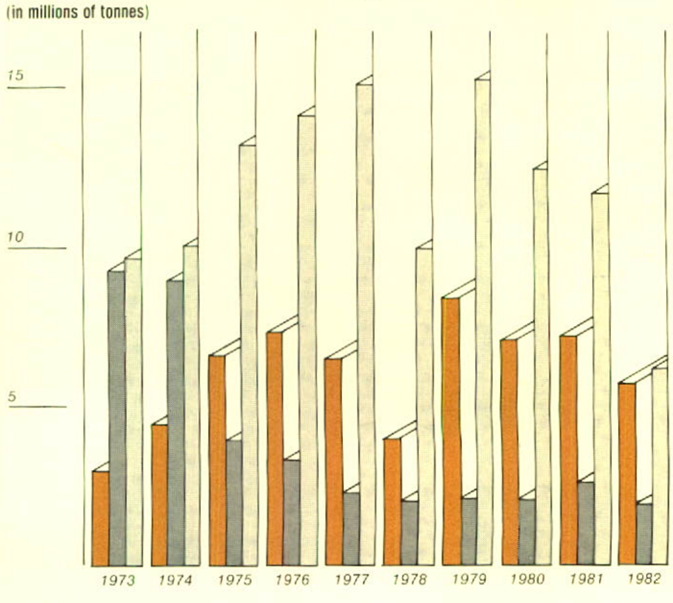
The National Energy Policy and FIRA have been substantial contributors to our problems. Federal legislation used to assist business by the granting of certain taxation exemptions and allowances. More recently, the plan seems to have been to collect exorbitant taxes and then make cash grants, particularly under the National Energy Policy. The assumptions made by Ottawa and Alberta regarding the price of oil were wrong. The purchases of oil companies or interests therein by the federal and provincial governments have been disastrous as same were made at excessive prices and the losses to the purchasing governments have been enormous. It is really an example of how silly it is for our governments to get into the ownership and operation of businesses in competition with private ownership. Governments should confine themselves to the regulation of business only. These government policies have driven capital out of the country and it is about time that same were reversed to encourage foreign capital to come back into the country. This is by no means an easy task.

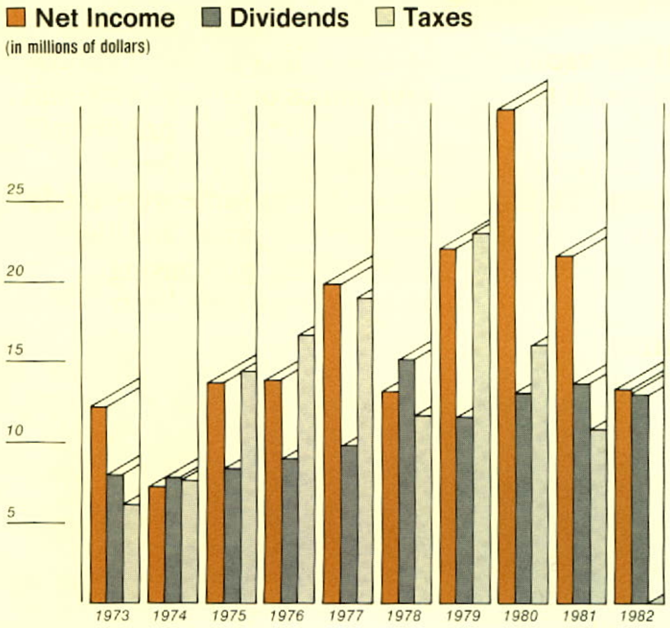
In the mining business we hear a lot about encouraging the development of mines and minerals in the north country. As we all know, it is a hard life living in the remote areas. Employees are reluctant to go there to work and more

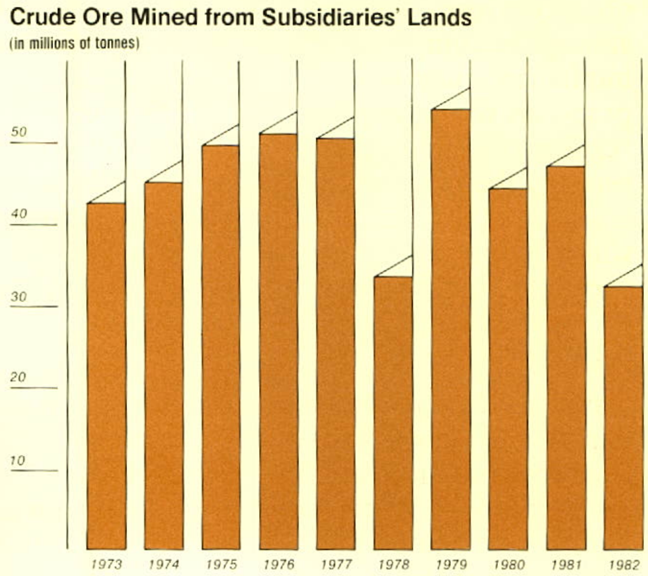
Shareholders' Equity
(in millions of dollars)



Product Sales from Subsidiaries' Lands
Concentrate · Direct Shipping Ore · Pellets
(in millions of tonnes)







reluctant to stay there unless there are some benefits given to them. Companies have to furnish and/or subsidize housing, have to subsidize meals and have to subsidize travelling expenses, etc. Nothing can be more counter productive than the decision of the federal government to tax these benefits.

Canadianization, which is really nationalization, carried out in a measure by the multiplicity of Crown Corporations, has fostered our economic problems. Grandiose schemes of governments come to a sad ending, as is illustrated by the present economic situation. Also, we sometimes wonder if we are one nation or several so-called nations. Animosities throughout the country have been built up by language and culture policies, by provincial rights versus federal rights, by trade policies that may be favourable to central Canada and detrimental to western Canada. Furthermore, we wish to say that we will also spend a good many years finding out the meaning of some of the verbiage in our Charter of Rights. It will also be a good many years before federal and provincial governments adhere to the Charter of Rights, even the part that they do understand.

Appreciation

We wish to thank the management and staff for the excellent services they have given during the past year.

P. C. Finlay

Chairman of the Board

Vice-Chairman of the Board
and Chief Executive Officer

March 29, 1983

Executive Vice-President's Report

To the Shareholders:

Iron ore production was much lower in 1982 than in 1981 resulting in a substantial reduction in royalty income. Gold mining royalties were less despite higher mining volumes. Mineral exploration was continued in a number of areas of Canada and Western U.S.A.

Iron Ore

Iron Ore Company of Canada mined 32.1 million tonnes of crude ore from Labrador Mining Company's lands in the Labrador City and Schefferville districts. No ore was mined from Hollinger North Shore lands at Schefferville. A decision was taken in November to terminate mining operations at Schefferville because of the declining markets for direct shipping ore. Iron Ore Company has stockpiled a substantial amount of direct shipping ore at Sept-Iles from which shipments will be made during the next two or three years to fill existing contracts.

Processing crude ore to produce pellets and concentrate results in a reduction of volume and weight. Total sales by source and product during 1982 were:

Millions of tonnes

	1982	1981
Labrador Mining:		
Direct shipping ore	1.7	2.5
Concentrate	5.6	7.1
Pellets (Labrador City)	6.1	10.7
Pellets (Sept-Iles)	–	0.7
Sub-Total	13.4	21.0
Hollinger North Shore:		
Direct shipping ore	0.1	–
Pellets (Sept-Iles)	–	0.2
Sub-Total	0.1	0.2
Total Sales	13.5	21.2

Royalties received from iron ore sales amounted to $30.433 million in 1982 compared to $45.665 million in 1981. The large reduction in royalty income was due to reduction in sales volume, offset to a minor extent by slightly higher sales prices than during 1981.

Gold Mining

Pamour Porcupine Mines mined considerably more ore during 1982 from the two gold properties in the Timmins district from which Hollinger Argus receives royalty payments for the ore mined by Pamour.

Tons of Ore Mined

Source of Ore:	1982	1981
Hollinger Property	195,049	38,966
Ross Property	276,360	209,623
Totals	471,409	248,589

Royalty income was much lower and amounted to $333,229 compared to $609,561 for 1981. Because the gold price fell below $500, Canadian per ounce in 1982, Pamour experienced an operating loss. In order to assist Pamour to continue operations, Hollinger Argus agreed to accept a lower royalty per ton for the year 1982. The price of gold is again above $500, Canadian, per ounce and the royalty for 1983 will be calculated on the terms set out in the agreement.

Pamour expects to mine approximately 250,000 tons from each property during 1983 so the royalty income should be higher in 1983 than in 1982.

Mineral Exploration

Hollinger Argus and its subsidiary, Labrador Mining, continued exploration activities in Canada and the U.S.A. Expenditures during 1982 amounted to $2.563 million, compared to $2.646 million in 1981. A number of programs were joint ventures with other companies.

Hollinger Argus carried out work on several properties in Northeastern Ontario. Two properties on which gold showings were located will be drilled during 1983. Metallurgical test work is continuing to complete the feasibility study on a small gold deposit east of Timmins. It is expected that a decision will be made during the first half of 1983 whether to proceed with development of the property for production.

Labrador Mining carried out programs in Newfoundland, Labrador, Quebec, Ontario, British Columbia and Nevada exploring for base metals and gold. Drilling on two gold prospects in Ontario did not encounter any economic intersections and no further work will be done on them. Geological mapping, sampling and geophysics have indicated gold mineralization on three other prospects in Newfoundland, British Columbia and Nevada. These prospects will be drilled during 1983.

Respectfully submitted,

C. B. Ross,
Executive Vice-President

March 25, 1983

Consolidated Statement of Earnings

Year ended December 31, 1982

		1982	1981
		(thousands except per share data)	
Revenue:	Royalties on iron ore	$ 30,433	$ 45,665
	Interest	21,328	35,071
	Dividends	6,754	15,287
	Other	579	687
		59,094	96,710
Expense:	Exploration	2,563	2,646
	Write-down of oil and gas properties	10,440	—
	Interest	42,971	59,688
	Administrative	2,557	3,365
		58,531	65,699
		563	31,011
Taxes	Income taxes		
	Current	1,255	396
	Deferred (reduction)	(9,506)	1,317
	Newfoundland royalty taxes	5,700	8,873
		(2,551)	10,586
Earnings before equity earnings, minority interests and extraordinary loss		3,114	20,425
Equity earnings in Norcen Energy Resources Limited	Company's interest in Norcen's earnings	25,646	15,715
	Amortization of excess of cost of investment over underlying book value	(9,473)	(7,741)
	Adjustment of carrying value of investment as a result of Norcen issuing additional common shares	(2,040)	(870)
		14,133	7,104
Minority interests		(4,133)	(6,125)
Earnings before extraordinary loss		13,114	21,404
Extraordinary loss on disposition of Argus (Note 7)		—	12,709
Net earnings		$ 13,114	$ 8,695
Earnings per share	Earnings before extraordinary loss	$ 2.23	$ 3.64
	Net earnings	$ 2.23	$ 1.48

Consolidated Balance Sheet
December 31, 1982

Assets		1982	1981
		(thousands)	
Current Assets:	Cash and short-term deposits	$ 25,899	$ 25,079
	Accounts receivable and other assets	12,097	23,505
		37,996	48,584
Brascan indebtedness (Note 2)		61,786	168,786
Investments:	Norcen Energy Resources Limited — at equity	401,367	390,094
	Other — at cost (Note 3)	37,415	37,776
		438,782	427,870
Oil and gas properties		9,376	18,959
Fixed assets — net		116	136
Mining rights and concessions — at cost		2,218	2,218
		$ 550,274	$ 666,553

Auditors' Report

To the Shareholders of
Hollinger Argus Limited:

We have examined the consolidated balance sheet of Hollinger Argus Limited as at December 31, 1982 and the consolidated 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 consolidated financial statements present fairly the financial position of the company as at December 31, 1982 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.

February 25, 1983
Toronto, Canada

Deloitte Haskins & Sells
Chartered Accountants.

Liabilities

		1982	1981
		(thousands)	
Current Liabilities:	Accounts payable and accrued charges	$ **2,466**	$ 1,615
	Income taxes and Newfoundland royalty taxes payable	**1,079**	2,746
		3,545	4,361
Long-term debt (Note 4)		**263,775**	370,615
Minority interests		**64,804**	64,109
Deferred income taxes		**21,790**	31,296
		353,914	470,381

Shareholders' Equity:

	1982	1981
Share capital (Note 5) Authorized — 7,000,000 no par value common shares Issued and fully paid — 5,883,917 shares (1981 — 5,883,267 shares)	**115,594**	115,576
Retained earnings	**80,766**	80,596
	196,360	196,172
	$ 550,274	$ 666,553

Approved by the Board:

P. C. Finlay

P. C. FINLAY
Director

C. M. Black

C. M. BLACK
Director

Consolidated Statement of Retained Earnings

Year ended December 31, 1982

		1982	1981
		(thousands)	
Retained earnings, beginning of year		$ 80,596	$ 134,843
Net earnings		13,114	8,695
		93,710	143,538
Dividends:	Cash	12,926	12,877
	Stock (Note 5)	18	845
	Special (Note 7)	—	49,220
		12,944	62,942
Retained earnings, end of year		$ 80,766	$ 80,596

Consolidated Statement of Changes in Financial Position

Year ended December 31, 1982

		1982	1981
		(thousands)	
Source of funds:	Funds provided from operations — including in 1982, $9,643,000 (1981 — $9,643,000) of dividends from Norcen Energy Resources Limited	$ 13,891	$ 31,420
	Decrease in Brascan indebtedness	107,000	—
	Proceeds on disposal of investments	244	—
	Other	12	(53)
		121,147	31,367
Application of funds:	Purchase of investments	6,858	13,266
	Expenditures on oil and gas properties	857	2,058
	Cash dividends paid by Parent company	12,926	12,877
	Subsidiaries to minority shareholders	3,438	4,513
	Repayment of long-term debt	106,840	—
	Decrease in working capital arising on disposition of Argus (Note 7)	—	10,191
		130,919	42,905
Decrease in working capital		(9,772)	(11,538)
Working capital, beginning of year		44,223	55,761
Working capital, end of year		$ 34,451	$ 44,223

Notes to the Consolidated Financial Statements

December 31, 1982

1. Significant Accounting Policies

Principles of consolidation

The financial statements consolidate the accounts of Hollinger Argus Limited and its direct subsidiaries.

	Percentage Interest
Labrador Mining and Exploration Company Limited	66.94%
Hollinger North Shore Exploration Inc.	60.00%

Investments

The investment in Norcen Energy Resources Limited (Norcen) has been accounted for by the equity method. The excess of the cost of the company's investment in Norcen over its underlying book value has been ascribed to oil and gas reserves and exploratory acreage. The amount ascribed to exploratory acreage together with interest capitalized thereon is being brought into the amortization calculation over six years, which is the estimated period of development of such acreage. The excess of cost of the investment over underlying book value is amortized on the production revenue method, based on total estimated future production revenues from estimated proven recoverable reserves.

The investment in the Iron Ore Company of Canada is carried at the value at which it was carried at December 31, 1977 when the equity method of accounting for this investment was discontinued.

Other investments reflected in the consolidated financial statements are accounted for by the cost method.

Oil and gas properties

Frontier oil and gas exploration costs are written off in the year incurred. If a property is determined to be economic, all subsequent costs are deferred and amortized against related production income. Non-frontier oil and gas exploration costs are capitalized on an area of interest basis and will be depleted using the production revenue method, based on total estimated recoverable reserves as and when discovered, or will be written off if exploration is proven unsuccessful.

Fixed assets

Property, plant and equipment are carried at cost. Depreciation is provided for at annual rates varying from 10% to 30% using the declining-balance method. Profit or loss on retirement or disposal is included in current operations.

Mining exploration costs

Mining exploration costs are written off in the year incurred. If a property is determined to be economic, then all subsequent costs are deferred and amortized against related production income.

Income taxes

Income taxes are provided for in the year transactions affect net income, regardless of when such transactions are recognized for tax purposes. Deferred income taxes are provided for on the portion of the recorded unrealized gain on investments which would be taxable if the gains were realized. Timing differences giving rise to deferred income taxes relate primarily to non-frontier oil and gas exploration costs which are capitalized on the balance sheet but deducted for income tax purposes.

Foreign currency translation

Transactions in foreign currencies are translated at the rates which prevailed at the dates of the transactions; foreign currency current assets and current liabilities are translated at the currency exchange rate prevailing at the end of the year and any gains or losses are taken into income.

Earnings per share

Earnings per common share have been calculated using the weighted average number of common shares outstanding during 1982 of 5,883,580 shares (1981 – 5,877,037 shares).

2. Brascan Indebtedness

The receivable from Brascan Limited which is due October 15, 1989, can be called in whole or in part at any time with 90 days' notice. Interest is payable semi-annually at a rate equal to the 90 day bank term deposit rate on October 15, 1979 and on each successive ninetieth day thereafter.

3. Other Investments

Other investments comprise the following as at December 31, 1982:

	Percentage Interest	Carrying Value (thousands)
Iron Ore Company of Canada	10.47%	$34,039
Other		3,376
		$37,415

4. Long-term Debt

The company has established with its bankers a line of credit aggregating $283,100,000, expiring December 31, 1986. The company may obtain advances by borrowing in Canadian or United States dollars, by borrowing (with certain limitations) in Eurodollars and certain other Eurocurrencies by way of LIBOR advances, and accommodation (with certain limitations) by way of bankers' acceptances in Canadian or United States dollars. Interest is payable on Canadian dollar loans at the bank prime rate and on U.S. dollar loans at the U.S. base rate for commercial loans in U.S. dollars made in Canada. LIBOR advances bear interest in the currency of the LIBOR advance at the LIBOR rate plus ⅜ of 1% per annum. The shares of Norcen have been hypothecated as security for the long-term debt. The loan agreements require that principal payments received under the Brascan indebtedness be applied to retire long-term debt, unless otherwise agreed.

At December 31, 1982, LIBOR advances aggregated U.S. $133,200,000. Repayment of these advances at the year-end currency exchange rate would result in additional obligations of $4,301,000.

5. Share Capital

During 1982, 650 shares valued at $18,000 were issued as stock dividends.

6. Income Taxes

The company and a subsidiary have available for application against any taxable income of future years development expenditures aggregating approximately $6,750,000. Additionally, the company has available for application against any future taxable capital gains, capital losses for income tax purposes of $2,664,000. Income tax reductions with respect to these items will be reflected in the financial statements when realized.

7. Disposition of Argus Corporation Limited

On August 19, 1981, a special dividend aggregating $49,220,000 comprised of .277 Argus common shares and .835 Argus Class C preferred shares, with an assigned value of $8.50 per share, was distributed to each shareholder. This dividend resulted in a significant reduction in the investment in Argus at a loss of $12,709,000.

8. Subsequent Event

Subsequent to December 31, 1982, the company agreed to purchase approximately 49.4% of Standard Broadcasting Limited for $30,302,000 in cash.

Consolidated Financial Review 1973-82

(in thousands of dollars)	**1982**	1981	1980	1979	1978**	1977	1976*	1975	1974	1973
Income from royalties	**$30,433**	$45,665	$ 42,493	$44,123	$25,459	$34,028	$29,171	$25,748	$19,736	$15,096
Interest	**21,328**	35,071	25,399	11,626	4,833	4,043	3,674	3,381	2,901	2,481
Dividends	**6,754**	15,287	16,594	7,925	4,207	4,930	4,500	6,521	5,221	4,225
Other income	**579**	687	2,439	1,290	1,669	1,797	1,373	890	503	567
Gold and silver production	—	—	—	—	—	—	616	2,651	2,718	1,957
Total revenue	**59,094**	96,710	86,925	64,964	36,168	44,798	39,334	39,191	31,079	24,326
Expense — Interest	**42,971**	59,688	37,120	687	—	—	—	—	—	—
— Administration & Exploration	**15,560**	6,011	6,143	9,365	6,619	2,587	4,803	5,625	4,660	3,664
Earnings before taxes, equity earnings, minority interest and extraordinary item	**563**	31,011	43,662	54,912	29,549	42,211	34,531	33,566	26,419	20,662
Income taxes	**(8,251)**	1,713	8,292	15,013	6,520	12,840	11,670	9,750	7,425	6,006
Newfoundland royalty taxes	**5,700**	8,873	7,500	7,900	4,529	5,959	4,930	4,550	—	—
Earnings before equity earnings, minority interest and extraordinary item	**3,114**	20,425	27,870	31,999	18,500	23,412	17,931	19,266	18,994	14,656
Share of equity earnings (loss): Norcen Energy Resources Limited	**14,133**	7,104	14,110	—	—	—	—	—	—	—
Iron Ore Company of Canada	—	—	—	—	—	4,070	2,270	30	(7,041)	1,687
Minority interests	**(4,133)**	(6,125)	(11,569)	(10,176)	(5,490)	(7,816)	(6,482)	(5,841)	(4,824)	(4,542)
Earnings before extraordinary item	**13,114**	21,404	30,411	21,823	13,010	19,666	13,719	13,455	7,129	11,801
Extraordinary item	—	(12,709)	—	85,629	829	—	—	—	—	376
Net earnings for the period	**$13,114**	$ 8,695	$ 30,411	$107,452	$13,839	$19,666	$13,719	$13,455	$ 7,129	$12,177
Earnings per share before extraordinary item	**$2.23**	$3.64	$5.19	$4.07	$2.64	$4.00	$2.79	$2.73	$1.45	$2.40
Regular dividends paid per share	**$2.20**	$2.20	$2.20	$2.20	$2.06	$1.944	$1.80	$1.65	$1.60	$1.60

** Restated in 1977 to reflect Hollinger's equity share of a prior period adjustment by Iron Ore Company of Canada for the capitalization of leases.*

*** In 1971 the company adopted the policy of including in income its proportionate share of the changes in its equity in Iron Ore Company of Canada instead of dividends received. In 1978 the company reverted to the practice of taking into income dividends as received.*

Financial Information

December 31, 1982

	Hollinger Argus Limited (non-consolidated)	Labrador Mining and Exploration Company Limited	Hollinger North Shore Exploration Inc.
Assets:			
Cash and short-term deposits	$ 22,690	$ 2,552	$ 657
Accounts receivable and other assets	1,221	8,864	21
Due from associated companies	10,992	–	8
Brascan indebtedness	–	61,786	–
Investment in consolidated subsidiaries	43,304	–	–
Investments – Norcen	–	401,367	–
Investments – Other	25,354	12,061	–
Oil and gas properties	4,688	4,688	–
Fixed assets – net	17	22	78
Mining rights and concessions	–	1,886	332
	$108,266	$493,226	$ 1,096
Liabilities:			
Current	$ 650	$ 2,854	$ 35
Due to associated companies	–	10,986	14
Long-term debt	–	263,775	–
Deferred income taxes	941	20,849	–
	$ 1,591	$298,464	$ 49
Shareholders' Equity	$106,675	$194,762	$ 1,047
Revenue:			
Iron Ore Royalties	$ –	$ 30,345	$ 88
Interest	5,074	17,712	84
Dividends from consolidated subsidiaries	6,962	–	–
Dividends – Other	4,721	2,033	–
Other	269	308	3
Total Revenue	17,026	50,398	175
Expenses	(6,844)	(53,086)	(144)
Taxes:			
Current	(1,255)	–	–
Deferred	2,788	6,718	–
Newfoundland royalty	–	(5,700)	–
Equity earnings of Norcen	–	14,133	–
Net Earnings	$ 11,715	$ 12,463	$ 31
"Regular" dividends paid	$ 12,943	$ 10,400	$ Nil

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