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ASBESTOS CORPORATION LIMITED

HEAD OFFICE, ROOM 522, CANADA CEMENT BUILDING,
610 CATHCART STREET, MONTREAL, QUE.

MONTREAL, January 24, 1947.

To the Shareholders of

ASBESTOS CORPORATION LIMITED:

Your Directors submit the Twenty-first Annual Report of the Company with Balance Sheet and Profit and Loss Account for the year ending December 31st, 1946, as certified by your Auditors, Messrs. Price, Waterhouse and Company.

The profit for the year after charging all expenses including taxes, but before Depreciation, amounted to \$1,349,112.02. From this amount a sum of \$320,930.64 was set aside for Depreciation, leaving \$1,028,181.38 out of which dividends of \$840,000.00 were paid and \$75,000.00 was transferred to the Pension Trust Fund. The balance was added to surplus account.

Demand for all grades of asbestos was strong throughout the year. During the latter part of the year it became possible to obtain an increase in export prices which, to some extent, offset the continued rising trend in cost. A further price adjustment had to be made to counteract the loss of income resulting from the restoration of the Canadian dollar to parity with the United States dollar.

Inventories of asbestos, following the second consecutive year in which the volume of shipments exceeded production, are now lower than at any time in the Company's history.

A world-wide shortage of asbestos developed during the year and will probably continue through 1947.

The King, Beaver, British-Canadian and Vimy Ridge Mines were operated at capacity.

At the King Mine development work consisted of 9,873 feet of drifts and raises. Construction of a new dry rock storage bin, commenced in September, 1944, was completed and put into operation. A dust filtration system designed to handle the major part of the exhaust dust from the King Mill was installed during the latter part of the year.

At the Beaver Mine the stripping programme was continued and 21,379 cubic yards of overburden were removed. Fifteen diamond drill holes, totalling 5,265 feet in length, were bored. An extensive programme, which involves the diversion of a part of the main line of the Quebec Central Railway, is to be undertaken this year in order to develop additional ore adjacent to the present pit. This will entail considerable expense.

At the British Canadian Mine the diamond drilling programme commenced in 1945 was carried further, 34 holes, having a total length of 14,291 feet having been put down. Stripping was also continued during the summer, a total of 50,302 cubic yards of overburden having been removed. Some alterations and improvements in the crushing department were completed.

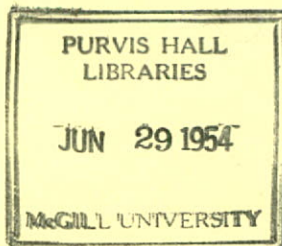
At the Vimy Ridge Mine 85,094 cubic yards of overburden were removed and 11 diamond drill holes totalling 3,527 feet were put down. A new fibre storage shed, together with the necessary conveyor housing was built and will be in use early in 1947. A railway spur some 3,000 feet in length, connecting with the new shed, was built and in conjunction with the grading for this work an earth filled dam was constructed to impound 1,000,000 gallons of water for added fire protection. A new electric sub-station has been built. All this is part of a larger programme to be carried out this year which will enlarge the area of the Vimy Ridge pit and make additional ore available.

An industrial clinic was erected at Thetford Mines and put into operation. This building is fitted with the most up-to-date X-Ray and medical equipment and full time doctor, nurse and technician are employed. All employees are given free medical examination periodically. This is a joint undertaking of your Company and two other asbestos companies at Thetford Mines, and is in accordance with the Workmen's Compensation laws of the Province of Quebec.

Your Directors again commend the loyal and efficient support of the officers, staff and employees throughout the year.

On behalf of the Board of Directors,

R. W. STEELE,
President.



ASBESTOS CORP

BALANCE SHEET, D

ASSETS

CURRENT ASSETS:

Canadian Government Securities.....	\$3,200,000.00	
(Market Value \$3,274,500)		
Dominion of Canada Treasury Bills \$600,000 at market.....	599,921.10	
Inventories of stocks on hand, as determined by officials of the Company, valued as to Asbestos at Standard Rates, which are lower than market price, and as to Materials and Supplies at laid down cost—		
Asbestos.....	\$ 74,775.91	
Materials and Supplies.....	681,020.48	755,796.39
Accounts and Bills Receivable.....	\$948,104.58	
LESS: Reserve for Bad and Doubtful Accounts.....	34,441.08	913,663.50
Cash on hand and in banks.....	254,901.00	\$5,724,281.99

DEFERRED CHARGES TO OPERATIONS:

Prepaid Taxes and Insurance.....		73,307.40
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PROPERTIES:

At the values determined by the Management and approved by Special Meeting of Shareholders on January 18, 1944, plus the cost of subsequent Additions, net:

Land and Mineral Areas.....	\$2,016,347.44	
LESS: Reserve for Depletion.....	1,917,847.44	\$ 98,500.00
Buildings, Plant and Equipment.....	\$8,822,681.56	
LESS: Reserve for Depreciation.....	4,926,080.92	3,896,600.64
		3,995,100.64
		<u>\$9,792,690.03</u>

STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDING DECEMBER 31, 1946

Profit from Operations for the year ending December 31, 1946, before providing for the items undernoted.....		\$1,937,911.97
Interest on Investments.....	\$ 73,623.95	
Miscellaneous Revenue.....	41,090.40	
Profit (non-recurring) on U.S. exchange.....	34,501.58	149,215.93
		<u>\$2,087,127.90</u>
Executive Salaries.....	\$ 53,841.66	
Legal Fees.....	16,771.15	
Directors' Fees.....	8,080.00	
Exploration and prospecting expenses.....	91,323.07	
Provision for Depreciation.....	320,930.64	
Contribution to Pension Trust Fund.....	75,000.00	565,946.52
		<u>\$1,521,181.38</u>
Provision for Dominion and Provincial Taxes.....		568,000.00
		<u>\$ 953,181.38</u>
Quarterly Dividends equivalent to 80¢ per share.....	\$480,000.00	
Extra Dividends equivalent to 60¢ per share.....	360,000.00	840,000.00
		<u>\$ 113,181.38</u>
Earned Surplus, December 31, 1945.....	\$1,075,857.58	
Recovery on Foreign Accounts receivable previously written off	\$80,420.10	
LESS: Dominion Taxes thereon.....	32,000.00	48,420.10
Other Credits in respect of prior years.....	72,021.44	1,196,299.12
		<u>\$1,309,480.50</u>

ASBESTOS CORPORATION LIMITED

DECEMBER 31st, 1946

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable and Accrued Liabilities.....	\$ 642,129.94	
Dominion, Provincial and Other Taxes.....	178,365.77	\$ 820,495.71

GENERAL RESERVE..... 1,150,000.00

CAPITAL STOCK:

Represented by 600,000 shares of No Par Value issued out of a total authorized issue of 1,200,000 shares—Balance December 31, 1945..... 5,512,713.82

SURPLUS:

Distributable Surplus.....	\$1,000,000.00	
Earned Surplus, per statement attached.....	1,309,480.50	2,309,480.50
		<u>\$9,792,690.03</u>

APPROVED ON BEHALF OF THE BOARD:

C. W. COLBY, Director
KENNETH T. DAWES, Director

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of Asbestos Corporation Limited for the year ending December 31, 1946, and have obtained all the information and explanations which we have required; and we report that, in our opinion, the above Balance Sheet at December 31, 1946 is properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs, according to the best of our information and the explanations given to us and as shown by the books of the Corporation.

PRICE, WATERHOUSE & CO.

MONTREAL, January 25, 1947.

Auditors.

**ASBESTOS CORPORATION
LIMITED**

TWENTY-FIRST ANNUAL REPORT

AND

STATEMENT OF ACCOUNTS

FOR THE PERIOD OF TWELVE MONTHS ENDING
31st DECEMBER, 1946

DIRECTORS:

R. W. STEELE, *President and Managing Director*

C. W. COLBY, M.A., PH.D., *Vice-President*

KENNETH T. DAWES, *Vice-President*

W. A. ARBUCKLE

A. H. PARADIS

J. C. H. DUSSAULT, K.C. LIEUT.-COL. J. G. ROSS

F. E. NOTEBAERT

H. P. THORNHILL

A. L. PENHALE,
Secretary

WM. COOLING,
Treasurer

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Mines Office:
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McGILL UNIVERSITY