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annual
report

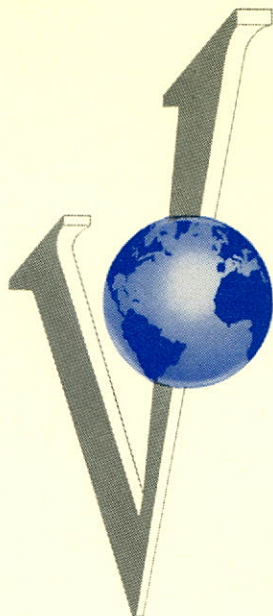
1958

V E N T U R E S L I M I T E D

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1958

VENTURES LIMITED

30TH ANNUAL REPORT

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OFFICERS

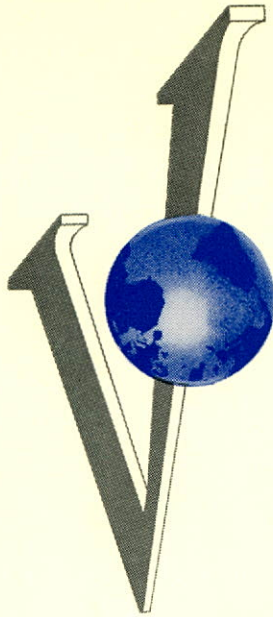
Chairman of the Board	J. D. BARRINGTON
President and Managing Director	H. J. FRASER
Vice-President and General Manager	H. S. MCGOWAN
Vice-President, Secretary and Treasurer	G. T. N. WOODROOFFE
General Counsel	J. S. D. TORY
Assistant Secretary	J. T. McWHIRTER
Assistant Treasurer	S. F. TAIT

DIRECTORS

J. D. BARRINGTON	T. LINDSLEY
H. J. CARMICHAEL	J. S. D. TORY
W. B. DIX	S. M. WEDD
H. J. FRASER	G. T. N. WOODROOFFE
A. E. GRAUER	

ANNUAL MEETING OF SHAREHOLDERS

The Quebec Room, Royal York Hotel, Toronto, Thursday, May 21, 1959, 10:30 a.m. (Toronto Time)



VENTURES LIMITED

REPORT OF THE DIRECTORS

To the Shareholders:

Your Directors take pleasure in submitting the 30th Annual Report of your company for the year ended December 31, 1958. Financial statements of some of the subsidiary and associated companies are included for your information. The net profit for the year 1958 amounted to \$2,186,797 as compared with \$2,263,759 which would have been the figure for 1957 if determined on a comparable basis.

Considerable thought has been given by your Directors to the form of presentation of the statements of profit and loss, provision for depletion, earned surplus and special surplus which have been used for some years in reporting the operations of the company. It was decided that segregation of the various surplus accounts was no longer necessary to a clear presentation of the company's operations. Therefore these have been consolidated into one surplus account. The practice of setting aside, as a provision for depletion, a portion of the dividends received from subsidiary and associated companies has been discontinued. In addition, since it is anticipated that general exploration expenditures will be incurred annually, they will be charged against income in the year in which they are made instead of carrying them forward in part and subsequently writing them off against surplus as in former years. Accordingly, the results for 1958 are set forth on this new basis and in this report the 1957 figures have been adjusted to a comparable basis.

In note 2 to the Financial Statements it is stated that dividends received from subsidiary companies were approximately \$2,000,000 greater than the company's share of the aggregate profits less losses of the subsidiaries. This mainly arises from the substantial write-down of assets which was made by Hoyle Mining Company Limited.

Before the end of the year a review was made by your company and by its associated companies of their individual holdings to determine those instances where the intrinsic values of holdings appeared to be substantially less than book value. As a result of this review substantial write-offs were made. The amounts written off by your company totalled \$2,361,433. The auditors of your company have approved of this policy and the amounts written off.

The policy of increasing the company's interest in certain subsidiary and associated companies and reducing or eliminating its holdings in others was continued during 1958 when the following major changes took place:

1. Approximately \$2,780,000 was invested in Geoil Limited and your company's interest was increased from 45% to 68% making Geoil a subsidiary company.
2. Your company purchased on the market 19,583 preference shares of Hoyle Mining Company Limited at a cost of \$1,826,000.

3. In order to assist La Luz Mines Limited in bringing the Rosita Mine into production, your company purchased for \$2,000,000, 50,000 shares and \$2,000,000 par value of debentures of La Luz.
4. Your company disposed of its entire holdings in Matachewan Consolidated Mines Limited, New Calumet Mines Limited, The Nipissing Mines Company Limited and Eureka Corporation Limited. The proceeds from these and the sales of other investments amounted to \$1,101,416.

In the 1957 Annual Report, reference was made to the difficulties in complying with the terms of the lease under which Eureka was carrying on work at its Nevada property. Continued efforts to renegotiate the said lease ended in failure. This factor, together with the lack of encouragement received in the drilling carried on during the latter part of 1957 and early in 1958, contributed to the conclusion by your Directors that further expenditure of funds on the Eureka property was unwarranted. Your company, therefore, disposed of its entire interest in Eureka.

During the year your company carried on active exploration work in various parts of the country. The total expenditures in this connection amounted to \$613,967. This work is described in detail on page 5 of this report.

Falconbridge Nickel Mines Limited earned \$1.88 per share in 1958 compared with \$2.65 in 1957. Although deliveries of metals by Falconbridge established a new record for the ninth consecutive year, lower metal prices, higher write-offs and a greater provision for income taxes resulted in lower net profits. Falconbridge paid the same dividend as in 1957 and this continued to be Ventures' major source of dividend income.

Opemiska Copper Mines (Quebec) Limited completed the first stage of its expansion program and in October the treatment rate reached 1,100 tons per day. Copper production increased substantially over 1957 and net profit amounted to \$466,581.

Geoil enjoyed very encouraging results from its participation in exploration and drilling with Home Oil

Company Limited, particularly in the Swan Hills area of Alberta.

As noted elsewhere in this report, a profitable year was enjoyed by Giant Yellowknife, United Keno Hill, Coniaurum, American Nepheline, Canadian Malartic, Fahralloy, Metal Hydrides and Tonopah, although none of these companies approached record earnings. The recession and other factors led to a net loss after write-offs at Dominion Magnesium, Kilembe and La Luz. Low metal prices led to suspension of operations at Rainville.

We regret to report the passing of Mr. E. E. Lincoln, who had been a most respected Director for the past three and a half years. The vacancy was filled by the election of Mr. W. B. Dix. Early in 1959, Mr. G. F. Towers found it necessary to resign from the Board due to the pressure of other duties and the vacancy so created has been filled by the appointment of Mr. S. M. Wedd.

In September, 1958, Mr. J. S. D. Tory resigned as Chairman of the Board but continued as a Director. Mr. J. D. Barrington was elected Chairman and Mr. H. J. Fraser, President and Managing Director. Mr. H. S. McGowan was appointed a Vice-President and General Manager and Mr. G. T. N. Woodroffe was appointed a Vice-President.

The Board of Directors wish to thank the Officers and employees of the Company, and its subsidiary and associated companies, and the managers and staffs of the various mines and plants for their contribution to the continuing success and growth of the Ventures group.

On Behalf of the Board,



President and Managing Director.

Toronto, Canada,
April 17, 1959.

REPORT ON EXPLORATION

The company maintains a staff of geologists, geophysicists, and prospectors, to carry out the diverse activities which pertain to exploration. Emphasis is being placed on a long range program directed towards the selection of areas geologically favourable for the occurrence of mineral deposits and their detailed exploration. A considerable amount of research is being carried out on the application of special geophysical, geochemical and geological techniques to the problems of exploration. Property examinations, and the optioning of prospects of merit, remain an essential part of the overall effort.

Along with the wholly Ventures' projects, the staff directs the exploratory work on the properties of certain of the associated companies.

A very important project, started in 1958, is the evaluation of all the inactive properties of companies in the Ventures' group.

The following summary reviews the exploration activities during 1958.

MATTAGAMI AREA, QUEBEC

Early in the year a large block of claims in Isle Dieu Township, between the Allard River and the southwest shore of Lake Mattagami, was optioned. Subsequently additional claims were staked; some in Isle Dieu adjoining the optioned block on the east, and some in Daniel Township. This region is one of few outcrops and of heavy overburden. An airborne electromagnetic survey has been carried out, the claims mapped geologically, and ground geophysical surveys completed over most of the anomalous areas. Test drilling was started in January 1959.

OTHER QUEBEC PROJECTS

Projects, involving two to three year programs of detailed investigation were begun in two selected areas in the general region to the west of Opemiska. One project is being financed jointly by Ventures and McIntyre Porcupine Mines Limited. The other is wholly Ventures. Both areas have been covered by an airborne electromagnetic survey, mapped geologically, and investigated by geochemical methods. Ground geophysical work is presently under way. It is anticipated that a considerable amount of test drilling will be required for the evaluation of anomalies.

A third area of some 100 square miles, largely swamp land, was prospected by geochemical methods.

Results were negative and further work has been deferred.

In the general region north of Noranda a portable EM unit was used in geophysical prospecting of geologically interesting localities. Several sulphide occurrences were found but none had economic possibilities.

Late in the year a group of 150 claims was staked in the eastern end of the Frotet Lake area. These claims will be investigated during the 1959 season.

A property in Beauchastel Township was optioned and will be explored during 1959.

SASKATCHEWAN

Early in the year options were obtained on a group of 40 claims near Lac La Ronge. Indications of interesting structural conditions under wet swampy areas suggested possibilities for base metals. The properties were investigated by electromagnetic and magnetometer surveys, by geochemical surveys, and by geological mapping and prospecting. Approximately 3,000 feet of test drilling was completed in January, 1959. A body of serpentized peridotite, showing only minor amounts of nickel and copper bearing sulphides, was intersected under the strongest anomaly. Further work was deemed to be unwarranted and the options have been dropped.

MARITIME PROVINCES

Some reconnaissance field work was done in New Brunswick and Nova Scotia. This is part of the long range program of regional studies for selection of areas favourable for prospecting.

PARTICIPATIONS

During 1958 the company participated in the financing of four exploration syndicates and in 13 grubstakes organized by independent prospectors. It also joined with Frobisher Limited and Sogemines Ltd. in the investigation of a lithium prospect in North-western Ontario. Diamond drilling on this property was started early in 1959.

MISCELLANEOUS

A number of other prospects in Quebec, Ontario and Saskatchewan were examined during the season. None of these was considered to be of economic importance.

TECHNICAL PERSONNEL

MINING ENGINEERS

H. C. HERZ

G. H. MUSTARD

W. H. WOODS

GEOLOGISTS

A. S. DADSON, Chief Geologist
D. J. SALT, Chief Geophysicist
J. M. BIRKBECK
D. H. BROWN

S. N. CHARTERIS
A. G. DARLING
J. B. GORDON
W. HUBACHECK

W. G. ROBINSON
ALEXANDER SMITH
W. B. G. WALKER

METALLURGISTS

J. M. MORTIMER, Chief Metallurgical Engineer

J. M. MACKAY

M. J. TAMPLIN

CONSULTANTS

W. DUNN, Mechanical Engineer

J. D. BATEMAN, Geologist

W. H. GROSS, Geologist

OPERATING HEADS OF SUBSIDIARY AND ASSOCIATED COMPANIES

AMERICAN NEPHELINE LIMITED

President A. L. A. RICHARDSON
Vice-President and
General Manager ERNEST CRAIG
Vice-President and
Sales Manager HAROLD R. DEETH

CANADIAN MALARTIC GOLD MINES LIMITED

President J. P. MILLENBACH
Manager H. C. HERZ
General Superintendent A. R. MEYERS

CONIAURUM MINES LIMITED

President H. S. McGOWAN
Mine Manager W. O. LAFONTAINE

GIANT YELLOWKNIFE GOLD MINES LIMITED

President A. J. ANDERSON
General Manager M. K. PICKARD

HOYLE MINING COMPANY LIMITED

President H. J. FRASER

KILEMBE MINES LIMITED

Chairman A. J. ANDERSON
Managing Director A. E. PUGSLEY

LAKE DUFALUT MINES LIMITED

President J. P. MILLENBACH
Resident Geologist D. H. BROWN

DOMINION MAGNESIUM LIMITED

President R. J. JOWSEY
General Manager JOHN THOMSON

FAHRALLOY CANADA LIMITED

President and
Managing Director T. G. BEAMENT
Vice-President — Sales J. A. WILSON

FALCONBRIDGE NICKEL MINES LIMITED

President and
General Manager H. J. FRASER
Executive Vice-President R. CAMPBELL
Vice-President — Sales G. S. JEWETT
Vice-President — Production R. C. MOTT

FROBISHER LIMITED

President A. J. ANDERSON
Vice-President B. G. EDWARD
Vice-President A. E. PUGSLEY

GEOIL LIMITED

President J. D. BARRINGTON
Manager W. H. WOODS

LAKEFIELD RESEARCH OF CANADA LIMITED

President W. G. HUBLER
General Manager J. BRITTON

LA LUZ MINES LIMITED

President H. S. McGOWAN
General Manager T. N. SLAUGHTER

LATIN AMERICAN MINES LIMITED

President H. S. McGOWAN
Peruvian Manager J. M. BIRKBECK

METAL HYDRIDES INC.

President LEWIS W. DAVIS
General Manager S. K. DERDERIAN

OPEMISKA COPPER MINES (QUEBEC) LIMITED

President J. P. MILLENBACH
Mine Manager F. G. COOKE

QUEBEC METALLURGICAL INDUSTRIES LTD.

President and
General Manager N. B. DAVIS
Assistant General Manager W. J. TOUGH

RAINVILLE MINES LIMITED

President J. P. MILLENBACH
Mine Manager W. HUBACHECK

TONOPAH MINING COMPANY OF NEVADA

President C. H. NONAMAKER
Vice-President P. W. ZECKHAUSEN

UNITED KENO HILL MINES LIMITED

President F. M. CONNELL
Resident Manager A. E. PIKE

HOLDING AND EXPLORATION COMPANIES

Hoyle Mining Company Limited
Latin American Mines Limited

Frobisher Limited

Quebec Metallurgical Industries Ltd.
The Tonopah Mining Company of Nevada

OPERATING AND DEVELOPMENT COMPANIES

BASE METALS

Nickel, Copper.....	Producing.....	Falconbridge Nickel Mines Limited
Silver, Lead, Zinc.....	Producing.....	United Keno Hill Mines Limited
Copper, Zinc, Gold.....	Exploration and producing (through Amulet-Dufault).....	Lake Dufault Mines Limited
Copper, Gold.....	Producing.....	Opemiska Copper Mines (Quebec) Limited
Copper, Lead, Zinc.....	Preparation for production discontinued.....	Consolidated Sudbury Basin Mines Limited
Copper, Gold.....	Underground development.....	Joliet-Quebec Mines Limited
Copper.....	Producing.....	Kilembe Mines Limited, Uganda
Copper.....	Production suspended March 1958.....	Rainville Mines Limited
Copper.....	Commenced production March 1959.....	Rosita Mines Limited, Nicaragua
Lead, Zinc, Copper, Silver	Underground development.....	Chavin Mines Corporation, Peru

OIL AND GAS

Producing.....	Trans-Border Oils, Alberta
Exploration and producing.....	Geoil Limited

IRON PROPERTIES

Partly developed properties.....	Canada Iron Mining Limited
Proven ore.....	Michipicoten Iron Mines Limited

RARE MINERALS

Columbium, Phosphate....	Developed ore.....	Sukulu Mines Limited
Lithium.....	Exploration.....	LaCorne Mines 1957 Limited

INDUSTRIAL MINERALS

Magnesium, Calcium, etc..	Producing.....	Dominion Magnesium Limited
Nepheline Syenite.....	Producing.....	American Nepheline Limited
Rutile, Zircon.....	Producing.....	Metal Recoveries Pty. Limited, Australia (International Titanium Corporation)

PRECIOUS METALS

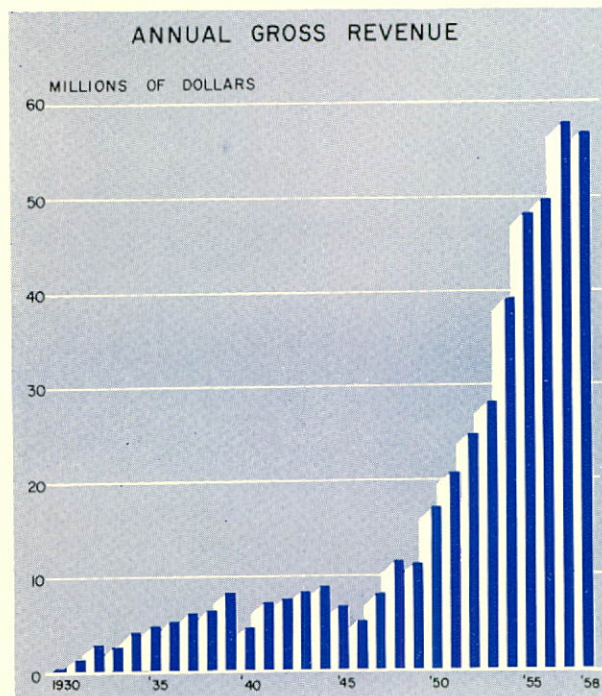
Gold.....	Producing.....	Giant Yellowknife Gold Mines Limited
Gold.....	Producing.....	Coniaurum Mines Limited
Gold.....	Producing.....	Canadian Malartic Gold Mines Limited
Gold.....	Producing.....	La Luz Mines Limited, Nicaragua
Gold.....	Producing.....	Connemara Mine (Frobisher Limited), S. Rhodesia
Gold.....	Ore indicated by drilling.....	Akaitcho Yellowknife Gold Mines Limited

RESEARCH AND METALLURGICAL PRODUCTS

Production of metal castings, alloys.....	Fahralloy Canada Limited
Custom assaying, mill tests, research.....	Lakefield Research of Canada Limited
Production of metal and chemical hydrides....	Metal Hydrides Incorporated
Metallurgical research.....	Falconbridge Nickel Mines Limited (Richvale laboratory)

FALCONBRIDGE NICKEL MINES LIMITED

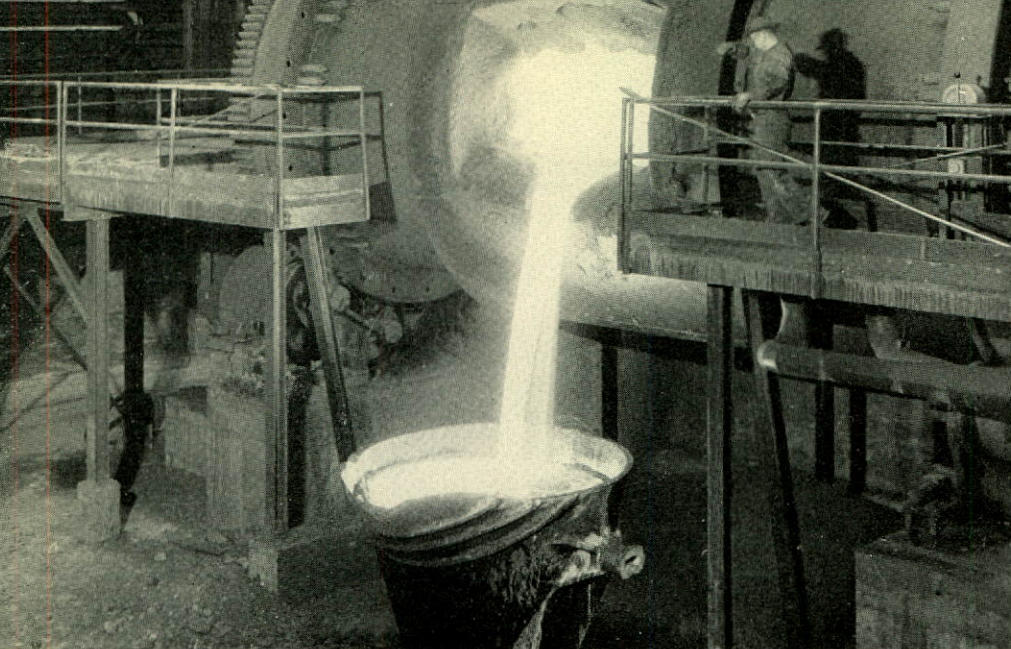
CAPITALIZATION	Common Shares	<i>Outstanding</i> 3,756,272	<i>Ventures</i> 1,930,151 51.4%	<i>Frobisher</i> 150,000 4.0%
LONG TERM DEBT	5¼% First Mortgage and Collateral Trust Sinking Fund Bonds	\$27,000,000		
	3% Mortgage on refinery, lands and plant	\$125,277		
LOCATION	Mines, mills and smelter in Sudbury District, Ontario. Refinery at Kristiansand S., Norway.			
FINISHED PRODUCTS	Electrolytic nickel, copper and cobalt, nickel sulphate, refined platinum, palladium, gold, liquid sulphur dioxide.			
PRODUCTION		<i>Tons Treated</i>	<i>Gross metal sales and other operating revenues</i>	
	Year ended December 31, 1958	2,151,483	\$ 56,755,666	
	Total to December 31, 1957	21,821,568	409,100,414	
	Total Production	<u>23,973,051</u>	<u>\$465,856,080</u>	



REVIEW OF OPERATIONS

On August 28, 1958, the company marked its thirtieth anniversary. The total quantity of ore mined since the company commenced operations to the end of 1958 was 23,750,000 tons from the company's own mines. From this ore approximately 600,000,000 pounds of nickel and 325,000,000 pounds of copper have been extracted and sold throughout world markets.

The weakness which developed in nickel markets in 1957 continued throughout 1958. The company's chief commercial markets are in Europe where the recession was less severe than in America. This situation, coupled with stockpile contracts enabled the company to establish new records for deliveries and production of metals. However, metal prices were lower and gross revenues declined from the peak of \$57,921,000 in 1957 to \$56,756,000. Net earnings amounted to \$7,053,209 or \$1.88 per share, compared with the record earnings of \$9,953,479 in 1957 or \$2.65 per share. These earnings were after special write-offs of preproduction expendi-



Pouring matte.



tures of \$3,500,000 in each year. The decline in earnings in 1958 was due to lower metal prices, higher write-offs and a higher provision for taxes.

Dividends in 1958 were maintained at the rate initiated in the first half of 1956. Two semi-annual dividends of 60¢ each, amounting to \$4,507,526, were paid, which brought total dividend disbursements by the company to \$39,394,000.

Capital and preproduction expenditures dropped from \$12,140,000 in 1957 to \$5,453,000 in 1958. This reduction reflected the near completion of the expansion program commenced in 1953 to raise production to a level of 55,000,000 pounds of nickel per annum. The more important expenditures in the year included equipment for the internal shaft at Falconbridge mine, underground equipment at Fecunis mine, additional briquetting capacity, smelter facilities, housing and refining expansion.

The net working capital improvement in the year of \$4,875,000, after providing for repayment of \$4,000,000 of the company's bonds in 1959, resulted in part from the easing in capital expenditures. Bonds payable decreased to \$27,000,000 at the year end by a payment of \$3,000,000 in the year.

Ores and concentrates delivered to the treatment plants amounted to 2,151,483 tons compared to 2,018,809 tons in 1957. Company mines produced a

total of 2,087,180 tcns. The Falconbridge and Longvack mines increased production and ore from the pre-production work at Fecunis was increased. Output at the Hardy mine was down and the Mount Nickel mine was closed in the latter part of 1957.

Ore reserves at the year end were reported at 43,892,750 tons, grading 1.45% nickel and 0.81% copper. Developed ore reserves were maintained but indicated reserves showed a net decline in the year of 1,769,100 tons after transfer of a large tonnage at Fecunis from indicated ore to the developed category.

Exploration work in the Sudbury District consisted largely of underground work from the Falconbridge, Onaping and McKim mines as well as surface drilling on the Strathcona orebody. Field exploration in Ontario, Manitoba and Quebec did not yield results of economic importance. Exploration by a subsidiary on lateritic nickel deposits in the Dominican Republic resulted in a substantial increase in the estimated tonnage of the potential ore material.

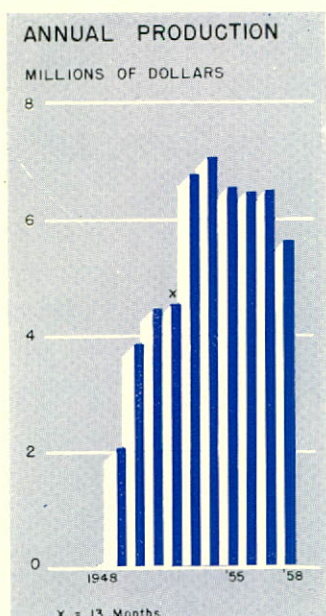
Fahrallloy Canada Limited, a wholly-owned subsidiary of the company, reported a net profit of \$129,237 for 1958, as compared with \$326,967 for 1957. This decline in profit was caused by a 35% decrease in production due to the marked reduction in industrial construction and by prolonged strikes in the plants of two of Fahrallloy's largest customers.



Underground Station.

GIANT YELLOWKNIFE GOLD MINES LIMITED

		Outstanding	Ventures		Frobisher	
CAPITALIZATION	Common Shares	4,000,000	403,583	10.09%	784,977	19.62%
LOCATION	Mine at Yellowknife, N.W.T.					
PRODUCTION		Tons Milled	Gold Ounces	Silver Ounces	Net value metals recovered (including E.G.M.A.)	
	Year ended June 30, 1958 ..	289,220	158,451	22,759	\$ 5,671,448	
	Total to June 30, 1957	1,944,301	1,253,394	293,470	47,846,390	
	Total Production	<u>2,233,521</u>	<u>1,411,845</u>	<u>316,229</u>	<u>\$53,517,838</u>	

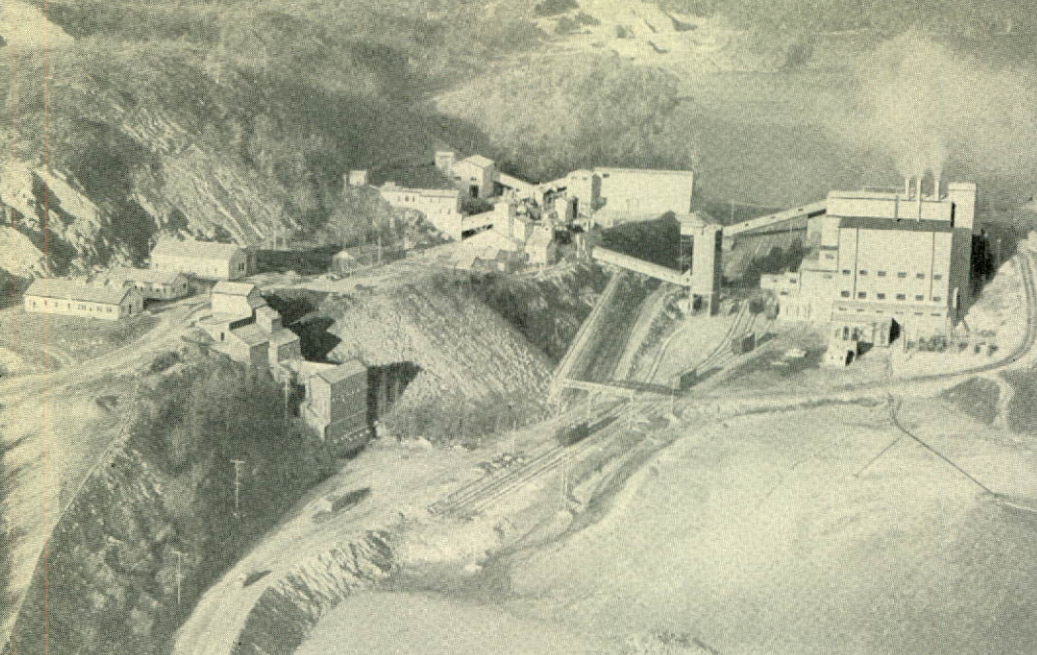


REVIEW OF OPERATIONS

Operating profit in the fiscal year was \$1,799,328, compared with \$2,267,182 in the previous year, and net profit was \$784,350, compared with \$1,011,072. Two dividends of 15¢ per share each, or a total disbursement of \$1,200,000 were paid during the fiscal year ended June 30, 1958.

Ore reserves at fiscal year-end were 2,850,000 tons averaging 0.80 ounce gold per ton. No new ore was developed during the year, the reserves decreasing by the tonnage milled. In the current year, work on deepening the main shaft to 2,000 feet and establishing three new levels has been started. It is expected that the 10,000 feet of lateral work to be carried out on this new block of levels will make available 500,000 tons of ore in the ASD and GB zones.

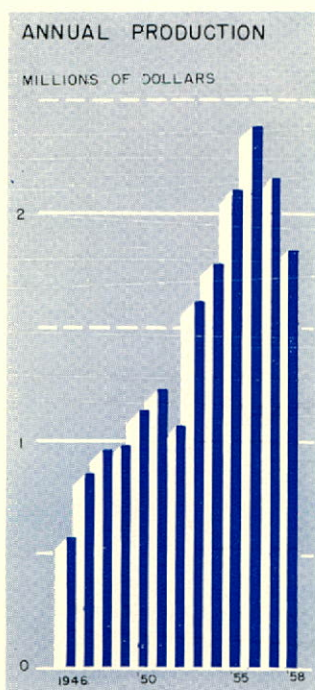
With the installation of the new two-stage roasting equipment in the latter part of 1958, the daily tonnage rate has been increased to better than 900 tons per day, with an objective of 1,000 tons per day in the near future. Results, since the new roasting facilities were started, show that an improvement in overall recovery is being obtained. A baghouse, to improve arsenic collection and to permit the recovery of gold-bearing dusts, was also installed in November 1958.



Aerial view of operations at Nephton, Canada.

AMERICAN NEPHELINE LIMITED

		Outstanding	Ventures	
CAPITALIZATION	Common Shares	4,100,000	2,055,413	50.13%
LONG TERM DEBT	6% secured loan — Industrial Development Bank ..		\$921,500	
LOCATION	Nephton, near Lakefield, Ontario.			
PRODUCTION		Production	Value (Sales)	
	Year ended December 31, 1958	142,926 tons	\$ 1,840,098	
	Total from 1946 to December 31, 1957	1,212,387 tons	16,768,392	
	Total Production	1,355,313 tons	\$18,608,490	



REVIEW OF OPERATIONS

Sales continued to decline in 1958 both in volume and dollar value but this reduction in income was largely offset by a reduction in costs and interest charges on borrowed capital. Net profit after write-offs, depreciation and taxes was \$159,672 or approximately \$5,000 higher than the previous year. Working capital improved from \$579,819 to \$709,058 at December 31, 1958 due mainly to the receipt of \$119,700 from the distribution of assets of Lakefield Research Limited.

The processing plant operated at 67% capacity and produced 142,926 tons of nepheline products, a reduction of some 13,092 tons from 1957.

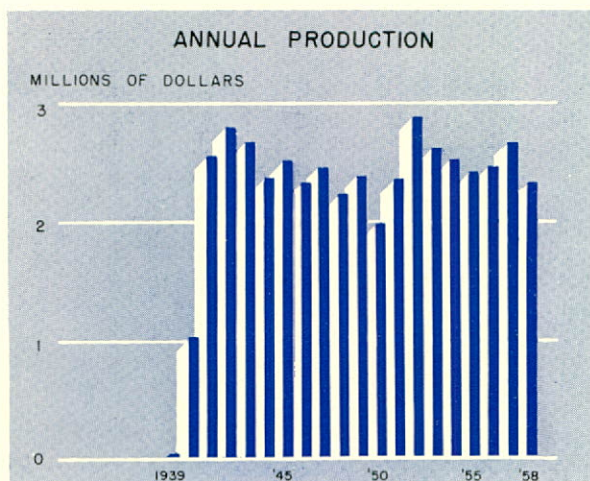
During 1958, 226,887 tons were broken in the Cabin Ridge area, 21% was discarded as waste and the remaining 179,082 tons were shipped to the crushing plant. Development work on the Kassh Ridge section of the property was started preliminary to open pit operations. Ore reserves at December 31, 1958 totalled 5,409,950 tons of assured ore and 1,500,000 tons of indicated ore.



Crushing Plant — Rosita Mines Limited.

LA LUZ MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding	Ventures	
		1,559,662	1,101,089	70.6%
LOCATION	Mine at Siuna, Nicaragua, C.A.			
PRODUCTION	Year ended September 30, 1958	Tons Milled	Gold Ounces	
		694,833	65,916	
		9,617,587	1,171,809	
		10,312,420	1,237,725	



REVIEW OF OPERATIONS

A net loss of \$226,705 was sustained for the year ended September 30, 1958 compared with a net profit

of \$46,375 for the previous year. Operating profit for the year was \$510,917, a decrease of \$281,293 from the previous year.

The decline in profit was the result of the lower grade of ore milled at 0.1056 ounces, \$3.30 per ton, compared with 0.1187 ounces, \$3.75 per ton the previous year. The lowering of the grade was caused by certain underground conditions which have been corrected and it is expected that the grade of ore treated during the balance of the current year will approximate that of the ore reserves. In spite of increased costs for both labour and supplies, overall operating costs were reduced 5 cents per ton to \$2.57. Ore reserves at September 30, 1958 were estimated at 4,594,000 tons averaging 0.119 ounces gold per ton.

Preparation of the Rosita copper property for production was continued during the fiscal year ended September 30, 1958. Financing has been arranged to complete the Rosita program and provide necessary working capital. Production at the property commenced in the latter part of March 1959.



Construction of pipeline — Swan Hills to Edmonton.

GEOIL LIMITED

CAPITALIZATION	Common Shares	Outstanding 5,443,932	Ventures 3,711,284 68.2%	Frobisher 1,732,648 31.8%
	PRODUCTION (exclusive of Trans-Border Oils Limited).			
	Year ended December 31, 1958			Barrels 152,516
	Total to December 31, 1957			221,491
	Total Production			<u>374,007</u>

REVIEW OF OPERATIONS

Geoil continued to maintain its participation with the Home Oil group in the exploration and development of oil and gas lands in Western Canada.

Development of the Swan Hills leases and reservation was of major importance to the company which held a 6.25% interest in these lands at the end of the year. Fourteen wells were drilled during the year, one of which (a step out well) was a dry hole, the balance being successful oil producers. At the year end, seven wells were drilling and an eighth rig was ready to commence drilling. A pipeline has been constructed by a subsidiary of Home Oil from Edmonton to Swan Hills insuring a ready market outlet.

Two oil wells have been completed in the Virginia Hills field and one development well was drilling as of December 31, 1958. Crude oil production from this field will be trucked to the pipeline at Swan Hills.

An important wet gas discovery was made in April, 1958 at Carstairs. Four gas wells have been completed and one dry hole drilled. The open flow potential of the wells ranged from 40,000 MCF to 107,000 MCF per day. The gas carries approximately 34 barrels of condensate and liquid products per 1,000 MCF. The production from this field has been committed to Trans Canada

Pipelines Limited. It is proposed to construct a gas processing plant in the near future to prepare the gas for marketing.

While production was maintained from the Pembina, Westward Ho and Harmattan-Elkton wells, it was drastically curtailed due to proration. Four oil wells were completed on the East Harmattan acreage and this land is now fully developed.

LANDS

The properties in which Geoil has an interest amount to a gross of 1,560,462 acres. A gross 32,233 acres are proven lands equivalent to a net interest of 2,199 acres. Unproven acreage is a gross 1,528,229 acres equivalent to a net interest of 83,255 acres.

RESERVES

As of December 31, 1958, Geoil held varying interests in 127 oil wells and 7 capped gas wells. Geoil's proportion of the reserves, after deducting royalties at December 31, 1957 and at December 31, 1958 are compared below:

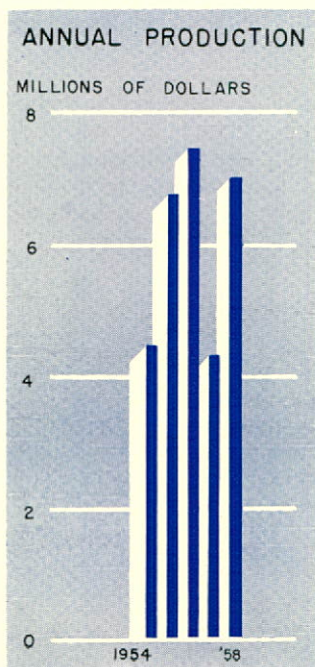
Year	Crude Oil Barrels	Condensate Barrels	Natural Gas Liquids Barrels	Natural Gas MCF
1958	8,774,373	821,682	1,409,858	42,560,000
1957	4,590,849	-----	518,950	9,600,000



Perry Shaft Headframe.

OPEMISKA COPPER MINES (QUEBEC) LIMITED

		Outstanding		Ventures		Hoyle	
CAPITALIZATION	Common Shares	5,515,000		379,596	6.88%	1,966,913	35.66%
LOCATION	Mine in Chibougamau District, Quebec.						
PRODUCTION		Tons Milled	Copper Pounds	Gold Ounces	Silver Ounces	Gross Value Smelter Returns	
	Year ended December 31, 1958	352,984	25,942,823	10,902	157,201	\$ 7,027,395	
	Total to December 31, 1957	773,791	65,006,674	28,155	369,745	23,043,899	
	Total Production	1,126,775	90,949,497	39,057	526,946	\$30,071,294	



REVIEW OF OPERATIONS

Following the completion of the first stage of the expansion program, the treatment rate was gradually increased to 1,100 tons per day, which was reached in October and continued thereafter. The tonnage milled during the year was 352,984 tons grading 3.95% copper for an average per day of 967 tons compared with 659 tons during 1957. Recovery improved to 92.98% as a result of further changes in mill practice. Copper production increased 52% over the previous year to a total of 25,942,823 pounds due mainly to the higher tonnage treated.

Operating profit for the year was \$2,132,077 compared to \$909,103 for 1957. After deducting depreciation and write-offs a net profit of \$466,581 was recorded compared to a net loss of \$132,149 for the previous year. The company received an average price of 25.14¢ per pound of copper sold in 1958. Capital expenditures on plant and equipment during 1958 totalled \$1,995,978 and deferred development amounted to \$999,509.

A total length of 2,892 feet of ore averaging 3.53% copper over a width of 11 feet was developed in the

Springer mine by drifting and diamond drilling. The Springer No. 2 shaft was completed to a depth of 2,414 feet and raising of the ore pass system was started together with preparation of a crusher station at the 2,150-foot level. The Perry shaft was completed to just below the 2,000-foot level and connections were made to Springer Mine workings on the 975 and 2,000-foot levels. Cut and fill stoping in the central portion of the No. 3 zone and open stoping in the wide section at the west end of No. 3 replaced shrinkage stoping in these areas and has increased safety and efficiency.

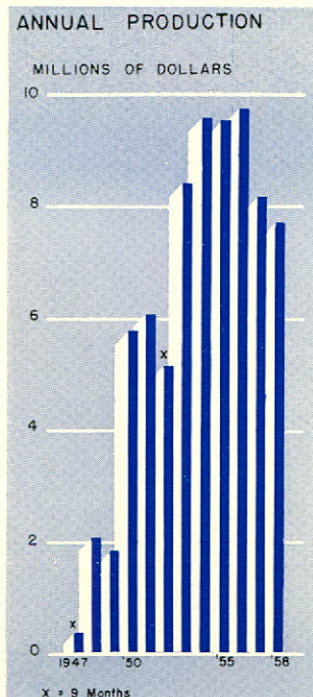
The two main objectives of the exploration program were to test the depth possibilities of the No. 3 zone

and to determine the attitude of the Perry ore zone. A series of six horizontal holes explored a length of 1,500 feet between the Springer No. 2 and the Perry shafts on the 2,000-foot level. Intersections averaging 3.34% copper over 6.1 feet were obtained in what is considered to be the No. 3 ore zone. Drifting on the 400-foot level from the Perry shaft had not yet entered the Perry ore zone at the year end but underground diamond drilling indicated a broad zone of copper mineralization.

Total ore reserves at December 31, 1958 were estimated at 5,060,900 tons of assured and indicated ore having an average grade of 3.17% copper, an increase of 317,900 tons over the previous year.

UNITED KENO HILL MINES LIMITED

		Outstanding	Frobisher	Q.M.I.	
CAPITALIZATION	Common Shares	2,470,000	729,276 29.52%	67,046	2.72%
LOCATION	Mines in Mayo District, Yukon Territory.				
PRODUCTION		Tons Milled	Silver Ounces	Lead Pounds	Zinc Pounds
					Cadmium Pounds
	Year ended Sept. 30, 1958	175,058	5,984,373	22,255,501	18,610,970
	Total to Sept. 30, 1957	1,170,554	43,678,649	185,946,706	140,411,361
	Total Production	1,345,612	49,663,022	208,202,207	159,022,331



REVIEW OF OPERATIONS

Tonnage milled in the fiscal year ended September 30, 1958, was 15,173 tons in excess of that of the previous year and was supplied principally by Hector Mine (60,447 tons), Calumet Mine (88,527 tons), and Elsa Mine (20,084 tons). The high grade ore obtained in development work at the Elsa Mine is continuing to boost silver production. In the first three months of the current fiscal year, 1,954,000 ounces were produced, a quarterly record for the company.

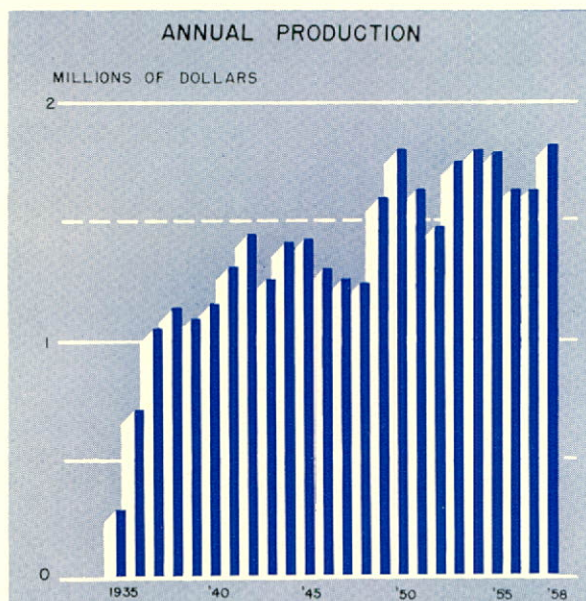
Due to the lower prices received for lead and zinc, the net profit for 1958, \$586,840, was substantially below that of the preceding year, \$1,001,748.

Ore reserves were satisfactorily maintained and at the year end were 587,940 tons averaging 36.65 ounces of silver per ton, 6.59% lead and 5.53% zinc exclusive of the Onek Mine.

During the year the exploration program at the Keno Mine was continued with satisfactory results. The mill and certain mining claims of Northwest Mines and Oils Limited (formerly Galkeno Mines) in Mayo District were purchased for \$300,000; rehabilitation of the underground workings, preparatory to commencement of exploration work, has been started.

CANADIAN MALARTIC GOLD MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding 3,651,355	Ventures 1,388,685	38.03%	
	Preferred Shares				
LOCATION	Mine at Malartic, Quebec.				
PRODUCTION		Tons Milled	Gold Ounces	Silver Ounces	Net Value Metals Recovered (including E.G.M.A.)
	Year ended Dec. 31, 1958	472,531	48,928	15,677	\$ 1,817,152
	Total to Dec. 31, 1957	7,996,870	814,013	500,184	30,970,840
	Total Production	8,469,401	862,941	515,861	\$32,787,992



REVIEW OF OPERATIONS

Operations during 1958 were marked by record levels attained in the value and quantity of gold produced. Net profit after write-offs, depreciation and taxes was \$247,303, an increase over the previous year.

Encouraging results were obtained in surface diamond drilling in the greenstone on the east boundary of the property. Underground exploration of this area and of the Gouldie zone constituted the principal exploratory efforts during the year. This work will be continued during 1959.

Ore reserves declined to 1,011,000 tons averaging 0.112 ounces gold per ton.

HOYLE MINING COMPANY LIMITED

CAPITALIZATION	Common Shares	<i>Outstanding</i> 3,001,990	<i>Ventures</i> 2,110,000	70.29%
	Preferred Shares	21,333	19,583	91.80%

REVIEW OF OPERATIONS

The company's major asset continues to be 1,966,913 shares of Opemiska Copper Mines (Quebec) Limited whose operations are covered on page 14 of this report.

Geophysical surveys were carried out during the year on the claims held adjoining Opemiska. Further work will be done on these claims in 1959.

A re-appraisal of the book value of the company's investment in certain subsidiary, associated and other

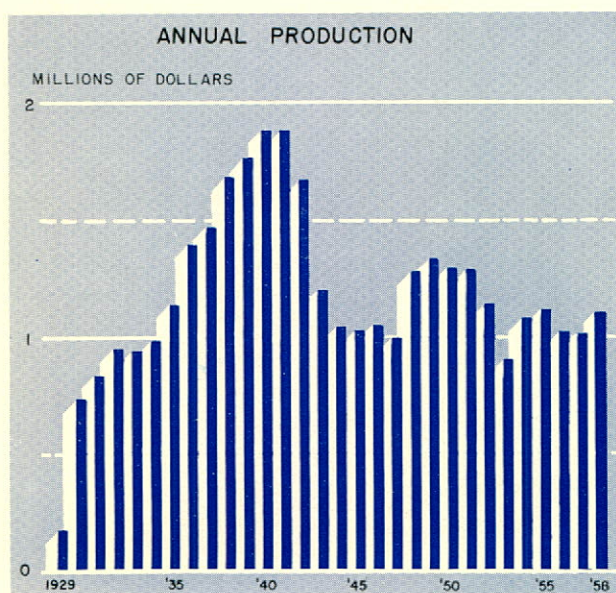
companies resulted in a write-off of \$3,475,319. In addition, the company disposed of certain holdings in which its percentage interest was minor.

The original Porcupine mining property, plant and deferred development expenditures which were still carried on the books at \$665,507 were also written off but the company continues to hold the property.

In March 1959 the company sold all of its shares of Consolidated Mosher Mines Limited at \$1.25 per share for a total of \$1,016,817.

CONIAURUM MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding 2,766,743	Ventures 1,430,800	51.71%
LOCATION	Mine at Schumacher, Ontario.			
PRODUCTION	Year ended December 31, 1958	Tons Milled 122,460	Gold Ounces 25,541	Net Value Metals Recovered (including E.G.M.A.) \$ 1,102,848
	By present Company 1929 to December 31, 1957	3,960,697	969,516	34,437,250
	Total Production	4,083,157	995,057	\$35,540,098



REVIEW OF OPERATIONS

An operating profit of \$10,776 was recorded compared to an operating loss of \$19,826 for the previous year. After making provision for depreciation and applying other income a net profit of \$43,807 resulted compared with \$16,755 for 1957.

The policy of gradually withdrawing mining operations from the lower levels of the mine was continued and except for some clean-up work in the sub-shaft section, development work was confined to the area above the 4,250-foot level.

Broken ore reserves at December 31, 1958 are estimated at 57,065 tons grading 0.208 ounces gold per ton and unbroken reserves at 61,500 tons averaging 0.214 ounces per ton.

DOMINION MAGNESIUM LIMITED

CAPITALIZATION	Common Shares	Outstanding 476,270	Ventures 113,577	23.85%
LOCATION	Dolomite deposit and plant at Haley, Ontario.			

REVIEW OF OPERATIONS

The consolidated net loss of the company and its wholly-owned subsidiaries amounted to \$614,605 compared with consolidated net income of \$350,363 for 1957.

Production of magnesium was reduced 50% at the end of March because of high inventory and lack of demand. Calcium production remained about the same as in the previous year.

Thorium and zirconium metals were processed in the new auxiliary metals building. During the first half of the year production of thorium metal dropped drastically; however, third quarter demand improved over the previous year's rate and production was stepped up accordingly.

Operations at Light Alloys Limited were curtailed due to completion of defence aircraft contracts. Electro-Reagents (Quebec) Limited operated at reduced capacity due to the lower requirements for ferrosilicon at the Haley operations. Aerometal Products and Design Limited showed an increase in volume of fabricated products and design work.

Negotiations have been completed whereby the ferrosilicon production plant has been leased to Chromium Mining and Smelting Corporation on a rental basis. Under the terms of the lease the plant will continue to supply the company's requirements.

The company disposed of its equity in the Alabama Metallurgical Corporation.

METAL HYDRIDES INCORPORATED

CAPITALIZATION	Common Shares	Outstanding	Ventures	Hoyle	Falconbridge
		341,062	131,540 38.6%	27,554 8.1%	3,444 1.0%

LOCATION Plants at Beverly and Danvers, Massachusetts, U.S.A.

REVIEW OF OPERATIONS

Sales volume in 1958 was \$3,268,912 and net profit amounted to \$214,757 as compared to sales of \$1,254,242 and a loss of \$329,583 for 1957.

Commercial markets for the company's products continue to grow. In addition to the present use by pharmaceutical industries, the company's chemical products will be used as foaming agents for plastics, silicone rubber and special sponge rubbers, as a chemical for the purification of oxo-alcohols, and as bleaching agents in the treatment of wood pulp and textile fabrics. New applications appear promising for the company's metal products particularly in the construction of certain special atomic reactors, in hydrides for producing sponge metal, in electronics and powder metallurgy.

Government sponsored research and development is primarily directed to investigation of materials of possible use by the United States Government in the field of hydride chemistry and metallurgy. The synthesis of new products continued to be studied, their properties determined, and possible uses of hydrides explored in the fields of solid and liquid rocket fuels, electronics, munitions, and nuclear applications.

Although some exploratory research for new products was carried out, research performed by and for the company in 1958 was principally devoted to product improvement and to discover additional uses for products already in production.

RAINVILLE MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding	Frobisher	Canadian Malartic
		2,807,562	612,143 21.80%	1,150,646 40.98%

LOCATION Mine at Bourlamaque, Quebec.

PRODUCTION		Copper Pounds	Silver Ounces	Gold Ounces	Gross Value of Production
	Year ended December 31, 1958	939,563	3,658	172	\$ 202,143
	Total to December 31, 1957	7,016,203	24,851	1,314	2,039,132
	Total Production	<u>7,955,766</u>	<u>28,509</u>	<u>1,486</u>	<u>\$2,241,280</u>

REVIEW OF OPERATIONS

Due to the decline in the price of copper, production was suspended in March 1958 and the property placed on a shut-down basis.

During the three-month period of operations a total of 34,842 tons was milled with a recovery of 94.11% and the average grade of concentrates produced was 28.26% copper.

Total ore reserves at December 31, 1958 in the No. 2 and No. 4 zones are estimated at 650,430 tons averaging 1.22% copper.

In December 1958 a program of surface diamond drilling was started to explore the easterly extension of the No. 2 zone lying along the north contact of the main diorite mass. This drilling is to explore the zone at intervals of 400 feet over a total length of about 10,000 feet.

QUEBEC METALLURGICAL INDUSTRIES LTD.

CAPITALIZATION	Common Shares	Outstanding	Ventures		Frobisher	
		5,060,100	851,854	16.83%	1,146,249	22.65%
LOCATION	Ottawa, Canada.					

REVIEW OF OPERATIONS

The policy of consolidating assets continued during the year and at the year-end the company's quick assets exceeded \$1,700,000; liabilities were negligible.

Development of the Klukwan magnetite placer property in Alaska continued under the management of the optionee, Columbia Iron Mining Company which is a subsidiary of United States Steel.

Mineracao de Ouro de Jacobina Limitada, a small gold mine in Brazil, made a satisfactory profit during the year while modestly increasing the daily tonnage treated. An adjoining property was acquired for prospecting.

Work done during the past year at the company's Wedeene River prospect near Kitimat, B.C., suggests the occurrence of a worthwhile iron deposit of concentrating grade. Further work is planned for 1959.

All interest in the South West Africa tin properties was sold to the South African Iron and Steel Corporation.

The research on the recovery of metals from the lateritic nickel-cobalt ores of New Caledonia and the development of a process to produce tantalum powder both reached the stage where pilot plant testing is necessary. At year-end negotiations were under way with possible buyers for both processes.

FROBISHER LIMITED

		Outstanding	Ventures	
CAPITALIZATION	Common Shares	6,808,333	2,317,579	34.04%
LONG TERM DEBT	4% Convertible Debentures \$5,000,000			

REVIEW OF OPERATIONS

In 1958 there was continued progress toward consolidation and further improvement in this company's liquid resources. As a result, working capital at year-end was \$1,701,771, an increase of \$816,928 over that at December 31, 1957. Consolidated net profit of Frobisher and its wholly-owned subsidiaries for the year was \$250,814, which does not include the company's interest of \$440,269 in the losses less profits of unconsolidated subsidiaries.

Satisfactory progress was also made by the operating companies in which Frobisher holds interests. Reviews of the operations of these subsidiary and associated companies are contained elsewhere in this report. The Southern Rhodesian gold mine of the wholly-owned Connemara Division again earned a modest net profit from its salvage operations.

An event of significance during the year was the acquisition of exclusive rights from the Governments of Kenya and Somalia to explore and exploit the petroleum potential of a 50-million acre area covering portions of these adjoining countries. The area, not previously tested, covers the entire El Wak Mesozoic sedimentary basin and a portion of the contemporary sedimentary area which constitutes the Somalian coastal plain. Field work, to investigate the potential of this sedimentary series, has been under way since September last.

Exploration work on the Childs-Rankin magnetic iron deposits in Eastern Ontario was continued in the year by a further 30,000 feet of diamond drilling. A total of some 61,000 feet of drilling, completed to date, has indicated more than 24 million tons of ore averaging 17.67% iron. Metallurgical test work indicates that a concentrate, grading better than 66% iron, can be produced. Currently, study is being given to the feasibility of bringing the properties into production.

KILEMBE COPPER COBALT LTD.

CAPITALIZATION	Common Shares	Outstanding 2,504,810	Frobisher 1,900,723 75.88%
	5½% Collateral Trust Debentures	\$3,789,000	
LONG TERM DEBT	Promissory Notes	\$2,395,920	\$2,395,920

INTEREST

The principal asset of this Company is its holding in Kilembe Mines Limited, its operating subsidiary,

which includes 3,990,000 common shares, £500,000 of 6% First Mortgage Debenture Stock and £166,667 of 6% Unsecured Loan Stock.

KILEMBE MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding 5,700,000	Kilembe Copper Cobalt 3,990,000 70.00%
	6% First Mortgage Debenture Stock	£1,500,000	£ 500,000
LONG TERM DEBT	6% Unsecured Loan Stock	£ 500,000	£ 166,667
LOCATION	Mine and smelter in Uganda, British East Africa.		
PRODUCTION	Year ended December 31, 1958	Tons Milled 521,922	Blister Copper Pounds 24,261,440
	Total to December 31, 1957	673,009	17,062,080
	Total Production	1,194,931	41,323,520

REVIEW OF OPERATIONS

In its second full year of operations Kilembe had an operating profit of \$1,295,609 and, after provision for depreciation, write-offs and interest on long-term debt, a net loss of \$149,187. These figures compare with an operating profit of \$639,301 and a net loss of \$656,515 in 1957.

Gross sales of blister copper totalled \$5,779,137 or 23.82¢ per pound. This compares with a price of 24.80¢ received in the previous year. The company continued to stockpile the production of cobalt concentrates but no value has been placed on them.

During the year the practice of including possible ore in ore reserves was discontinued and a recalculation

of ore reserves at the year end based on this policy resulted in a total of 8,188,000 tons of proven and probable ore averaging 2.31% copper.

At year end a major development and expansion program aimed at increasing production over the next four years was announced. The first phase of the program has been commenced as an accelerated underground development campaign designed to convert indicated ore into proven reserves. Also, in mid-December, the new 500-ton concentrator to treat the higher grade oxide ore reserves was placed in operation. Operation of this plant is expected to increase current blister copper production to a level of 1,000 long tons per month.

LAKE DUFAULT MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding	Ventures	Frobisher
		4,134,750	1,591,771 38.50%	224,962 5.44%

REVIEW OF OPERATIONS

During 1958, modest programs of exploratory diamond drilling were carried out in the East Norbec, West Norbec, Beaver Meadow and Turcotte Lake sections of the property. No intersections of economic significance

were obtained. Detailed geological mapping was continued. On the basis of structural interpretations two areas have been selected for investigation with deep diamond drill holes. Work on these two areas commenced in March 1959.

THE TONOPAH MINING COMPANY OF NEVADA

CAPITALIZATION	Common Shares	Outstanding	Ventures
		826,500	252,760 30.58%

REVIEW OF OPERATIONS

The net asset value of the company's stock as of December 31, 1958, valuing the assets at market quotations, or, in the absence of market quotations, at fair value in the opinion of the Directors (and after deduct-

ing the dividend declared December 3, 1958) amounted to \$3,424,234.56, equivalent to approximately \$4.14 per share on the 826,500 shares of capital stock outstanding. This compares with a net asset value of \$3.38 per share on December 31, 1957. There were no major changes in the company's stock holdings.

OTHER COMPANIES

LAKEFIELD RESEARCH OF CANADA LIMITED, Lakefield, Ontario.

During the year the predecessor company, Lakefield Research Limited, distributed its excess resources to its shareholders and transferred the residual assets to this company for shares which were also distributed.

The company continues to operate the laboratories and is carrying on the research and work that the predecessor company was doing.

In 1958 the company completed the installation of pilot plant equipment suitable for large scale ore testing. The facilities have been in use for the past several months for testing the concentration of iron ores by flotation and magnetic separation.

LATIN AMERICAN MINES LIMITED, Lima, Peru.

The Chavin mine is still being maintained on a shut-down basis until prices for lead and zinc improve.

INDEX TO PROPERTIES

MINING

BRITISH COLUMBIA

1. ST. EUGENE BASE METALS
2. BUGABOO COLUMBIUM-URANIUM
3. KLA-ANCH IRON
4. ZEBALLOS IRON
5. IKEDA IRON-COPPER
6. WESFROB IRON-COPPER
7. MAID OF ERIN COPPER-SILVER

ALASKA

8. KLUKWAN IRON IRON

YUKON

9. UNITED KENO SILVER-LEAD

N.W. TERRITORIES

10. URANIUM GROUP URANIUM
11. AKAITCHO GOLD
12. GIANT YELLOWKNIFE GOLD

LABRADOR

13. SEAL LAKE COPPER-COLUMBIUM-URANIUM

QUEBEC

14. OPEMISKA COPPER-GOLD
15. LAKE DUFAULT COPPER
16. CAN. MALARTIC GOLD
17. PASCALIS GOLD
18. RAINVILLE COPPER
19. JOLIET-QUEBEC COPPER-GOLD

ONTARIO

20. CONIAURUM GOLD
21. SUPERCREST COPPER
22. CONS SUDBURY BASIN BASE METALS
23. FALCONBRIDGE NICKEL-COPPER
24. AMERICAN NEPH. NEPHELINE-SYENITE
25. CANADA IRON IRON

RESEARCH & METALLURGICAL

ONTARIO

26. QUE. METALLURGICAL INDUSTRIES
27. DOMINION MAGNESIUM
28. FAHRALLOY CANADA LTD.
29. LAKEFIELD RESEARCH
30. RICHVALE (FALCONBRIDGE)

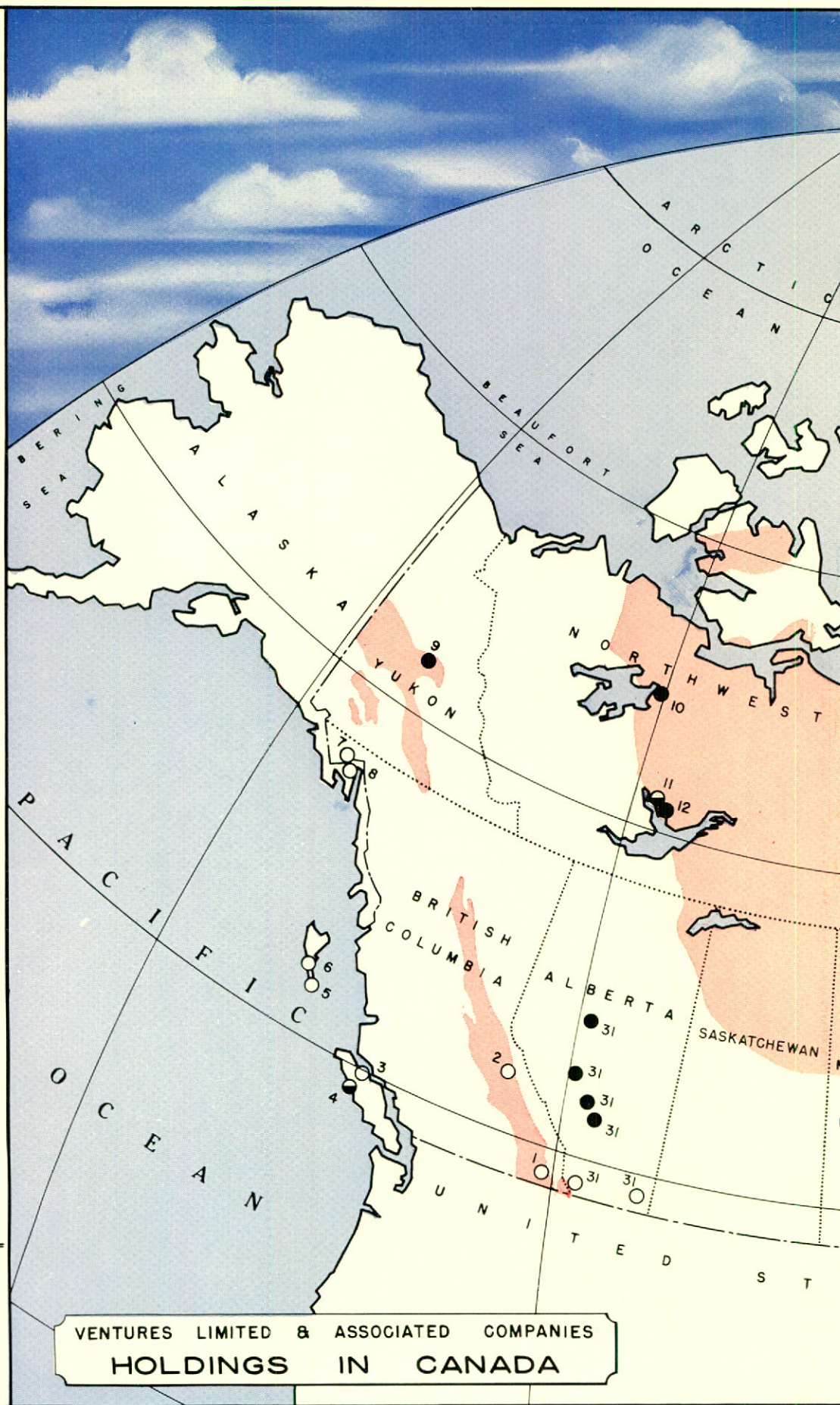
OIL & GAS

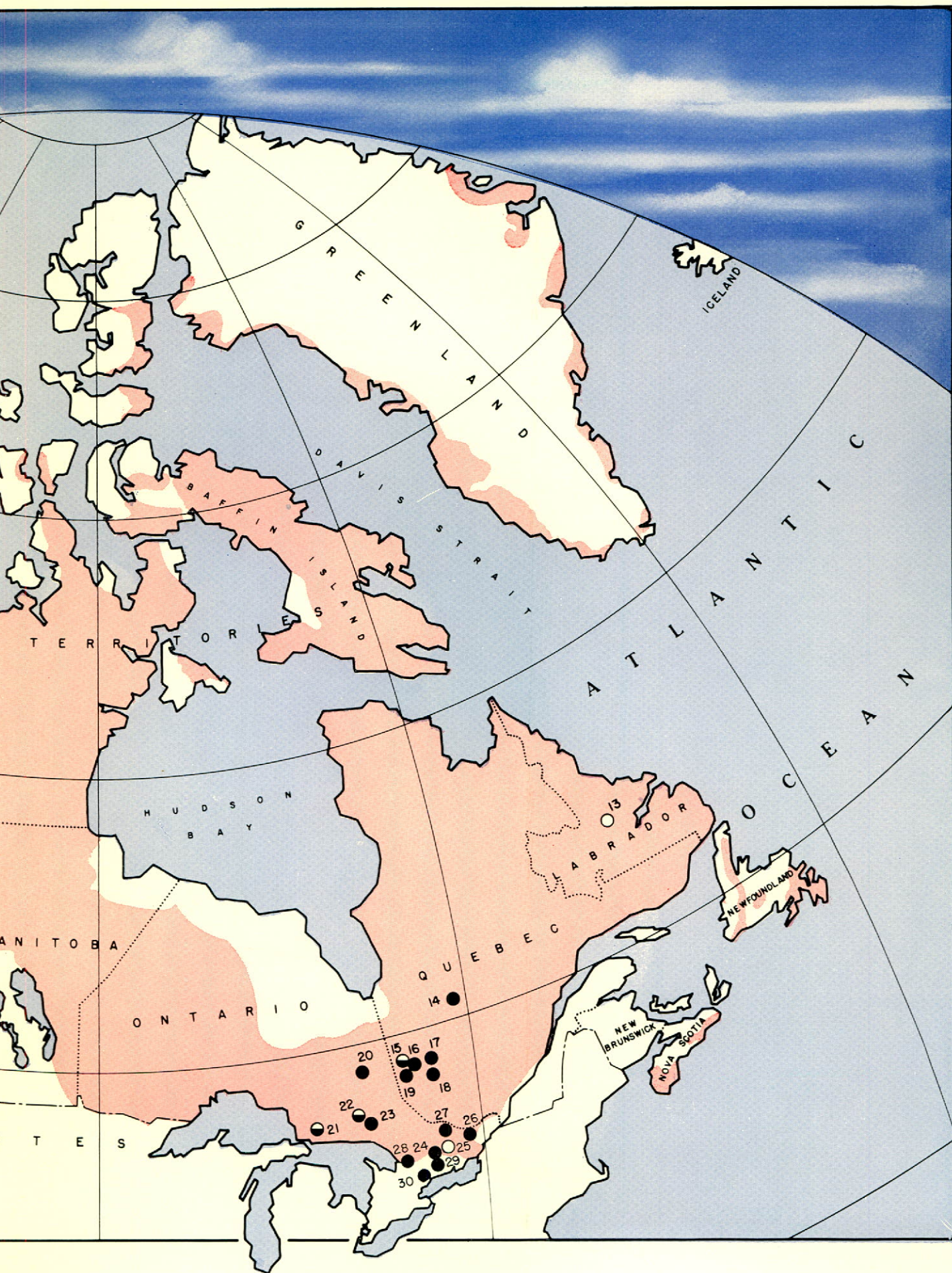
ALBERTA

31. GEOIL LIMITED

LEGEND

- In Production
- ◐ Under Development
- Under Exploration
- ▭ Precambrian Areas





ARTHUR YOUNG, CLARKSON, GORDON & CO.
ACCOUNTANTS AND AUDITORS
OFFICES IN PRINCIPAL CITIES OF U.S.A.

Clarkson, Gordon & Co.
Chartered Accountants

15 WELLINGTON STREET WEST

Toronto 1
CANADA

AUDITORS' REPORT

To the Shareholders of
Ventures Limited:

We have examined the balance sheet of Ventures Limited as at December 31, 1958 and the statements of income and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of income and earned surplus, when read in conjunction with the notes appended thereto, are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1958 and the results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the company.

We also report that in our opinion the information required under section 118 of the Companies Act (Canada) is correctly stated in note (2) to the financial statements.

Clarkson, Gordon & Co.
Chartered Accountants.

Toronto, Canada,
April 9, 1959.

*
AUDITORS'
REPORT

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 1958

1. The financial statements have not been prepared on a consolidated basis as it is the company's view that a more intelligent appraisal of the financial position may be obtained from the corporate financial statements of the company, together with the individual financial statements of the major subsidiary companies.
2. The earnings of the subsidiary companies are included in income only to the extent of dividends received; such dividends were approximately \$2,000,000 more than the company's share of the aggregate profits less losses of the subsidiaries for the year ended December 31, 1958. The interest of Ventures Limited in the aggregate of accumulated surpluses less deficits of subsidiary companies from the date of their acquisition to December 31, 1958 not taken up in the parent company's accounts amounted to approximately \$14,400,000.
3. 1,000,000 shares of the company's holdings of Falconbridge Nickel Mines Limited having a book value of \$1,116,239 and a market value of \$28,500,000 have been hypothecated as security for the payment of the principal and interest on the 4½% sinking fund debentures of Ventures Limited. The trust deed requires that additional security be provided if the market value of the hypothecated securities should fall below 200% of the principal amount of debentures outstanding at any time.
4. Warrants issued in connection with the sale of the company's sinking fund debentures in 1954 and still outstanding at December 31, 1958 entitle the holders to purchase from the company 42,680 shares of its holdings of Falconbridge Nickel Mines Limited at U.S. \$20 per share and to purchase 43,000 authorized shares of the company's share capital at U.S. \$20 per share, all exercisable on or before October 1, 1969.
5. At December 31, 1958 the company had granted options to purchase its shares as follows:

	Number of shares
To McIntyre Porcupine Mines, Limited—	
Exercisable on or before July 11, 1959 at \$35 per share	250,000
Exercisable on or before July 11, 1960 at \$40 per share	250,000
To an employee, exercisable on or before July 18, 1959 at \$35 per share	5,000
	505,000
6. Under the trust indenture authorizing the certification and issue of the company's debentures, the maximum amount of surplus available for dividends at December 31, 1958 was \$5,832,815.
7. Actions are pending against the company and one of its directors relating to the acquisition of the mining properties of La Luz Mines Limited and its wholly-owned subsidiary, Rosita Mines Limited. At the present time no determination can be made as to the liability, if any, in this connection.
8. As at January 1, 1958 the company's earned surplus and special surplus accounts were combined and the accumulated provision for depletion on shares of subsidiary, associated and other companies was transferred to earned surplus. The 1957 figures shown in the statements of income and earned surplus have been adjusted to give effect to this consolidation of accounts including the elimination of the transfer of \$500,000 from 1957 income to the provision for depletion on shares of subsidiary, associated and other companies.
9. In 1958 the company changed its basis of accounting for exploration expenditures by charging current year's exploration expenditures to income instead of carrying forward a portion of these expenditures each year and charging the expenditures, as written off, to earned surplus. The 1957 figures shown in the statements of income and earned surplus have been reclassified to reflect this change. If the basis of accounting for current year's exploration expenditures used in 1958 had been followed in 1957 it would not have resulted in any material change in that year's financial results.



VENTURES

(Incorporated under

Balance Sheet as at

(with comparative figures)

ASSETS		1958	1957
Current:			
Cash		\$ 1,446,903	\$ 4,885,847
Short term investments at cost (approximate market value)		12,882,423	12,335,881
Accounts receivable:			
Subsidiary and associated companies		116,928	90,112
Mortgage receivable — current instalment			81,667
Sundry		135,461	123,045
		<u>\$14,581,715</u>	<u>\$17,516,552</u>
Investment in subsidiary, associated and other companies at cost, less amounts written off (Notes 3 and 4):			
Subsidiary companies—			
Shareholdings		\$17,862,757	\$13,353,098
Debentureholdings		1,850,000	
Advances		105,000	1,103,888
		<u>\$19,817,757</u>	<u>\$14,456,986</u>
Associated companies—			
Shareholdings		\$10,521,111	\$15,008,591
Advances		1,593,007	5,002,473
		<u>\$12,114,118</u>	<u>\$20,011,064</u>
Other companies—			
Shareholdings		\$ 571,892	\$ 379,037
		<u>\$32,503,767</u>	<u>\$34,847,087</u>
Other:			
Mining claims		\$ 3	\$ 36,087
Exploration expenditures carried forward			105,928
Prepaid expenses and deferred charges		7,663	8,039
Equipment and furniture less accumulated depreciation		50,176	54,664
		<u>\$ 57,842</u>	<u>\$ 204,718</u>
		<u>\$47,143,324</u>	<u>\$52,568,357</u>

The notes to financial statements are an integral part of the



December 31, 1958

(for December 31, 1957)

LIABILITIES

	1958	1957
Current:		
Accounts payable and accrued charges	\$ 561,330	\$ 190,917
Dividend payable	598,101	598,101
Long-term debt instalment maturing within one year	500,000	500,000
	<u>\$ 1,659,431</u>	<u>\$ 1,289,018</u>
 Commitments and contingent liabilities (Note 7):		
Long-term (Note 3):		
4½% Sinking Fund Debentures due October 1, 1969—(U.S. \$5,039,000) (Canadian \$461,000)	\$ 5,342,079	\$ 5,831,563
Less sinking fund payment to be made within one year shown under current liabilities	500,000	500,000
	<u>\$ 4,842,079</u>	<u>\$ 5,331,563</u>
 Shareholders' equity (Notes 4, 5, 6, and 8):		
Capital—		
Authorized—4,000,000 shares of no par value		
Issued —2,392,404 shares	\$29,413,638	\$29,413,638
Earned surplus	11,228,176	16,534,138
	<u>\$40,641,814</u>	<u>\$45,947,776</u>
 On behalf of the Board:		
 J. D. BARRINGTON, Director.		
 H. J. FRASER, Director.		
	<u>\$47,143,324</u>	<u>\$52,568,357</u>

above balance sheet and should be read in conjunction therewith.

STATEMENT OF INCOME

For The Year Ended December 31, 1958

(with comparative figures for the year 1957)

	1958	1957
Dividends received from:		
Subsidiary companies—		
Falconbridge Nickel Mines Limited	\$2,316,181	\$2,307,781
Other subsidiaries	82,217	82,217
	<u>\$2,398,398</u>	<u>\$2,389,998</u>
Other companies	131,752	199,591
	<u>\$2,530,150</u>	<u>\$2,589,589</u>
Interest received	912,471	474,658
Royalty received	37,020	1,803
	<u>\$3,479,641</u>	<u>\$3,066,050</u>
 Deduct:		
Administrative and general expenses—		
Executive remuneration	\$ 107,279	\$ 145,505
Directors' fees	14,400	14,633
Legal fees and expenses	20,161	19,815
Other administrative expenses less amounts recovered from associated companies	268,720	244,504
	<u>\$ 410,560</u>	<u>\$ 424,457</u>
Interest on debentures	258,405	276,075
Other interest paid	185	9,712
Income taxes deducted at source from dividends received	9,727	2,694
	<u>\$ 678,877</u>	<u>\$ 712,938</u>
Income for the year, excluding exploration expenditures and items in earned surplus	<u>\$2,800,764</u>	<u>\$2,353,112</u>
Exploration expenditures (Note 9)	613,967	89,353
Net income for the year, excluding items in earned surplus (Notes 8 and 9)	<u>\$2,186,797</u>	<u>\$2,263,759</u>

Supplementary information:

1. Fees paid to directors of Ventures Limited by subsidiary companies amounted to \$7,313 in 1958 and \$4,975 in 1957.
2. Depreciation provided on equipment and furniture totalled \$12,226 in 1958 and \$11,272 in 1957.

The notes to financial statements are an integral part of the above statement of income and should be read in conjunction therewith.

STATEMENT OF EARNED SURPLUS

For The Year Ended December 31, 1958

(with comparative figures for the year 1957)

	1958	1957
Balance at beginning of the year consisting of (Note 8):		
Earned surplus	\$ 8,584,645	\$ 7,979,959
Special surplus	1,465,905	2,960,393
Provision for depletion on shares of subsidiary, associated and other companies	6,483,588	5,983,588
	<u>\$16,534,138</u>	<u>\$16,923,940</u>
Add net income for the year	2,186,797	2,263,759
Deduct:	<u>\$18,720,935</u>	<u>\$19,187,699</u>
Amounts written off—		
Investment in shareholdings of associated and other companies	\$ 1,287,860	\$ 1,363,438
Advances to associated companies	931,561	6,122
Mining claims	36,084	
Exploration expenditures carried forward at January 1, 1958 (Note 9)	105,928	
Net loss on disposal of investment in Eureka Corporation Limited	3,038,343	
Net loss on sales of other investments	896,781	37,378
Financing expenses		50,421
	<u>\$ 6,296,557</u>	<u>\$ 1,457,359</u>
	<u>\$12,424,378</u>	<u>\$17,730,340</u>
Less dividends declared	1,196,202	1,196,202
Balance at end of the year	<u>\$11,228,176</u>	<u>\$16,534,138</u>

The notes to financial statements are an integral part of the above statement of earned surplus and should be read in conjunction therewith.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED DECEMBER 31, 1958

Working capital at December 31, 1957		\$16,227,534
Funds provided from:		
Operations—		
Net income for the year	\$ 2,186,797	
Add depreciation, a charge to operations which in itself did not involve an outlay of cash during the year	12,226	\$ 2,199,023
Sale of investments		1,101,416
Advances—		
Repayment by Northwest Power Industries Limited	\$ 2,000,000	
Less advances made to subsidiary and other associated companies (net)	265,161	1,734,839
		<u>\$ 5,035,278</u>
Funds applied to:		
Purchase of investments	\$ 6,647,480	
Dividends declared	1,196,202	
Equipment, furniture, prepaid expenses and deferred charges (net)	7,362	
Long-term debt maturing in 1959 (after U.S. exchange adjustment)	489,484	8,340,528
Excess of funds applied over funds provided during the year		<u>\$ 3,305,250</u>
Working capital at December 31, 1958		<u>\$12,922,284</u>

VENTURES LIMITED



STATEMENT OF INVESTMENT IN SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES AS AT DECEMBER 31, 1958 AND DECEMBER 31, 1957

	December 31, 1958				
	Shareholdings and Debentureholdings				Advances
	Number of shares or par value	% of outstanding capital	Indicated market value (Note 1)	Cost less amounts written off	
Subsidiary companies:					
American Nepheline Limited	2,055,413	50.1	\$ 1,377,127	\$ 976,736	
Avenue Realty Company Limited	43,303	61.6		10,053	\$ 40,000
Coniaurum Mines Limited	1,430,800	51.7	701,092	554,476	
Falconbridge Nickel Mines Limited (Note 2)	1,930,151	51.4	55,009,303	2,154,510	
Geoil Limited (Note 3)	3,711,284	68.2		5,540,395	
Hoyle Mining Company Limited—					
Common shares	2,110,000	70.3	8,756,500	2,913,386	
5¾% cumulative redeemable preferred shares	19,583	91.8	1,826,719	1,826,719	
La Luz Mines Limited—					
Common shares	1,101,089	70.6	3,633,594	2,439,904	
6% debentures due September 30, 1962	\$2,000,000			1,850,000	
Latin American Mines Limited	1,811,826	70.6	489,193	976,236	65,000
Matachewan Consolidated Mines Limited					
Panaminas Incorporated	2,600	63.9		76,451	
Pelletier Lake Gold Mines Limited	2,135,100	78.7		305,843	
Miscellaneous participations of less than \$50,000 each				88,048	
			<u>\$71,793,528</u>	<u>\$19,712,757</u>	<u>\$ 105,000</u>

Associated companies:

Canadian Malartic Gold Mines Limited ..	1,388,685	38.0	\$ 1,069,287	\$ 513,411	
Consolidated Mosher Mines Limited	417,633	12.9	309,048	43,620	
Consolidated Sudbury Basin Mines Limited	191,073	2.5	135,662	191,073	
Dominion Magnesium Limited	113,577	24.1	1,277,741	773,230	
Duport Mining Company Limited					
Eureka Corporation Limited					
Frobisher Limited	2,317,579	34.0	4,565,631	4,408,362	\$1,577,518

	December 31, 1957				
	Shareholdings				Advances
	Number of shares or par value	% of outstanding capital	Indicated market value (Note 1)	Cost less amounts written off	
	2,055,413	50.1	\$ 1,336,018	\$ 976,736	
	43,303	61.6		10,053	\$ 40,000
	1,430,800	51.7	715,400	554,476	
	1,923,151	51.2	41,828,534	1,995,261	
	1,363,704	45.0		2,387,122	373,100
	2,076,700	69.2	6,333,935	2,797,335	
	1,051,089	69.6	3,048,158	2,289,904	650,000
	1,821,326	71.3	473,545	982,591	40,788
	3,066,827	89.2	766,707	919,325	
	2,600	63.9		76,451	
	2,135,100	78.7		305,843	
				58,001	
			<u>\$54,502,297</u>	<u>\$13,353,098</u>	<u>\$1,103,888</u>

	1,388,685	38.0	\$ 249,963	\$ 513,411	
	417,633	12.9	233,874	43,620	
	191,073	2.5	101,269	270,999	
	113,577	24.1	965,404	773,230	
	553,262	39.5		82,236	
	1,696,783	17.0	509,035	2,520,248	\$ 291,949
	2,317,579	34.0	2,734,743	4,408,362	1,577,518

Giant Yellowknife Gold Mines Limited ..	403,583	10.1	2,966,335	540,676		403,583	10.1	1,715,228	540,676	
Lake Dufault Mines Limited	1,591,771	38.6	955,063	202,748		1,591,771	38.6	573,038	202,748	
Metal Hydrides Incorporated	131,540	38.5	2,367,720	1,370,402		131,540	38.5	1,775,790	1,370,402	
Nipissing Mines Company Limited, The ..						342,840	13.9	411,408	762,115	
Northwest Power Industries Limited					1					2,556,087
Opemiska Copper Mines (Quebec) Limited	379,596	6.9	3,359,425	685,998		360,696	6.5	2,308,454	569,052	
Pascal's Gold Mines Limited	1,449,837	48.3	173,980	239,671	8,100	1,449,837	48.3	130,485	239,671	
Quebec Metallurgical Industries Ltd.	851,854	16.8	681,483	681,483		851,854	16.8	579,261	1,767,941	
St. Eugene Mining Corporation Limited ..	1,129,593	46.8		289,348		1,079,593	44.7		289,348	98,340
Tonopah Mining Company of Nevada	252,760	30.6	758,280	521,620		252,760	30.6	473,925	521,620	
Uis Tin Mining Company (SWA) Limited ..										459,047
Miscellaneous participations of less than \$50,000 each			48,680	59,469	7,388			78,677	132,912	19,532
			<u>\$18,668,335</u>	<u>\$10,521,111</u>	<u>\$1,593,007</u>			<u>\$12,840,554</u>	<u>\$15,008,591</u>	<u>\$5,002,473</u>
Other companies:										
Empresa Minera de Mantos Blancos S.A. ..	2,798			\$ 27,980		2,798			\$ 70,958	
Home Oil Company Limited, Class "A" ..	10,137		\$ 200,206	200,206						
Class "B" ..	3,496		67,298	67,298						
R. J. Jowsey Mining Company Limited ..	72,240		37,565	60,572		72,240		\$ 25,284	60,572	
United North Atlantic Securities Limited ..	10,000			100,000		10,000			100,000	
Miscellaneous participations of less than \$50,000 each			83,207	115,836				59,612	147,507	
			<u>\$ 388,276</u>	<u>\$ 571,892</u>				<u>\$ 84,896</u>	<u>\$ 379,037</u>	
			<u>\$90,850,139</u>	<u>\$30,805,760</u>	<u>\$1,698,007</u>			<u>\$67,427,747</u>	<u>\$28,740,726</u>	<u>\$6,106,361</u>

NOTES:

1. The market values shown above are based on closing market prices at December 31, 1958 and December 31, 1957. Because of the number of shares involved the indicated market value of certain securities is not necessarily indicative of the amount that could be realized if the securities were to be sold.
2. See note (3) to financial statements as to 1,000,000 shares of Falconbridge Nickel Mines Limited owned by the company and hypothecated as security for its outstanding 4½% debentures and note (4) as to warrants outstanding entitling the holders thereof to purchase from the company 42,680 shares of Falconbridge Nickel Mines Limited owned by the company.
3. Geoil Limited, classified as an associated company in 1957 (45.0%) is now classified as a subsidiary (68.2%) and the 1957 figures have been adjusted to reflect this reclassification.



COMPARATIVE SUMMARY OF INCOME

1928—1958

	<i>Income from shareholdings and bonds and sundry credits</i>	<i>Administrative expenses and sundry debits</i>	<i>Exploration Expenditures</i>	<i>Transfer to Reserve for Depletion</i>	<i>Provision for Taxes</i>	<i>Net Profit (or Loss) for the year</i>	<i>Dividends Declared</i>
1928	\$ 812	\$ 55,706	\$ -----	\$ -----	\$ 23,193	\$ 78,087	\$ -----
1929	36,006	133,677	-----	-----	1,768	99,438	-----
1930	27,636	73,866	-----	12,592	122	58,944	-----
1931	13,194	56,088	-----	6,529	82	49,505	-----
1932	128,390	61,695	-----	23,818	-----	42,877	-----
1933	466,955	55,521	-----	192,626	-----	218,808	-----
1934	450,839	32,300	-----	208,023	-----	210,516	-----
1935	448,200	32,538	-----	270,000	80,000	65,663	-----
1936	584,242	57,374	-----	100,000	146,153	280,715	590,235
1937	874,940	67,303	-----	170,000	12,208	625,428	590,235
1938	1,117,997	68,875	-----	200,000	2,500	846,621	354,143
1939	1,060,319	54,348	-----	350,000	15,000	640,971	78,698
1940	869,819	52,100	-----	250,000	47,000	520,719	236,093
1941	1,005,992	50,849	-----	300,000	15,620	639,523	314,790
1942	824,710	47,666	-----	200,000	10,993	566,051	393,488
1943	797,929	69,041	-----	200,000	55,000	473,888	357,483
1944	904,731	62,865	-----	200,000	812	641,055	357,483
1945	863,257	88,948	-----	200,000	63,265	511,044	357,483
1946	408,887	97,718	-----	100,000	1,156	210,014	357,483
1947	882,925	93,269	-----	200,000	43	589,613	89,371
1948	1,187,907	105,971	-----	250,000	615	831,321	-----
1949	1,240,935	128,097	-----	250,000	749	862,090	89,371
1950	1,305,538	146,880	-----	250,000	2,345	906,313	89,371
1951	1,569,055	147,802	-----	300,000	3,449	1,117,804	536,224
1952	1,475,838	182,643	-----	300,000	5,209	987,986	536,224
1953	1,328,837	206,685	-----	250,000	3,795	868,357	536,224
1954	* 1,390,571	* 343,939	-----	250,000	3,167	793,465	804,337
1955	2,573,611	666,354	-----	450,000	6,177	1,451,080	536,850
1956	2,843,617	698,950	-----	500,000	6,406	1,638,261	896,254
† 1957	3,066,050	710,244	89,353	-----	2,694	2,263,759	1,196,202
† 1958	3,479,641	669,150	613,967	-----	9,727	2,186,797	1,196,202

* Adjusted—Interest receipts now included in income.

† The results for 1958 and 1957 are presented on the basis set forth in notes 8 and 9 to the financial statements.

AMERICAN NEPHELINE LIMITED

BALANCE SHEET — DECEMBER 31, 1958

ASSETS

Current:			
Cash	\$	366,467	
Short term investments — at cost		393,035	
Accounts receivable		179,164	
Inventories of crude ore and finished products as determined by responsible officials of the company and valued at the lower of average cost or market		39,958	
Prepaid expenses		20,475	\$ 999,099
Inventory of Supplies:			
Mine and mill supplies — at cost			164,400
Fixed:			
Mining properties — at cost	\$	75,499	
Land, buildings, machinery and equipment — at cost, less depreciation provided of \$2,181,941		2,453,999	
Staff dwellings — at cost, less depreciation provided of \$86,876		104,274	2,633,772
Other:			
Deferred development expenditures, less amounts written off of \$346,046	\$	78,997	
Interest in outside mining claims		47,180	
Advances to and interest in associated and other companies		4,543	130,720
			<u>\$3,927,991</u>

LIABILITIES

Current:			
Accounts payable and accrued charges	\$	38,400	
Estimated corporation income taxes, less payments thereon		25,384	
Principal payments due in 1959 on mortgage loans — note 1		226,257	\$ 290,041
Deferred:			
Mortgage loans payable, less amounts shown above — note 1	\$	994,002	
Provision for future income tax payments — note 2		133,369	1,127,371
Capital:			
Capital stock			
Authorized 4,500,000 shares each with a par value of fifty cents			
Issued and fully paid — 4,100,000 shares		\$2,050,000	
Contributed surplus		374,964	
Earned surplus		85,615	2,510,579
			<u>\$3,927,991</u>

NOTES:

(1) The principal amounts payable on mortgage loans at 31st December, 1958 are as follows:

Loan Agency	Principal due in 1959 (shown as a current liability)	Principal due after 1959 (shown as a deferred liability)	Total loans payable
Central Mortgage and Housing Corporation	\$ 6,757	\$ 72,502	\$ 79,259
Industrial Development Bank	219,500	921,500	1,141,000
	<u>\$ 226,257</u>	<u>\$ 994,002</u>	<u>\$1,220,259</u>

The loans from Central Mortgage and Housing Corporation are in connection with staff dwellings erected at Nephton. They bear interest at 4% to 4¾%, are being amortized over fifteen years and are secured by a first mortgage on the dwellings. The loan from Industrial Development Bank bears interest at 6% and is secured by a mortgage on the company's lands, buildings and equipment. In addition to stipulated monthly payments of \$11,000 and interest, the indenture provides for an additional principal payment based upon net cash earnings. This additional payment so provided amounts to \$87,500 and is payable on or before 15th April, 1959.

- (2) Taxes on income for the year are based upon the profits shown on the statement of operations but the amount currently payable is based upon claiming additional depreciation and amortization allowable for federal income tax purposes. The amount of taxes so deferred for 1958 is \$12,733 and, together with similar adjustments of \$120,636 to 1957 is shown on the balance sheet as a provision for future income tax payments.
- (3) The company has granted options on a total of 75,000 shares of treasury stock at \$1.47 per share to twenty-eight key employees. These options expire 29th March, 1963. In addition 25,000 shares have been reserved to permit the granting of such further options as the Board of Directors may from time to time recommend.
- (4) The remuneration to directors as such (excluding remuneration for services as officers and employees) amounted to \$1,925 in 1958.

CONIAURUM MINES LIMITED

BALANCE SHEET — DECEMBER 31, 1958

ASSETS

Current:

Cash			\$ 196,984
Bullion in transit			85,713
Short term investments — at cost			199,568
Accounts receivable —			
Estimated amount receivable under the Emergency Gold Mining Assistance Act	\$ 85,340		
Other	6,568	91,908	
			<u>\$ 574,173</u>

Investments — at cost or at cost less amounts written off:

Shares of companies with quoted market values			
Affiliated companies (quoted market value \$396,737)	\$ 49,401		
Other companies (quoted market value \$449,967)	421,581	\$ 470,982	
Shares of other companies			
Affiliated companies	\$ 53,250		
Other companies	6,000	59,250	530,232

Fixed, at cost less amount written off:

Buildings, machinery and equipment	\$1,383,195		
Less accumulated depreciation	1,376,811		
	\$ 6,384		
Mining properties (No deduction has been made for ores mined)	2,240,284	2,246,668	

Other:

Supplies — at cost	\$ 110,122		
Prepaid expenses	3,429		
Government bonds on deposit with Hydro-Electric Power Commission of Ontario at cost (market value \$14,325)	15,038	128,589	
		<u>\$3,479,662</u>	

LIABILITIES

Current:

Wages payable		\$ 29,815	
Accounts payable and accrued charges		45,126	
		<u>\$ 74,941</u>	

Capital:

Authorized — 3,000,000 shares of no par value			
Issued — 2,766,743 shares of no par value	\$4,456,337		
Less amount applied in 1938 in reduction of book values of deferred development, buildings, machinery, etc., taken over from predecessor company	708,842		
	\$3,747,495		
Deficit	342,774	3,404,721	
		<u>\$3,479,662</u>	

GEOIL LIMITED

BALANCE SHEET — DECEMBER 31, 1958

ASSETS

Current:

Cash	\$ 114,887.99
Government of Canada Treasury bills at cost	99,387.00
Accounts receivable —	
Associated companies	268,366.40
Sundry	48,737.95
Total current assets	<u>\$ 531,379.34</u>

Investment in Trans-Border Oils Ltd. at estimated realizable value	241,666.50
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Fixed assets (note 1):
Leaseholds and development —
Producing properties:

Leaseholds	\$ 503,184.23	
Development costs	1,155,941.11	
	<u>\$ 1,659,125.34</u>	
Less accumulated depletion	340,720.92	\$ 1,318,404.42

Non-producing properties:

Leaseholds	\$ 523,600.58	
Development costs	143,908.51	667,509.09

Production equipment	\$ 211,147.62	
Less accumulated depreciation	49,999.37	161,148.25
		<u>2,147,061.76</u>

Other:

Deposit with Home Oil Company Limited for exploration expenditures	\$ 113,884.87	
Participation in oil exploration project	15,000.00	\$ 128,884.87
		<u>\$ 3,048,992.47</u>

LIABILITIES

Current:

Accounts payable	\$ 3,658.24
------------------------	-------------

Shareholders' equity:
Capital (note 2) —

Authorized: 6,000,000 shares of a par value of \$1 each

Issued: 5,443,932 shares	\$ 5,443,932.00
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Contributed surplus	3,013,059.97
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	<u>\$ 8,456,991.97</u>	
Less deficit	5,411,657.74	3,045,334.23

\$ 3,048,992.47

NOTES:

(1) Leaseholds and development costs thereon comprise for the most part the cost of undivided interests in the properties together with the relative costs incurred for development. Depletion is provided by amortizing productive leaseholds and development costs on a unit of production basis. Surrendered leasehold costs and exploration costs thereon, geological expenses, dry holes costs and carrying charges on producing and non-producing properties are charged to operations as incurred.

In prior years operator's management charges were allocated to fixed assets as incurred. In 1958 the comparable charges were included in the current year's statement of operations and the amounts capitalized in prior years have been transferred to deficit. If the prior years' practice had been continued in 1958 the net loss for the year would have been reduced by \$130,702.35.

(2) During the year, under rights granted to shareholders, 2,419,525 shares were issued for \$3,266,358.75 cash of which \$2,419,525.00 equivalent to the par value of the shares issued was allocated to share capital and the balance of \$846,833.75 to contributed surplus.

(3) Under Canadian income tax law, drilling and exploration expenditures may be deducted from income in the year of expenditure or, if such expenditures exceed the income for the year, the excess may be carried forward to be deducted in the first subsequent year or years in which income exceeds current drilling and exploration expenditures. No provision for income taxes was required during 1958 and a substantial excess of drilling and exploration costs is available to the company to be carried forward against future taxable income.

(4) Subsequent to the year-end the company sold substantially all of its undertaking and assets other than net current assets to Alminex Limited in consideration for 3,118,763 shares issued by that company.

FALCONBRIDGE NICKEL MINES LIMITED

CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1958 (with comparative figures for December 31, 1957)

ASSETS		1958	1957
Current:			
Cash		\$ 1,099,521	\$ 316,914
Government securities at cost which is approximate market value		13,428,525	7,910,947
Accounts receivable—			
Trade (including the United States Government)	\$3,932,308		
Other	877,397	4,809,705	6,864,807
Income taxes recoverable			386,097
Inventories (note 4)—			
Refined metals	\$2,328,634		
Matte and metals in process	6,050,932	8,379,566	7,236,611
		<u>\$27,717,317</u>	<u>\$22,715,376</u>
Investments, at cost less amounts written off:			
Unconsolidated subsidiary at cost (note 1)	\$ 326,994		
Associated companies	374,032		
Maritimes Mining Corporation Limited (note 5)	740,710		
Other (quoted market value—\$341,000)	564,210	\$ 2,005,946	\$ 1,947,146
Advances to associated company		<u>\$ 593,394</u>	<u>\$ 755,310</u>
Fixed:			
Plant and equipment at cost		\$72,713,293	\$69,995,303
Less accumulated allowance for depreciation		39,399,307	33,296,967
		<u>\$33,313,986</u>	<u>\$36,698,336</u>
Mining and other property at cost		3,973,716	3,971,235
		<u>\$37,287,702</u>	<u>\$40,669,571</u>
Other:			
Supplies, at average cost		\$ 4,573,519	\$ 4,477,060
Prepaid expenses and deferred charges		266,663	264,052
Long-term accounts receivable		188,142	191,086
Guarantee deposits (government guaranteed bonds at cost)		92,080	104,660
Mine development and preproduction expenditures less amounts written off		2,487,870	6,074,148
		<u>\$ 7,608,274</u>	<u>\$11,111,006</u>
		<u>\$75,212,633</u>	<u>\$77,198,409</u>
LIABILITIES			
Current:			
Accounts payable and accrued charges		\$ 2,834,477	\$ 4,055,751
Advance receipts for metals to be delivered in 1959		558,203	801,300
Portion of long-term liabilities payable within one year		4,000,000	3,000,000
Income and other taxes payable (estimated)		1,505,671	918,902
		<u>\$ 8,898,351</u>	<u>\$ 8,775,953</u>
Advance Receipts			
for metals to be delivered in 1960		\$ 418,527	\$ 1,072,384
Long-Term:			
5¼% first mortgage and collateral trust sinking fund bonds, series A, due August 15, 1966		\$27,000,000	\$30,000,000
3% mortgage payable in instalments from December 30, 1960 to December 30, 1961 (secured by refinery land and plant) (N. Kr. 750,000)		125,277	125,277
		<u>\$27,125,277</u>	<u>\$30,125,277</u>
Less:			
Amount payable within one year included under current liabilities		4,000,000	3,000,000
		<u>\$23,125,277</u>	<u>\$27,125,277</u>
Shareholders' Equity:			
Capital—			
Authorized—5,000,000 shares of no par value			
Issued —3,756,272 shares of no par value		\$12,214,125	\$12,214,125
Retained earnings (note 7)		30,556,353	28,010,670
		<u>\$42,770,478</u>	<u>\$40,224,795</u>
		<u>\$75,212,633</u>	<u>\$77,198,409</u>



VENTURES
LIMITED

FALCONBRIDGE NICKEL MINES LIMITED

STATEMENT OF CONSOLIDATED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1958

(with comparative figures for the year ended December 31, 1957)

	1958	1957
Metal sales and other operating revenues	\$56,755,666	\$57,920,755
Cost of sales and operating expenses other than the undermentioned items	\$30,367,199	\$29,645,407
Selling, general and administrative expenses (including remuneration of directors as such of \$24,750 in each year)	1,672,309	1,722,650
	<u>\$32,039,508</u>	<u>\$31,368,057</u>
Operating profit before providing for development and preproduction expenditures and depreciation	\$24,716,158	\$26,552,698
Development and preproduction expenditures written off (note 8)	\$ 4,175,256	\$ 3,518,063
Allowance for depreciation	6,515,589	5,875,915
	<u>\$10,690,845</u>	<u>\$ 9,393,978</u>
Operating profit	\$14,025,313	\$17,158,720
Other income:		
Dividend from Fahrallay Canada Limited, a wholly-owned subsidiary, not consolidated (note 1)	35,050	35,050
Income from investments	334,377	199,124
Net gain on sale of securities and fixed assets	205,803	363,146
	<u>\$14,600,543</u>	<u>\$17,756,040</u>
Other deductions from income:		
Interest on long-term liabilities	\$ 1,519,002	\$ 1,583,142
Exploration expenditures	1,128,332	1,482,194
Contribution of shares of Maritimes Mining Corporation Limited		602,225
	<u>\$ 2,647,334</u>	<u>\$ 3,667,561</u>
Earnings before income taxes	\$11,953,209	\$14,088,479
Income taxes—estimated (notes 10 and 11)	1,400,000	635,000
Earnings for the year (before special write-off of preproduction expenditures)	\$10,553,209	\$13,453,479
Special write-off of preproduction expenditures (note 9)	3,500,000	3,500,000
Balance of earnings for the year (notes 10 and 11)	<u>\$ 7,053,209</u>	<u>\$ 9,953,479</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) The consolidated financial statements for 1958 reflect the financial position and the results of operations of Falconbridge Nickel Mines Limited and all its subsidiary companies except Fahrallay Canada Limited which has not been consolidated as its operations are neither similar nor related to those of the parent company. The 1958 profit of this wholly-owned subsidiary exceeded the dividend received from it by \$94,182; the parent company's interest in this subsidiary's profits from date of acquisition to December 31, 1958, not taken up in the parent company's accounts amounted to \$1,075,869.

(2) Assets and liabilities in currencies other than Canadian dollars have been converted into Canadian dollars at current quoted rates of exchange at December 31, 1958, except as follows:

(a) Fixed assets and the related accumulated allowances for depreciation — converted at the rates prevailing when the expenditures on fixed assets were made;

(b) Long-term liabilities—converted at the rates prevailing when the debts were incurred.

Revenues and expenses in currencies other than Canadian dollars have been converted into Canadian dollars at the average monthly quoted rates of exchange except that allowances for depreciation have been converted at the rates prevailing when the expenditures on the related fixed assets were made.

(3) The consolidated balance sheet at December 31, 1958, includes the following assets and liabilities in Norway:

Net current assets	\$ 6,276,789
Fixed assets less accumulated allowance for depreciation	7,276,734
Supplies and other assets	1,198,742
	<u>\$14,752,265</u>
Less long-term debt	125,277
Net assets in Norway	<u>\$14,626,988</u>

(4) Inventories of refined metals and of matte and metals in process are stated at the lower of cost or market value. In the case of such materials derived from the company's own ores (\$7,771,876 in 1958) cost has been determined on a "last-in, first-out" basis; in the case of such materials derived from other sources (\$607,690 in 1958) cost has been determined on a "first-in, first-out" basis.

(5) The investment in Maritimes Mining Corporation Limited represents the cost (including the cost of properties exchanged for shares) of 1,300,000 shares of that company, less the profit of \$573,750 realized on the sale of that company's shares during 1956.

(6) There are commitments outstanding in connection with construction in progress and development and exploration amounting to approximately \$480,000. In addition repayment of a loan to a power company in Norway has been guaranteed to the extent of N.Kr. 4,200,000 (\$567,000) to ensure delivery of increased power to the refinery.

(7) Under the deed of trust and mortgage securing the first mortgage and collateral trust bonds of Falconbridge Nickel Mines Limited, the maximum amount of retained earnings at December 31, 1958, that could be utilized for dividends was approximately \$14,200,000.

(8) As at January 1, 1958, the rate of write-off of development and preproduction expenditures was increased from \$1.75 to \$2.00 per ton of ore processed to meet the increase in costs experienced.

(9) In view of the substantial special revenues from nickel sales and the related high cost of the company's expansion program a special write-off of preproduction expenditures was made in 1958 in the amount of \$3,500,000.

(10) A substantial portion of the 1958 income is attributable to a new mine, which is still in the three-year period during which its income is exempt from income taxes.

(11) The amounts to be claimed for income tax purposes in 1958 in respect of depreciation and preproduction expenditures are approximately \$1,753,000 more than the amounts written in the company's accounts including the special write-off of preproduction expenditures referred to in note 9 above. The total depreciation and preproduction expenditures which will have been claimed for 1958 and prior years will be in excess of the amounts written in the accounts by approximately \$2,697,000. When this amount is written off to earnings in future years it will not be deductible for tax purposes.

FROBISHER LIMITED

CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1958

(with comparative figures for December 31, 1957)

ASSETS		1958	1957
Current:			
Cash		\$ 287,190	\$ 800,486
Bullion in transit		40,032	42,238
Short term investments at cost		1,338,904	
Accounts receivable—			
Subsidiary and associated companies		26,204	17,709
Sundry		31,675	52,492
		<u>\$ 1,724,005</u>	<u>\$ 912,925</u>
Investment in subsidiary, associated and other companies at cost less amounts written off (note 3):			
Subsidiary companies—			
Shareholdings		\$ 6,397,202	\$ 6,621,178
Advances		2,246,698	1,906,549
		<u>\$ 8,643,900</u>	<u>\$ 8,527,727</u>
Associated and other companies—			
Shareholdings		\$10,246,347	\$13,210,329
Advances		246,191	1,753,157
		<u>\$10,492,538</u>	<u>\$14,963,486</u>
		<u>\$19,136,438</u>	<u>\$23,491,213</u>
Fixed:			
Buildings, plant and equipment, at cost		\$ 1,470,150	\$ 1,439,890
Less accumulated depreciation		1,398,079	1,364,873
		<u>\$ 72,071</u>	<u>\$ 75,017</u>
Mining properties at cost		410,134	395,606
		<u>\$ 482,205</u>	<u>\$ 470,623</u>
Other:			
Exploration expenditures carried forward		\$ 1,335,405	\$ 1,483,354
Supplies and spare parts at the lower of cost or market		163,290	180,462
Sundry prepayments and deferred charges		10,635	14,835
		<u>\$ 1,509,330</u>	<u>\$ 1,678,651</u>
		<u>\$22,851,978</u>	<u>\$26,553,412</u>
LIABILITIES			
Current:			
Accounts payable and accrued charges		\$ 192,562	\$ 221,193
Amounts owing to subsidiary and associated companies		3,597	2,186
		<u>\$ 196,159</u>	<u>\$ 223,379</u>
Commitments and Contingent Liabilities (note 4)			
Advances from Ventures Limited		\$ 1,577,518	\$ 1,577,518
Long Term:			
4% convertible debentures due February 15, 1968 (note 3)		\$ 5,000,000	\$ 5,000,000
Shareholders' Equity:			
Capital (note 5)—			
Authorized—7,500,000 shares of no par value			
Issued —6,808,333 shares		\$23,059,607	\$23,059,607
Deficit (note 6)		6,981,305	3,307,092
		<u>\$16,078,301</u>	<u>\$19,752,515</u>
		<u>\$22,851,978</u>	<u>\$26,553,412</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) The consolidated financial statements reflect the financial position and operating results of the company and its wholly-owned subsidiaries. The company's investment in its other subsidiaries is shown as a separate item in the balance sheet; they have not been consolidated because of substantial minority interests.

No dividends were received from the unconsolidated subsidiaries during the year ended December 31, 1958. No provision has been made in the accounts of Frobisher Limited for its interest of \$1,670,892 in the aggregate of the losses less profits of these subsidiaries accumulated from the date of their acquisition to December 31, 1958, including \$440,269 for the year ended on that date which arises from the consolidated loss of Kilembe Copper Cobalt Ltd. and its operating subsidiary.

(2) Assets and liabilities in currencies other than Canadian dollars are converted into Canadian funds at the current quoted rates of exchange at December 31, 1958, except fixed assets (and the related accumulated depreciation) and exploration expenditures which are converted at the rates of exchange prevailing when the expenditures on the assets were made.

FROBISHER LIMITED

STATEMENT OF CONSOLIDATED INVESTMENT IN SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES AS AT DECEMBER 31, 1958

	Number of shares or par value	% of out- standing capital	Indicated market values (Note 1)	Cost less amounts written off	Advances
Subsidiary companies:					
Kilembe Copper Cobalt Ltd.	1,900,723	75.9	\$ 4,941,880	\$ 6,124,791	\$2,246,698
Supercrest Copper Mines Limited	1,590,005	56.0		272,411	
			<u>\$ 4,941,880</u>	<u>\$ 6,397,202</u>	<u>\$2,246,698</u>
Associated and other companies:					
Akaiicho Yellowknife Gold Mines Limited	1,165,230	35.7	\$ 617,572	\$ 380,243	
Anyox Metals Limited	200,000	40.0			\$ 82,592
Consolidated Pershcourt Mines Limited	36,000		5,580	65,150	
Falconbridge Nickel Mines Limited (note 2)	150,000	4.0	4,275,000	722,091	
Geoil Limited	1,732,648	31.8		4,699,750	
Giant Yellowknife Gold Mines Limited (note 2)	784,977	19.6	5,769,581	164,244	
Horne Fault Mines Limited	881,634	33.8		84,900	31,971
Joliet-Quebec Mines Limited	1,031,800	20.1	299,222	134,602	
Lake Dufault Mines Limited	224,962	5.4	130,480	83,070	
Latin American Mines Limited	444,614	16.8	120,046	296,290	
Michipicoten Iron Mines Limited	874,106	32.6		304,814	90,786
Namwala Concessions Limited—ordinary shares of 10 shillings each, 7/3d paid	80,000			78,227	
Northfield Canada Limited	20,004	17.4		90,004	
Pilley's Island Copper Pyrite Limited	600,000	41.3		125,000	
Quebec Metallurgical Industries Ltd.	1,146,249	22.7	917,000	917,000	
Rainville Mines Limited					
—shares	612,143	21.8	281,586	404,894	17,500
—7% debentures due December 31, 1968	\$140,000			140,000	
St. Eugene Mining Corporation Limited	841,185	34.8		319,989	22,000
Sukulu Mines Limited					
—common shares	54,321	37.6		146,002	548
—5% preference shares	81,900	35.6		204,000	
United Keno Hill Mines Limited (note 2)	729,276	29.5	2,917,104	453,425	
Miscellaneous participations of less than \$60,000 each—					
Those with market value			277,661	204,888	
Those without market value				227,764	794
			<u>\$15,610,832</u>	<u>\$10,246,347</u>	<u>\$ 246,191</u>
			<u>\$20,552,712</u>	<u>\$16,643,549</u>	<u>\$2,492,889</u>

NOTES:

(1) The market values shown are based on closing market prices at December 31, 1958. Because of the number of shares involved, the indicated market value for certain securities is not necessarily indicative of the amount that could be realized if the securities were to be sold.

(2) See note (3) to consolidated financial statements as to shareholdings hypothecated as security for the company's outstanding 4% convertible debentures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Revenues and expenses in currencies other than Canadian dollars are converted into Canadian funds at approximately the average monthly quoted rates of exchange, except the allowance for depreciation and exploration expenditures written off, which are converted at the rates of exchange prevailing when the expenditures on the related assets were made.

(3) The company has pledged 500,000 shares of Giant Yellowknife Gold Mines Limited, 500,000 shares of United Keno Hill Mines Limited and 150,000 shares of Falconbridge Nickel Mines Limited under the trust indenture securing the 4% convertible debentures.

(4) Subsequent to December 31, 1958 the company paid \$723,722 for an additional 289,489 shares of Kilembe Copper Cobalt Ltd. in connection with rights issued by that company.

On March 17, 1959 Kilembe Copper Cobalt Ltd. called all its outstanding collateral trust debentures totalling \$2,989,000 for redemption on May 18, 1959 at par and accrued interest. On the same date it called all of its outstanding redeemable stock purchase warrants for redemption on May 19, 1959. Prior to the redemption date the holders of these warrants are entitled to purchase one share of Kilembe Copper Cobalt Ltd. stock for \$3.00 per share for each warrant. If the funds made available by May 18, 1959 through the exercise of these stock purchase warrants should be insufficient to redeem all of the company's outstanding debentures, Frobisher Limited has agreed to advance the balance of the funds required (maximum \$3,000,000) to Kilembe Copper Cobalt Ltd. on terms no less favourable than those provided in the trust deed securing the present debentures.

As part of the consideration for the agreement referred to in the previous paragraph, Frobisher Limited received an option to purchase 122,547 shares of Kilembe Copper Cobalt Ltd. at \$2.10 per share on or before December 31, 1962; Frobisher Limited has agreed that it will exercise this option upon the written demand of Kilembe Copper Cobalt Ltd.

(5) 500,000 unissued shares are reserved for possible issuance upon conversion of 4% convertible debentures.

(6) As at January 1, 1958 the company's earned surplus and special deficit accounts were combined and the provision for depletion on shares of associated companies was transferred to deficit. The 1957 figures shown in the statements of consolidated profit and loss and deficit have been adjusted to give effect to this consolidation of accounts including the elimination of the transfer of \$155,000 from 1957 income to the provision for depletion on shares of associated companies.



HOYLE MINING COMPANY LIMITED

BALANCE SHEET — DECEMBER 31, 1958

ASSETS

Current:

Cash		\$	24,423.74
Accounts receivable			2,420.00
Investment in short term notes at cost			197,350.55
Government securities at cost (market value \$148,580)			148,658.50
		\$	<u>372,862.79</u>

Investment in subsidiary, affiliated, associated and other companies at cost less amounts written off

(indicated market value \$21,611,066):

Subsidiary companies—			
Shareholdings	\$	79,225.07	
Advances		25,121.81	\$ 104,346.88
Affiliated and associated companies—			
Shareholdings	\$	3,788,830.29	
Advances		6,985.84	3,795,816.13
Other companies—			
Shareholdings			523,170.28
			<u>4,423,333.29</u>

Other:

Porcupine mining property at cost less amounts written off		\$	1.00
Expenditures on outside properties			32,393.98
Land and buildings at option prices	\$	21,000.00	
Less option payments received		6,500.00	14,500.00
			<u>46,894.98</u>
			<u>\$ 4,843,091.06</u>

LIABILITIES

Convertible notes payable—convertible into common shares at the rate of \$2.00 per share \$ 1,125.00

Shareholders' equity:

Capital (notes 2 and 3)—

5¾% cumulative convertible redeemable preference shares of \$100.00 par value:

 Authorized and issued less purchased for cancellation 21,333 shares \$ 2,133,300.00

Common shares of no par value:

 Authorized—3,500,000 shares

 Issued —3,001,990 shares 7,527,399.00

\$ 9,660,699.00

Contributed surplus (unchanged during the year) 25,000.00

\$ 9,685,699.00

Deficit 4,843,732.94 4,841,966.06

\$ 4,843,091.06

NOTES:

(1) The accounts of the subsidiary companies have not been consolidated with those of the parent company as these subsidiaries are not wholly-owned and their assets and liabilities are not material in comparison with those of the parent company. These subsidiaries, which are inactive mining companies, have incurred no profits or losses since their incorporation.

(2) Preference shares may be redeemed in whole or in part by the company on 90 days' notice at a premium of \$4.00 per share if redeemed before September 8, 1959 with reduction of \$1.00 in the premium for each year thereafter.

The preference shareholders have the option of converting their preference shares into common shares at any time prior to September 8, 1965 on the basis of thirteen and one-third common shares for each preference share.

No dividends were declared on the cumulative preference shares during the year. The arrears of dividends amount to \$245,329.50.

(3) At December 31, 1958 there was an option outstanding on 750 of the company's common shares at \$3.00 per share, exercisable on or before June 27, 1959.

HOYLE MINING COMPANY LIMITED
STATEMENT OF INVESTMENT IN SUBSIDIARY, AFFILIATED,
ASSOCIATED AND OTHER COMPANIES
AS AT DECEMBER 31, 1958

	Number of shares	Indicated market value (note 1)	Cost less amounts written off	Advances
Subsidiary companies:				
Beaver River Silver-Lead Mines Limited	1,050,000			\$19,338.12
Northern Kyanite Mines Limited	994,215		\$ 79,225.07	5,783.69
			<u>\$ 79,225.07</u>	<u>\$25,121.81</u>
Affiliated and associated companies:				
Affiliated —				
Avenue Realty Company Limited	500		\$ 450.00	
Falconbridge Nickel Mines Limited	5,390	\$ 153,615.00	34,981.14	
		<u>\$ 153,615.00</u>	<u>\$ 35,431.14</u>	
Associated —				
Big Agaunico Mines Limited	555,440		47,298.00	
Consolidated Mosher Mines Limited	812,950½	1,016,187.00 (note 2)	887,866.49	
Consolidated Sudbury Basin Mines Limited	1,982,832	1,407,811.00	1,982,832.00	
Giant Yellowknife Gold Mines Limited	12,500	91,875.00	100,000.00	
Kiena Gold Mines Limited	100,000		20,000.00	
Metal Hydrides Incorporated	27,554	478,613.00	283,587.40	
Northfield Canada Limited	10,000		45,000.00	
Opemiska Copper Mines (Quebec) Limited	1,966,913	17,407,180.00	343,116.64	
Quebec Metallurgical Industries Ltd.	33,333	26,666.00	26,666.40	
Miscellaneous participations of less than \$10,000 each ..		10,982.00	17,032.22	\$ 6,985.84
		<u>\$ 20,592,929.00</u>	<u>\$ 3,788,830.29</u>	<u>\$ 6,985.84</u>
Other companies:				
New Broken Hill Consolidated Limited	6,262	\$ 38,010.00	\$ 25,434.00	
Pine Point Mines Limited	42,705	427,050.00	16,492.27	
Quebec Gold Belt Mines Limited	23,750	1,900.00	19,419.15	
Sheldon Larder Mines Limited	245,899	24,590.00	90,305.18	
Silver Standard Mines Limited	75,000	12,750.00	11,338.31	
Thompson-Lundmark Gold Mines Limited	627,349	483,059.00	340,393.26	
Miscellaneous participations of less than \$10,000 each ..		30,778.00	19,788.11	
		<u>\$ 1,018,137.00</u>	<u>\$ 523,170.28</u>	
		<u>\$ 21,611,066.00</u>	<u>\$ 4,391,225.64</u>	<u>\$32,107.65</u>

NOTES:

(1) The market values shown above are based on closing market prices at December 31, 1958. Because of the number of shares involved the indicated market value of certain securities is not necessarily indicative of the amount that could be realized if the securities were to be sold.

(2) The market value shown for the shares of Consolidated Mosher Mines Limited is the amount realized on the sale of the shares in 1959.



VENTURES
LIMITED

LA LUZ MINES LIMITED

CONSOLIDATED BALANCE SHEET — SEPTEMBER 30, 1958

ASSETS

Current:			
Cash		\$	57,710.25
Bullion in transit and at refineries at estimated realizable value			185,112.78
Accounts receivable			89,603.17
		\$	332,426.20
Investments:			
Marketable securities — at cost			
Falconbridge Nickel Mines Limited, an affiliated company:			
21,708 shares (quoted market value \$578,518)	\$	80,586.88	
Panamias Incorporated (at nominal value)		1.00	80,587.88
Inventories of Supplies valued at the lower of average cost or market:			
Mining and milling supplies, spare parts and construction materials	\$	1,358,652.05	
Commissary merchandise		121,942.95	1,480,595.01
Fixed:			
Siuna mining claims, at cost	\$	1,550,000.00	
Potosi property, at cost		570,130.16	
	\$	2,120,130.16	
Less accumulated depletion		1,955,088.15	
	\$	165,042.01	
Rosita property, at cost		515,907.65	
Riscos de Oro property, at cost		113,558.04	
Mine buildings, machinery, equipment, roads, airports and Yy River power			
development including Rosita construction in progress, at cost	\$	9,075,599.99	
Less accumulated depreciation		3,720,895.30	5,354,704.69
			6,149,212.39
Deferred:			
Development and other preproduction expenditures to date on Rosita property	\$	782,006.03	
Prepaid fire insurance, taxes, etc.		30,023.82	
Debt discount		130,687.50	942,717.35
			\$ 8,985,538.83

LIABILITIES

Current:			
Accrued wages		\$	9,963.44
Accounts payable and accrued charges			178,896.74
		\$	188,860.18
6% Debentures due September 30, 1962 (\$1,700,000 Canadian) (note 2)			1,742,500.00
Capital:			
Authorized — 2,000,000 shares of no par value			
Issued — 1,559,662 shares (notes 3 and 4)	\$	3,299,691.10	
General reserve		2,403,802.53	
Earned surplus		1,350,685.02	7,054,178.65
			\$ 8,985,538.83

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (1) The company's transactions arise for the most part in United States and Nicaraguan currencies and to a limited extent in Canadian currency. The financial statements are presented in terms of U.S. dollars with the exception of share capital and the expenditures therefrom which are recorded in Canadian dollars. Conversion during the year from cordobas to U.S. dollars has been made at the official rate of 7 cordobas to \$1 U.S. Conversion from Canadian to U.S. dollars has been made at the various rates prevailing during the year.
- (2) The debentures were issued as at September 30, 1958 to Ventures Limited which has agreed to purchase a further Canadian \$300,000 for Canadian \$277,500 upon call of La Luz.
- (3) The balance sheet reflects the issue to Ventures Limited as at September 30, 1958 of 50,000 shares for Canadian \$150,000 in cash pursuant to an agreement of that date which was subsequently approved by the directors.
- (4) At September 30, 1958 options were outstanding on 25,000 shares of the company's capital stock allocated 12,500 shares to the President and 12,500 shares to other employees at the price of \$3.25 per share. These options may be exercised during the period from September 30, 1958 to September 30, 1960.
- (5) The administrative expenses outside of Nicaragua include remuneration of the directors as such (excluding remuneration for services as officers and employees) amounting to \$459.
- (6) The provision for depletion is based on the average gold content of the ore milled during the year ended September 30, 1958. The rate of provision so determined was 21¢ per ton as compared with a rate of 23.8¢ per ton used in the previous year.
- (7) Actions are still pending against the company, and certain of its shareholders and former directors relating to the acquisition of the mining properties of the company and its wholly-owned subsidiary, Rosita Mines Limited. At the present time no determination can be made as to the liability, if any, in this connection.

LATIN AMERICAN MINES LIMITED

CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1958

(Expressed in United States currency)

ASSETS			
Current:			
Cash		\$	9,273
Marketable securities at cost less amount written off (market value \$18,300)			18,300
Accounts receivable			3,715
Total current assets		\$	31,288
Investment in associated companies:			
Compania Minera Toronto S.A. — current advances	\$	6,875	
Seacoll Limited — current advances		4,250	
Empresa Minera de Mantos Blancos — 933 shares at cost less amounts written off		9,330	20,455
Chavin Mine properties and related expenditures thereon at cost (note 2):			
Mining properties and concessions	\$	202,147	
Buildings, equipment and roads		484,160	
Exploration, development and other expenditures		1,274,266	
		\$1,960,573	
Less provision to reduce to estimated value (note 2)		956,261	1,004,312
Furniture, fixtures and equipment, at cost			
	\$	25,429	
Less accumulated depreciation		18,614	6,815
Other:			
Exploration expenditure on other Peruvian property carried forward	\$	60,315	
Other investment at cost		517	
Incorporation expenses		2,335	63,167
			<u>\$1,126,037</u>
LIABILITIES			
Current:			
Accounts payable and accrued charges		\$	19,197
Provision for labour indemnities under Peruvian law			17,185
Total current liabilities		\$	36,382
Advance from Ventures Limited, parent company			67,275
Shareholders' equity:			
Capital —			
Authorized: 4,000,000 shares of Can. \$.50 par value each			
Issued: 2,566,000 shares		\$1,283,000	
Adjustment to convert capital stock to the amount realizable in United States currency		42,521	
		\$1,325,521	
Deduct deficit (from January 1, 1957)	\$	458,138	
Less contributed surplus — unappropriated balance arising from reorganization of share capital (no change during year)		154,997	303,141
			<u>1,022,380</u>
			<u>\$1,126,037</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 1958

- Assets and liabilities and revenues and expenses in currencies other than United States dollars are converted into United States funds on the following bases:
 - Current assets and liabilities — at approximately the quoted rates of exchange at December 31, 1958;
 - Other assets — at the rates of exchange prevailing when the expenditures were made;
 - Capital stock — at the amount actually realizable in United States funds from the proceeds of shares sold in Canada for Canadian dollars;
- Revenues and expenses — at the approximate rates of exchange prevailing when the transactions occurred.
- All work at the Chavin Mine properties has been suspended. The possibility of any recovery from these properties is dependent upon the further expenditure of a substantial sum of money together with a marked increase in metal prices. No portion of the expenditures made to date would be recovered if the properties were brought into production and the output marketed at the current (December 31, 1958) selling price for metals.
- At December 31, 1956 the book value of these properties was reduced to \$1,004,312, being the amount which the company estimated could be recovered if metal prices return to those in effect in April 1957. The expenditures on these properties in 1957 and 1958 have been included in the consolidated losses for those years.

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TRANSFER AGENTS AND REGISTRARS:

Crown Trust Company
302 Bay Street, Toronto, Ontario
393 St. James Street West, Montreal, Quebec

Registrar and Transfer Company
50 Church St., New York 7, N.Y.
15 Exchange Place, Jersey City 2, N.J.

AUDITORS:

Clarkson, Gordon & Co.
Toronto, Ontario

BANKERS:

The Canadian Bank of Commerce
Toronto, Ontario

Chemical Corn Exchange Bank
New York, N.Y.

SOLICITORS:

Tilley, Carson, McCrimmon & Wedd
Toronto, Ontario

Herridge, Tolmie, Gray, Coyne & Blair
Ottawa, Ontario

Wickes, Riddell, Bloomer, Jacobi & McGuire
New York 4, N.Y.

