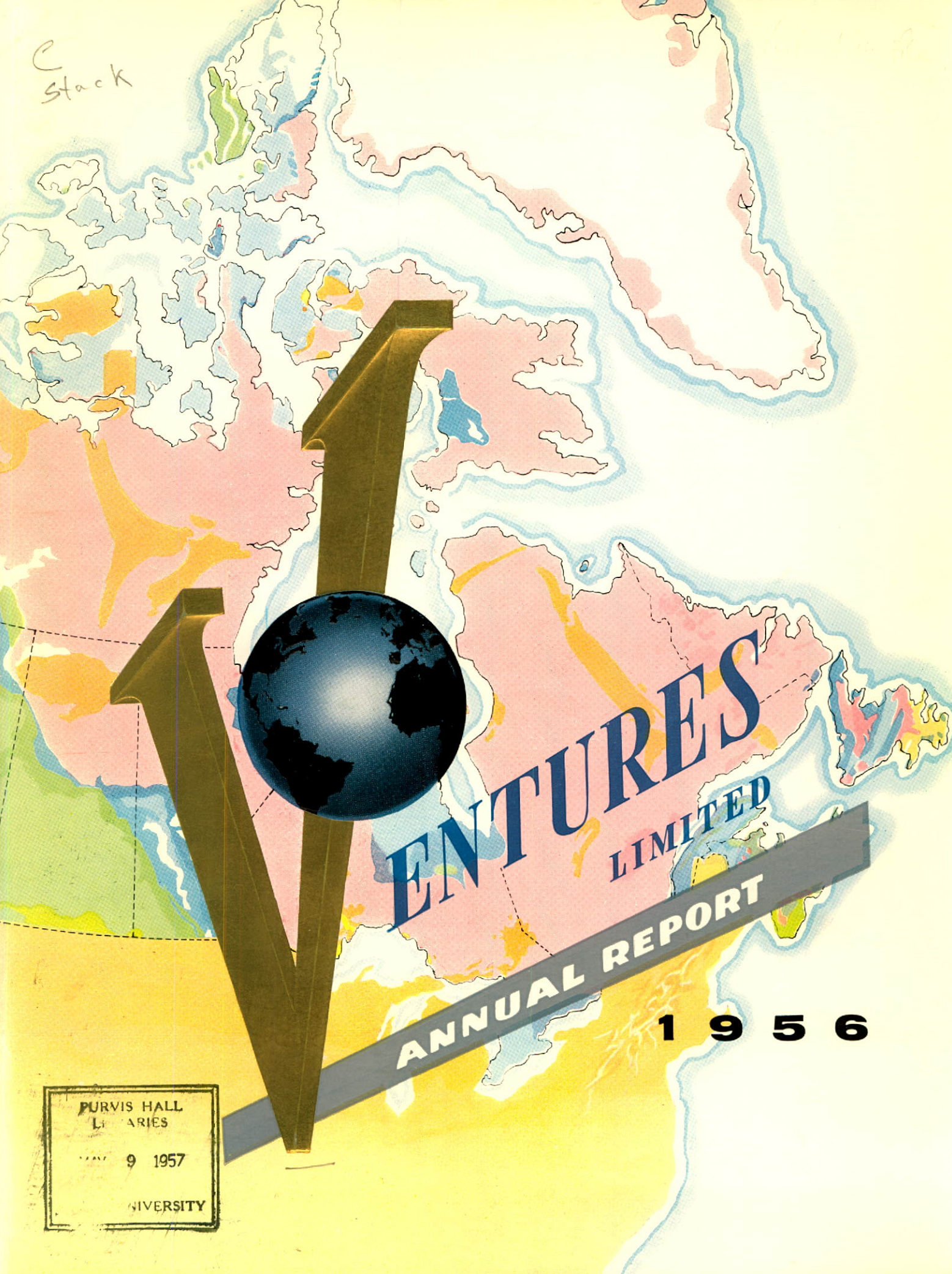


C
Stack



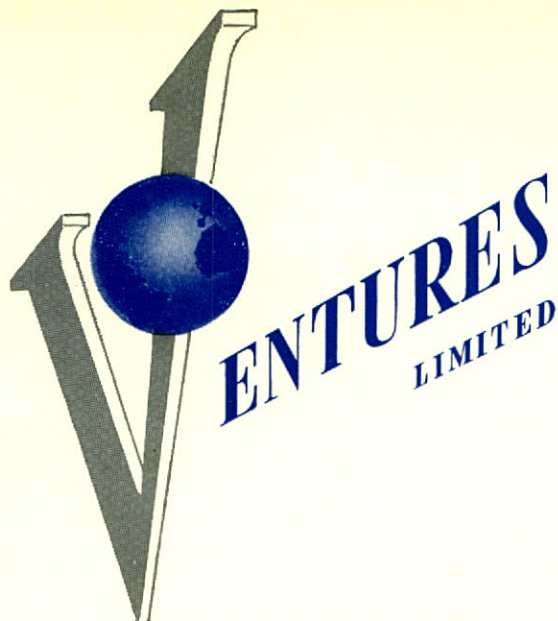
VENTURES LIMITED

ANNUAL REPORT

1 9 5 6

PURVIS HALL
LIBRARIES
9 1957
UNIVERSITY

1 9 5 6



HEAD OFFICE • 25 KING STREET WEST • TORONTO • CANADA

OFFICERS AND DIRECTORS

CHAIRMAN OF THE BOARD

T. LINDSLEY

PRESIDENT

R. B. ANDERSON

SECRETARY AND TREASURER

G. T. N. WOODROOFFE

ASSISTANT SECRETARY

J. T. McWHIRTER

ASSISTANT TREASURER

S. F. TAIT

DIRECTORS

R. B. ANDERSON
H. J. CARMICHAEL
A. E. GRAUER
E. E. LINCOLN

T. LINDSLEY
G. F. TOWERS
G. T. N. WOODROOFFE

TECHNICAL PERSONNEL

MINING ENGINEERS

A. J. ANDERSON
J. M. CUNNINGHAM-DUNLOP
B. G. EDWARD
H. J. FRASER
H. C. HERZ

H. S. McGOWAN
J. P. MILLENBACH
E. V. NEELANDS
W. H. WOODS

GEOLOGISTS

J. D. BATEMAN
A. S. DADSON
J. M. BIRKBECK
D. H. BROWN
S. N. CHARTERIS
A. G. DARLING

J. B. GORDON
W. H. GROSS
W. G. ROBINSON
D. C. SHARPSTONE
ALEXANDER SMITH

METALLURGISTS

W. G. HUBLER
G. M. LEE

L. J. LICHTY
J. M. MORTIMER

CONSULTANTS

W. DUNN

W. F. JAMES

1 9 5 6



REPORT OF THE DIRECTORS

To the Shareholders:

Your Directors are pleased to report that, during 1956, net profits for the year amounted to \$1,638,261 as compared with \$1,451,080 a year previously.

Progress was made in consolidating the affairs of several of the associated companies, and several mining operations were brought into production during the year. Additionally, other operations are expected to commence production during 1957.

Frobisher Limited, during the past year, received an amount of \$1,585,000 through the sale of treasury shares. Three mining operations, in which Frobisher has varied interests, commenced operations during the year. These are the Kilembe mine in Uganda, the Rainville mine in the Val d'Or district of Quebec, and Northern Mining Company in Northeast Greenland.

Hoyle Mining Company Limited retained its holdings of Opemiska Copper Mines (Quebec) Limited, and increased shareholdings in Consolidated Sudbury Basin Mines Limited and Consolidated Mosher Mines Limited.

Geoil Limited added substantially to the oil and gas reserves of the Company through the drilling of additional development wells in the Pembina, Westward Ho, and Harmattan-Elkton fields in Alberta. Early in 1957 Geoil participated with Home Oil Company in the drilling of two successful wildcat wells at Virginia Hills and Swan Hills northwest of Edmonton. These wells are considered important wildcat discoveries.

Earnings of Falconbridge Nickel Mines Limited were down slightly from 1955 at \$7,163,800 or \$1.91 per

share. Metal sales increased by \$1,761,000 over 1955 to an all time high of \$49,869,000. Dividends were increased from \$1.10 per share in 1955 to \$1.20 in 1956. Ore reserves were increased by 5,412,000 tons to a total of 45,259,000 tons.

Opemiska Copper Mines (Quebec) Limited earned a net profit during the year of \$2,575,274 after depreciation and deferred development. Ore reserves are now estimated at 4,697,480 tons averaging 3.44% copper. Preparations have been commenced to increase the capacity of the plant to 2,400 tons per day. By the end of 1957 the first stage in the proposed expansion to a daily rate of 1,600 tons should be completed.

Operations continued on a satisfactory scale at the La Luz mine in Nicaragua and finances are being arranged to bring the Rosita Copper property into production. Some delays in completion of the road from La Luz to Rosita have been occasioned by heavy rains, but otherwise production plans are progressing.

Messrs. A. E. Grauer, G. F. Towers and G. T. N. Woodrooffe have joined the Board and your Directors welcome the addition of the broad knowledge and financial experience of these new members.

Once again your Directors wish to acknowledge the valuable services of the staffs and employees of Ventures Limited and the associated companies.

On behalf of the Board,

Toronto, Ontario,
May 6, 1957

President



VENTURES

L I M I T E D

INDEX

OFFICERS, DIRECTORS and TECHNICAL STAFF	1	Canadian Malartic Gold Mines Limited	14
REPORT OF THE DIRECTORS	3	Coniaurum Mines Limited	14
FINANCIAL STATEMENTS OF VENTURES LTD:		Consolidated Guayana Mines Limited	21
Auditors' Report	26	Consolidated Mosher Mines Limited	24
Balance Sheet	28-29	Consolidated Sudbury Basin Mines Limited	20
Comparative Summary of Profit and Loss	25	Dominion Magnesium Limited	15
Earned Surplus and Special Surplus	31	Eureka Corporation Limited	20
Interest in Subsidiary and Associated Companies	32-33	Falconbridge Nickel Mines Limited	6
Profit and Loss	30	Frobisher Limited	21
Source and Application of Funds	34	Geoil Limited	13
FINANCIAL STATEMENTS OF ASSOCIATES:		Giant Yellowknife Gold Mines Limited	9
American Nepheline Limited	35	Hoyle Mining Company Limited	21
Coniaurum Mines Limited	36	International Ranwick Limited	24
Falconbridge Nickel Mines Limited	38-39	Kilembe Copper Cobalt Ltd.	18
Frobisher Limited	42-43	Kilembe Mines Limited	18
Hoyle Mining Company Limited	40-41	Lake Dufault Mines Limited	16
La Luz Mines Limited	37	La Luz Mines Limited	12
Matachewan Consolidated Mines Limited	44	Metal Hydrides Inc.	16
MAP:		New Calumet Mines Limited	17
Holdings in Canada	22-23	Nipissing Mines Company Limited	17
REPORTS ON OPERATIONS:		Northwest Power Industries Limited	19
List of properties	5	Opemiska Copper Mines (Quebec) Limited	8
American Nepheline Limited	11	Quebec Metallurgical Industries Ltd.	19
		Rainville Mines Limited	18
		Sukulu Mines Limited	24
		Tonopah Mining Company of Nevada	20
		United Keno Hill Mines Limited	10
		Wesfrob Mines Limited	24

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.

ANNUAL MEETING OF SHAREHOLDERS

Library, Royal York Hotel, Toronto, Thursday, May 30, 1957, 10:30 a.m. (Toronto Time)



VENTURES

L I M I T E D

HOLDING AND EXPLORATION COMPANIES

Hoyle Mining Company Limited
Consolidated Guayana Mines Limited

Frobisher Limited

The Nipissing Mines Company Limited
The Tonopah Mining Company of Nevada

OPERATING AND DEVELOPMENT COMPANIES

HYDRO PROJECTS

Survey and engineering studies Northwest Power Industries Limited

BASE METALS

Nickel, Copper	Producing	Falconbridge Nickel Mines Limited
Zinc, Lead, Silver	Producing	New Calumet 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	Being prepared for production	Consolidated Sudbury Basin Mines Limited
Copper, Gold	Underground development	Joliet-Quebec Mines Limited
Copper	Producing	Kilembe Mines Limited, Uganda
Copper	Producing	Appalachian Sulphides Inc., Vermont
Copper	Producing	Rainville Mines Limited
Copper	Being prepared for production	Rosita Mines Limited, Nicaragua
Copper	Exploration	Seal Lake, Labrador (Frobisher Limited)
Copper	Being prepared for production	Ore Knob, North Carolina (Appalachian Sulphides Inc.)
Lead, Zinc, Copper, Silver	Underground development	Chavin Mines Corporation, Peru
Lead, Zinc, Silver, Gold	Underground development	Eureka Corporation Limited, Nevada
Lead, Zinc	Producing	Northern Mining Co., Greenland
Tin	Producing	Associated Tin Mines (South West Africa) Limited

OIL AND GAS

Exploration	Seaoil Limited, Peru
Exploration	Lake St. Clair Gasfields Limited
Producing	Trans-Border Oils Ltd., Alberta
Exploration and producing	Geoil Limited

IRON PROPERTIES

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

RARE MINERALS

Uranium	Developed ore and exploration	International Ranwick Limited
Columbium, Phosphate	Developed ore	Sukulu Mines Limited
Lithium	Exploration	LaCorne Lithium Mines 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	Underground development	Consolidated Mosher Mines Limited
Gold	Ore blocked out by drilling	Akaitcho Yellowknife Gold Mines Limited
Silver, Cobalt	Producing	Nipissing-O'Brien Mines Limited

RESEARCH AND METALLURGICAL PRODUCTS

Metallurgy and power projects	Quebec Metallurgical Industries Ltd.
Production of metal castings, alloys	Fahrallloy Canada Limited
Custom assaying, mill tests, research	Lakefield Research Limited
Production of metals and chemicals	Metal Hydrides Incorporated

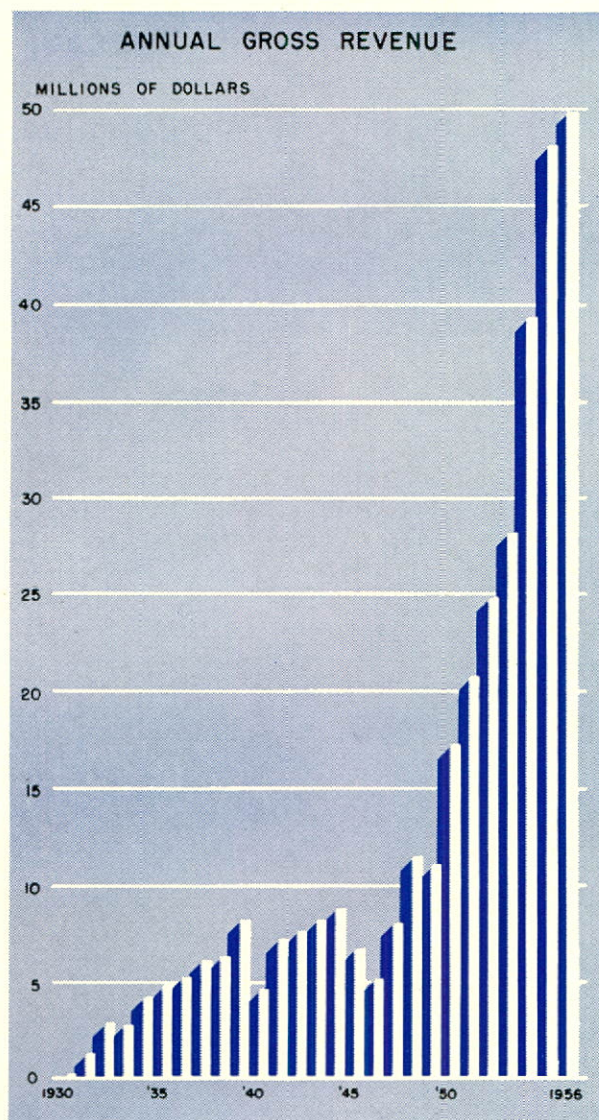


VENTURES

ESTABLISHED PRODUCING COMPANIES

FALCONBRIDGE NICKEL MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding 3,756,272	Ventures 1,924,054	51.22%
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, iridium, rhodium, ruthenium, silver, gold and liquid sulphur dioxide.			
	Total to December 31, 1955	Tons Treated 17,912,083	Gross metal sales and other operating revenues \$301,310,273	
	Year ended December 31, 1956	1,890,676	49,869,386	
		<u>19,802,759</u>	<u>\$351,179,659</u>	



CURRENT DEVELOPMENTS

The year 1956 witnessed further progress in the company's long-term expansion program and production, sales and ore reserves established new peaks.

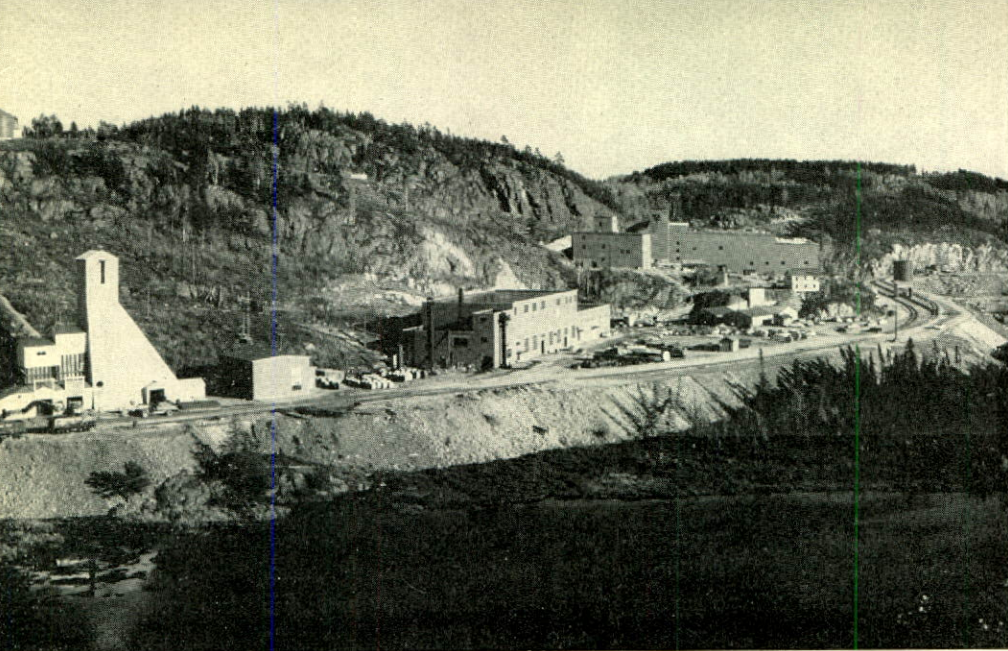
Earnings for the year 1956 amounted to \$7,163,800, equivalent to \$1.91 per share. Although this is a reduction of \$908,400 from the net of the preceding year, operating profits before providing for development and preproduction expenditures and depreciation were higher than in 1955 by \$1,525,000.

Metal sales and other operating revenues were \$49,869,000 or \$1,761,000 greater than in 1955. Deliveries of nickel to customers increased six per cent but fell considerably short of satisfying the requirements of long established customers.

Dividends were increased from \$1.10 in 1955 to \$1.20 in 1956. Dividend payments amounted to \$4,507,526 which brought the total distribution to shareholders to date to \$30,379,000.

Expenditures required for the expansion program and other purposes exceeded funds provided from operations by \$5,126,000 and since no external financial sources were utilized, working capital was reduced by this amount during the year.

Production at the mines, smelter and refinery reached record levels for the seventh consecutive year. Ores and concentrates delivered to plants for treatment



reached a new peak at 1,891,000 tons, an increase of 8 per cent over the previous year. Production was hampered during the year by abnormally heavy major repairs as well as by some temporary plant bottlenecks, particularly, at the stage between concentration and smelting.

Capital expenditures on plant and equipment were \$11,434,500 or \$2,217,000 higher than in 1955. Pre-production expenditures were \$2,793,000 or slightly above 1955. Much progress was made towards completion of the original expansion program, but there still remains much to be done to the smelter and other processing plants. The smelter additions at Falconbridge made slow progress in 1956 due to steel delivery delays and remains as the biggest construction project for 1957. At the refinery in Norway construction progress was substantial and several new units joined the production ranks during the year.

New mine preparation during 1956 made satisfactory headway. The Longvack mine was taken into regular production in May. The shafts at the Fecunis

Lake mine were completed and lateral development was underway on four levels in the ore zone at year-end. The Onaping and Boundary mines are at varying stages of preparation.

Ore reserves increased 5,412,000 tons to 45,259,000 tons of essentially the same grade as previously. This is a record high in the company's history. No ore from outside the Sudbury Basin is included in these reserves.

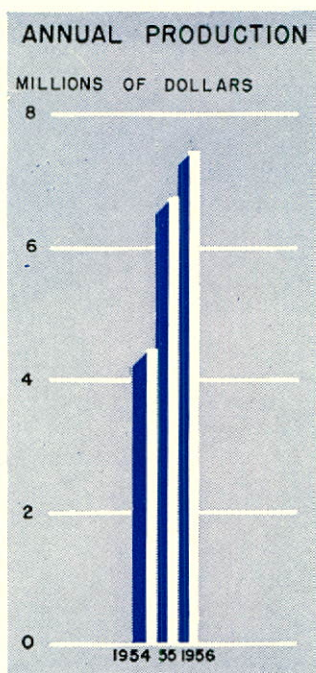
Exploration expenditures were \$2,285,700 or 32% higher than in 1955. During the year encouraging results were obtained at the Strathcona property where previous ore findings were materially extended without fully delimiting the ore. This orebody appears to be one of our largest. Exploration outside the Sudbury District was very active. At Populus Lake, underground exploration is continuing. In the Dominican Republic a concession area containing nickeliferous lateritic ores is being test-pitted and substantial deposits of nickel-bearing material are indicated. Exploration was also carried on in other areas.

PRESIDENT H. J. Fraser



OPEMISKA COPPER MINES (QUEBEC) LIMITED

CAPITALIZATION	Common Shares	Outstanding	Ventures		Hoyle		
		5,515,000	329,696	5.98%	1,966,913	35.66%	
LOCATION	Mine in Chibougamau District, Quebec.						
PRODUCTION	To Dec. 31, 1955	Tons Milled	Copper Pounds	Gold Ounces	Silver Ounces	Gross Value Metals	
		296,977	29,365,664	12,693	162,452	\$11,244,213	
		Year ended Dec. 31, 1956	236,392	18,530,480	7,778	108,723	7,462,818
		Total production	533,369	47,896,144	20,471	271,175	\$18,707,031



CURRENT DEVELOPMENTS

Satisfactory progress was made during the year in developing the mine and expanding productive capacity. Ore reserves were substantially increased

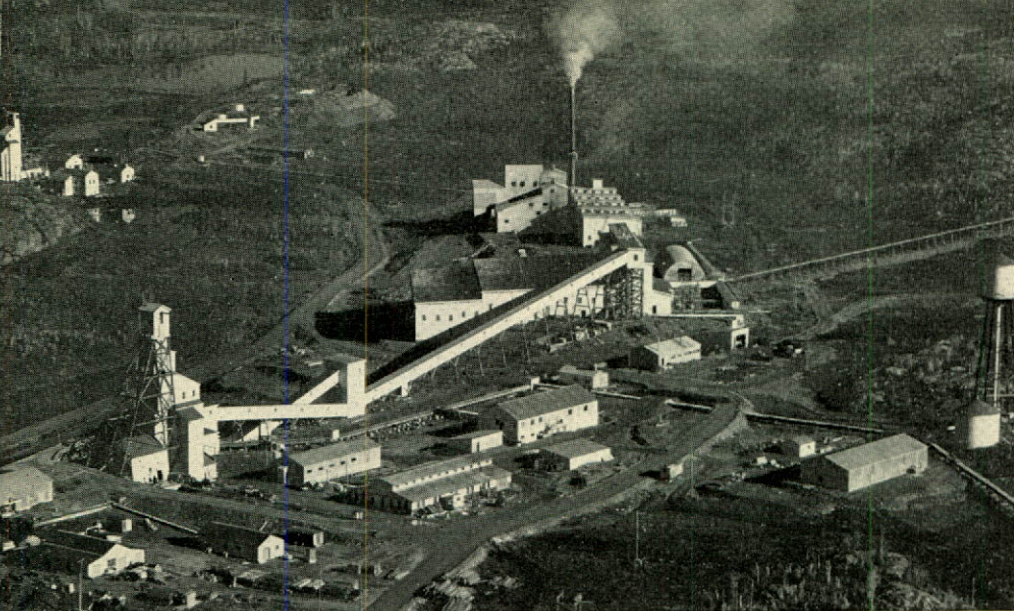
and the possibility of proving a considerable additional tonnage of ore was established. Operations were highly profitable until interrupted by the fire which suspended production at the end of October. The ore treated during the ten-month period had an average grade of 4.34% copper compared with 5.17% the previous year and was more representative of developed reserves.

The net profit was \$2,575,274 after Provincial income tax and after providing \$792,416 for depreciation and amortization of deferred development expenditures. The price received for copper sold during the year increased to a high of 48.5 cents per pound in April after which it steadily declined to 34 cents in December. Working capital increased \$1,443,977 during the year to \$2,240,541.

Ore reserves are estimated at 4,697,480 tons averaging 3.44% copper. Widely spaced diamond drilling has indicated the possibility of developing at least another 4,000,000 tons of about the same grade, below and immediately to the east of the present mine workings.

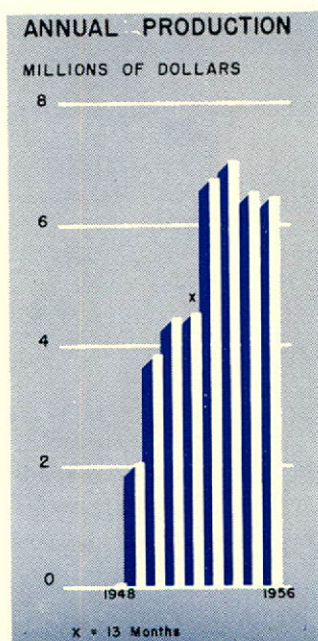
Construction of the Canadian National Railway branch line from Beattyville in Western Quebec to Chibougamau has been completed to Opemiska and on March 1, 1957 shipment of concentrates by direct rail to Noranda commenced.

PRESIDENT - - - - - J. P. Millenbach
GENERAL SUPERINTENDENT - - - - - F. G. Cooke



GIANT YELLOWKNIFE GOLD MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding	Ventures		Frobisher	
		4,000,000	403,583	10.09%	784,977	19.62%
LOCATION	Mine at Yellowknife, N.W.T.					
PRODUCTION	Total to June 30, 1955	Tons Milled	Gold Ounces	Silver Ounces	Net Value (including E.G.M.A.)	
		1,337,046	882,709	224,216	\$34,988,765	
		Year ended June 30, 1956	297,582	180,267	6,355,926	
		Total Production	1,634,628	1,062,976	\$41,344,691	



CURRENT DEVELOPMENTS

Net value of production, including E.G.M.A., for the year ended June 30, 1956 was \$6,355,926 compared with \$6,576,857 for the year ended June 30, 1955; operating profit was \$2,071,541 as compared with

\$2,663,879, and net profit was \$837,562 compared with \$983,669.

The estimated amount receivable under the Emergency Gold Mining Assistance Act for the year ended June 30, 1956 amounted to \$120,000 compared with \$700,000 received for the previous year, thus reflecting for the first time the full effect of the new formula which became effective January 1, 1955.

Development work continued on the new 950, 1100 and 1250 levels, and diamond drilling was successful in defining a considerable additional tonnage of ore. During the year ended June 30, 1956, the developed ore reserves increased from 1,789,000 tons, averaging 0.78 ounces of gold per ton, to 3,530,000 tons with the same average grade.

The average milling rate was 813 tons per day.

The company's most serious problem continues to be the highly refractory nature of the newly developed ores. An extensive program of metallurgical testing and research was carried out during the year to combat the effects of the ever-increasing proportion of refractory ore which the treatment plant must handle. Developments since the end of the company's fiscal year are encouraging and it is believed that a partial solution may be in sight.

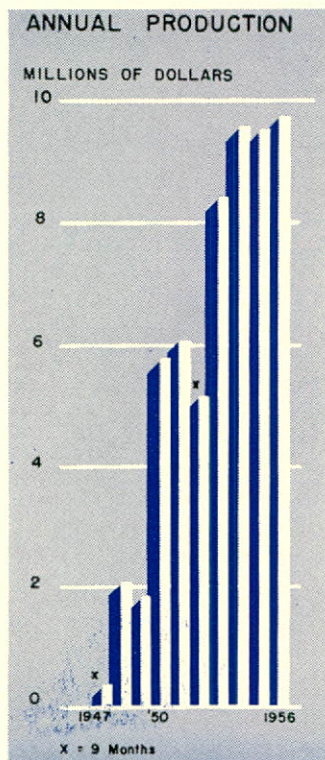
The cyanide unit for the retreatment of flotation tailings was completed and placed in service in 1956 and in 8½ months of operation recovered approximately 4,800 ounces of gold.

PRESIDENT - - - - - A. J. Anderson
GENERAL MANAGER - - - - - M. K. Pickard



UNITED KENO HILL MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding	Frobisher		Q.M.I.	
		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
	Total to Sept. 30, 1955	854,967	32,400,820	138,293,653	98,184,056	1,234,797
	Year ended Sept. 30, 1956	155,702	5,582,979	25,083,145	24,107,851	322,379
	Total Production	<u>1,010,669</u>	<u>37,983,799</u>	<u>163,376,798</u>	<u>122,291,907</u>	<u>1,557,176</u>



CURRENT DEVELOPMENTS

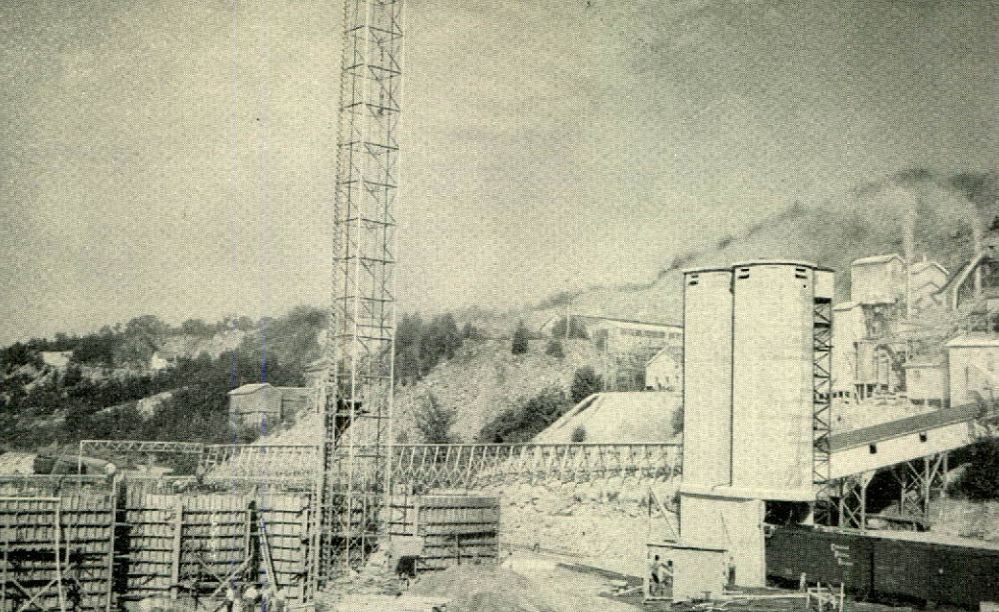
Net profit for the year ended September 30, 1956 amounted to \$2,923,030 and working capital at September 30, 1956 was \$3,816,570.

During the year 155,702 tons of ore were milled; 90,883 tons coming from the Hector Mine, 61,106 from the Calumet Mine and 3,713 tons from development work at the Elsa Mine. Ore reserves amount to 598,020 tons averaging 36.9 ounces silver, 7.8% lead and 7.0% zinc per ton.

No major construction is planned for the coming year. Exploration and development of the Hector, Calumet and Elsa Mines on Galena Hill will be continued together with an active program of exploration on Keno Hill.

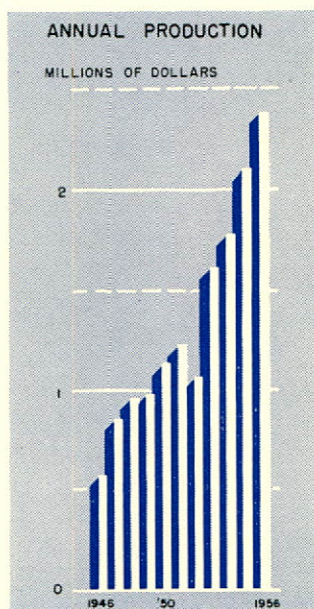
GENERAL MANAGER - - - - - C. E. White

MINE MANAGER - - - - - A. E. Pike



AMERICAN NEPHELINE LIMITED

CAPITALIZATION	Common Shares	Outstanding 4,100,000	Ventures 2,055,413	50.1%
	LOCATION	Nephton, near Lakefield, Ontario.		
PRODUCTION	Total from 1946 to Dec. 31, 1955	Production 887,882 tons	Value (Sales) \$12,230,080	
	Year ended December 31, 1956	168,487 tons	2,382,599	
	Total Production	<u>1,056,369 tons</u>	<u>\$14,612,679</u>	



CURRENT DEVELOPMENTS

New records for profits, production and sales were set during the year 1956. Net profit after all provisions amounted to \$310,380 compared with \$304,742 for the previous year. The combined production of all plants was 168,487 tons of finished material, an increase of 15.2% over 1955. Total sales tonnage of all grades

of nepheline syenite was 165,140 tons, an increase of 11% over 1955.

The new milling plant, which was started in 1955, was completed in June, 1956, and all phases of milling and processing are now consolidated at Nephton. A gradual transfer of personnel and machinery from the old to the new location permitted uninterrupted production.

Mining was confined to the Cabin Ridge ore body during 1956 and 233,124 tons were delivered to the milling plant. An extensive quarry development program opened up two new working areas on the fourth level, extending the zone of active mining over a 2,000 ft. length.

The ore reserves picture of over 6.5 million tons was unchanged during 1956. A diamond drilling program is planned for 1957 to investigate favourable ground to the east of the present quarry.

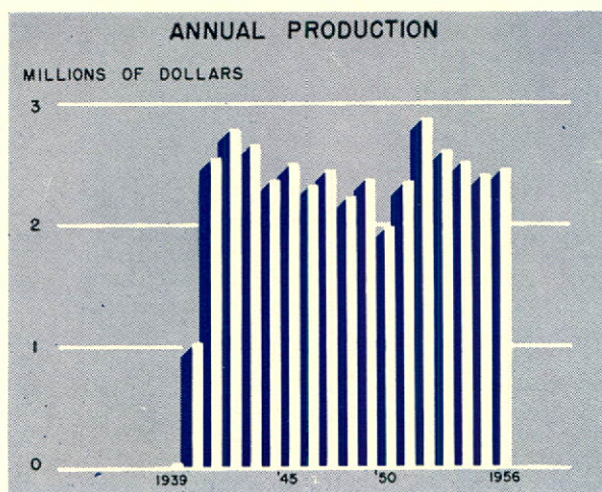
Research work is being carried on at the company's laboratory at Nephton in conjunction with the personnel and facilities of Ohio State University and the Ontario Research Foundation. Two significant research contributions in 1956 were the advantageous application of nepheline syenite to ceramic whiteware bodies and for use in the field of structural clay products. The company is continuing its investigation into additional uses for nepheline syenite.

GENERAL MANAGER - - - - - E. Craig
GENERAL SUPERINTENDENT - - - - - E. B. Wright
VICE-PRESIDENT — Sales - - - - - H. R. Deeth



LA LUZ MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding	Ventures
		1,509,662	1,051,089 69.6%
LOCATION	Mine at Siuna, Nicaragua, C.A.		
PRODUCTION	Total to Sept. 30, 1955	Tons Milled 8,231,896	Gold Ounces 1,026,546
	Year ended Sept. 30, 1956	689,055	69,587
	Total production	<u>8,920,951</u>	<u>1,096,133</u>



CURRENT DEVELOPMENTS

Operating profit for the year amounted to \$665,230, an increase of \$192,123 over the previous year. The tonnage treated and average price received for gold were both lower than in the previous year;

but the increased operating profit resulted from an improvement in the grade of ore milled and a reduction in operating costs.

Work at the Rosita copper property was concentrated on preparations for production. Outside construction particularly road work was slowed due to exceptionally heavy rains during what is normally the dry season, and some 12 miles of the Rosita road remain to be completed. Ore reserves are unchanged from those reported last year, namely 3,582,000 tons averaging 2.91% copper and 200,000 tons grading 5% copper together with important amounts of gold and silver. A roast leach process has been developed that should result in satisfactory recoveries from both the oxide and sulphide copper ores.

During the year La Luz sold its shareholdings in Frobisher, Giant Yellowknife, Eureka and Consolidated Guayana to Ventures Limited to provide a large part of the funds required for the development of the Rosita Mine.

PRESIDENT - - - - - H. S. McGowan
GENERAL MANAGER, LA LUZ - - - - J. N. Slaughter
MANAGER, ROSITA - - - - - Charles Rule



GEOIL LIMITED

		Outstanding	Ventures	Frobisher
CAPITALIZATION	Common Shares	3,024,407	1,356,611 44.86%	1,575,685 52.10%

HOLDINGS

1. Working interests in a total of 516,800 acres in Alberta ranging from 2.00% to 15.38%.
2. Working interests in a total of 101,760 acres in Saskatchewan ranging from 6.25% to 50%.
3. A 50% interest in Trans-Border Oils Ltd., which in turn, owns 100% of Williston Oil and Gas Company.
4. A 100% interest in Seaoil Limited with holdings in Peru.
5. A 20.79% interest in Lake St. Clair Gasfields Limited.

CURRENT DEVELOPMENTS

All undeveloped acreage held by Trans-Border Oils Limited was divided equally between Geoil and Home Oil Company Limited as of January 1, 1956. Geoil has no further commitments to Trans-Border Oils or Williston Oil and Gas Company.

Directly, and through Trans-Border Oils, Geoil has interests ranging from 3.75% to 15.38% in ninety-nine oil wells, one gas well, and one wet gas well in Alberta as follows:

Pembina field	60 oil wells
Sundre field	2 oil wells
Westward Ho field	12 oil wells
Harmattan field	25 oil wells, 1 wet gas well
Elkton field	1 gas well

In the Cremona area northwest of Calgary, which embraces the Sundre, Westward Ho, and Harmattan-Elkton fields, development drilling is still in progress and a number of proven and semi-proven locations remain to be drilled.

More recently, in association with Home Oil Company, Geoil is earning a 4.16% working interest in the Virginia Hills and Grizzly Mountain farmouts and a 6.25% interest in the Swan Hills farmout approximately one hundred and thirty-five miles northwest of Edmonton. Important Middle Devonian discoveries of light gravity crude have been made in the first two wells, respectively, at Virginia Hills and Swan Hills, some twenty-five miles apart. In addition, commercial gas was discovered in the basal Blairmore horizon.

In Peru, Seaoil is abandoning the concessions in the Sechura desert held jointly with International Petroleum Company, and Seaoil is relieved of further commitments with respect to the joint program. A 40% interest is retained in Sacramento No. 1 and 2 concessions in the Peruvian Oriente near the Ganza Azul oil field.

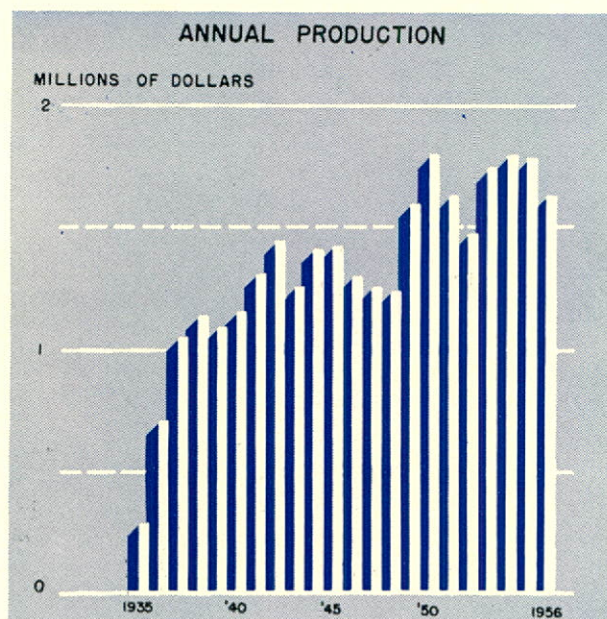
Lake St. Clair Gasfields completed wells Lake No. 7, 8, and 9 in the vicinity of 5A, the open flows ranging from 100,000 to 1,000,000 cubic feet per day, but as indicated gas reserves are limited, the economics and production are questionable. Four dry holes were drilled on farmouts from Imperial Oil Limited northwest of London, Ontario, and a dry hole was drilled on the shore of Lake St. Clair north of the mouth of the Thames River. An offset well to last year's gas discovery near Tilbury, Ontario, yielded a non-commercial flow of gas. The company earned a 50% interest in approximately 3,200 acres in the Onandoga field near Brantford, Ontario, by drilling three shallow wells, one of which is capable of small oil production. More recently the company has acquired two off-shore parcels in Lake Erie adjacent to the Tilbury gas field.

VICE-PRESIDENT J. D. Bateman
CONSULTANT A. G. Darling



CANADIAN MALARTIC GOLD MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding		Ventures	
		3,651,355		1,388,685	38.03%
PRODUCTION		Tons Milled	Gold Ounces	Silver Ounces	Net Value Metals Recovered (including E.G.M.A.)
	Total to Dec. 31, 1955	7,061,588	723,960	463,107	\$27,580,217
	Year ended Dec. 31, 1956	472,461	41,898	19,141	1,631,594
	Total Production	<u>7,534,049</u>	<u>765,858</u>	<u>482,248</u>	<u>\$29,211,811</u>



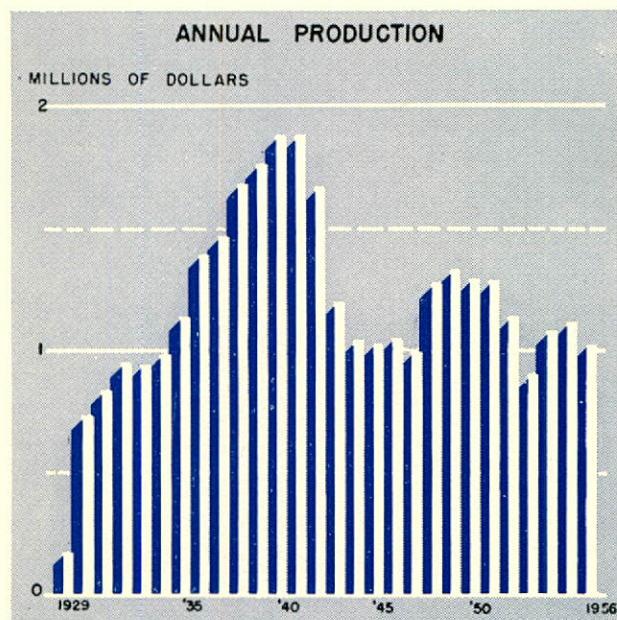
CURRENT DEVELOPMENTS

Net profit for 1956 amounted to \$169,681 after depreciation of \$62,982, which was slightly higher than the previous year. Ore reserves were lower at 1,513,000 tons. A long crosscut is being driven on the 750-foot level to explore the Gouldie area of the property, where surface drilling several years ago disclosed two mineralized zones. Outside exploration was reduced to a minimum. Rainville Mines Limited, in which the company holds a substantial interest, was brought into production during the year.

MANAGER - - - - - H. C. Herz

CONIAURUM MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding	Ventures	
		2,766,743	1,430,800	51.7%
LOCATION	Schumacher, Ontario.			
PRODUCTION		Tons Milled	Gold Ounces	Net Value Metals recovered (including E.G.M.A.)
	By present Company			
	1929 to Dec. 31, 1955	3,719,467	917,199	\$32,359,653
	Year ended Dec. 31, 1956	123,225	26,304	1,065,764
	Total Production	3,842,692	943,503	\$33,425,417

**CURRENT DEVELOPMENTS**

Development diamond drilling to a depth of 7,800 feet in the potential ore zone on the Central Porcupine project carried out from the Coniaurum 6,800-foot level was discontinued. No economic ore was outlined by this work.

In the Coniaurum mine itself underground development work continued and ore reserves were almost maintained at 73,020 tons as against 79,148 tons for the previous year.

In order to effect a reduction in costs, it was decided to withdraw from the levels below 3,500 feet which have not been very productive. This change-over will require about six months.

GENERAL MANAGER - - - - J. M. Cunningham-Dunlop

MINE MANAGER - - - - - W. O. Lafontaine

DOMINION MAGNESIUM LIMITED

CAPITALIZATION	Common Shares	Outstanding	Ventures	
		472,260	113,577	24%
LOCATION	Dolomite deposit and plant at Haley, Ontario.			

CURRENT DEVELOPMENTS

Magnesium production and sales reached an all-time high in 1956. Technical improvements on the furnaces have increased the annual yield to 8,000 tons of magnesium as compared with a designed capacity of 5,000 tons.

There was a sharp drop in production and sales of calcium metal. Zirconium production continued satisfactorily, and a successful technique was developed for the production of lithium metal.

Light Alloys Limited operated on a single shift basis, producing mainly jet engine and aircraft castings. Electro-Reagents (Quebec) Limited increased both production and sales during the year. Aerometal Products

and Design Limited has steadily increased sales of magnesium fabricated products and expansion of plant capacity will soon have to be considered.

An agreement was made with Brooks & Perkins, Inc., of Detroit, Michigan, to construct jointly a plant in Selma, Alabama for the production of magnesium by the Pidgeon process. A new company, Alabama Metallurgical Corporation, has been formed and it is anticipated construction will commence in 1957.

Net profit for the year was \$617,960 or \$1.31 per share. Working capital increased by \$701,553 to \$4,230,970.

GENERAL MANAGER - - - - - John Thomson



LAKE DUFALT MINES LIMITED

		Outstanding	Ventures	Frobisher
CAPITALIZATION	Common Shares	4,134,750	1,591,771 38.50%	224,962 5.44%
LOCATION	Dufresnoy, Duprat, Rouyn, and Beauchastel Townships, Quebec.			

CURRENT DEVELOPMENTS

Exploratory drilling was continued throughout 1956 in the Dufresnoy section of the property. Six of the holes drilled on 100-foot centers, returned ore grade intersections of copper and zinc, indicating the presence of a flat-lying, elongate ore body at a depth of 1,100 feet. Farther north the Amulet-Dufault 1,650-foot level was continued easterly in Lake Dufault ground in order to provide an underground drilling base to test a geologically favourable block of ground. Exploratory drilling has now commenced.

Geological mapping and geophysical surveys were carried out elsewhere on the property. During the year \$176,000 was received in dividends from Amulet-Dufault Mines Limited; and at the year end, working capital amounted to \$1,378,297.

PRESIDENT - - - - - J. P. Millenbach

CONSULTING GEOLOGIST - - - - - A. S. Dadson

METAL HYDRIDES INCORPORATED

		Outstanding	Ventures	Hoyle	Associates
CAPITALIZATION	Common Shares	341,062	131,540 38.6%	27,554 8.1%	3,444 1%
LOCATION	Plant at Beverly, Massachusetts, U.S.A.				

CURRENT DEVELOPMENTS

Tonnage production processes for sodium hydride, methyl borate and sodium borohydride have been under development for the last two years. As a result of this work early in 1956 the company was awarded a United States Navy contract to build a plant to produce tonnage quantities of sodium borohydride. Under the provisions of this contract the company will invest approximately \$939,000 in the necessary site improvements, rail sidings, and all buildings on a 10-acre site at Danvers, Mass. The United States Government will pay for the acquisition and installation of all equipment at an estimated cost of \$4,400,000. A second contract (valued at \$9,200,000) for delivery of sodium borohydride over an eighteen-month period has been negotiated and will be signed shortly. It is expected

that the plant will be in production during the last quarter of 1957.

Sales in 1956 were \$1,425,700. Because of a substantial reduction in Government procurement of pyrotechnic materials and the preliminary commitments for the Navy contract, a loss of \$146,101 was incurred.

The Research and Development Laboratories of Metal Hydrides are giving emphasis to an intensive program of research to develop large-scale commercial applications for its products, particularly those products which will insure the continued use of the Government plant.

PRESIDENT - - - - - L. W. Davis

GENERAL MANAGER - - - - - S. K. Derderian



NEW CALUMET MINES LIMITED

		Outstanding	Ventures		Frobisher	
CAPITALIZATION	Common Shares	4,623,656	112,951	2.4%	1,282,639	27.7%
LOCATION	Mine at Calumet Island, Pontiac County, Quebec.					
		Tons Milled	Zinc Pounds	Lead Pounds	Silver Ounces	Gold Ounces
PRODUCTION	Total to Sept. 30, 1955	2,372,722	265,842,121	75,863,414	6,119,955	35,442
	Year ended Sept. 30, 1956	161,388	15,996,362	4,343,170	362,701	3,373
	Total Production	<u>2,534,110</u>	<u>281,838,483</u>	<u>80,206,584</u>	<u>6,482,656</u>	<u>38,815</u>

CURRENT DEVELOPMENTS

Operating for the fiscal year ended September 30th, 1956, resulted in an operating profit of \$466,890 before taxes and write-offs. The net profit was \$216,799.

Exploration at the mine was concentrated on the lower levels from No. 4 Shaft in an effort to locate ore to the north of a major fault which traverses the property. Some success was met with in this work.

A forecast of operations for the current fiscal year suggests a reduced profit due to increases in wages, smelter treatment charges and freight costs.

MANAGING DIRECTOR - - - J. M. Cunningham-Dunlop

GENERAL SUPERINTENDENT - - - A. E. Cave

THE NIPISSING MINES COMPANY LIMITED

		Outstanding	Ventures	
CAPITALIZATION	Common Shares	2,473,600	342,840	13.86%

CURRENT DEVELOPMENTS

Consolidated net income for the year was \$594,417, which includes \$310,896 profit on sale of securities.

Another successful year was completed at the Elizabeth mine in Vermont. Ore reserves at the year end are estimated at 144,000 tons of 1.66% copper.

Underground development at the Ore Knob Mine in North Carolina has fully confirmed the grade and extent of the ore outlined by surface drilling. Production commenced March 17, 1957 at the rate of 375 tons per day. This will be increased to 750 tons per day by late summer.

At the year end an interest was held in ninety producing oil wells and four capped gas wells. Four wells were being drilled and three new locations have been selected. Nipissing's share of proven oil reserves amounts to 345,089 barrels.

The company is continuing to take an active part in the financing and management of Portage Island (Chibougamau) Mines Limited. At December 31, 1956, 700,000 shares were held, being 20% of the issued capital.

MANAGING DIRECTOR - - - J. M. Cunningham-Dunlop



KILEMBE COPPER COBALT LTD.

CAPITALIZATION	Common Shares	Outstanding	Frobisher
		2,504,810	1,937,723 77.36%
INTEREST	This company was incorporated in 1952 under the laws of Canada. The principal asset of the company is 3,990,000 shares of Kilembe Mines Limited, its subsidiary.		

KILEMBE MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding	Kilembe Copper Cobalt
LOCATION	Mine in Uganda, British East Africa.	5,700,000	3,990,000 70%

CURRENT DEVELOPMENTS

All phases of the plant construction program, initiated in 1955, were completed during the year under review and the Kilembe Mine was put into regular production. In June, work on the concentrator at Kilembe and the 6,000 h.p. hydro plant on the Mobuku River had advanced sufficiently to permit the commencement of milling operations. Commissioning of the copper roasting plant at Kasese and the electric smelter at Jinja followed later in the year.

Mill performance, as to both tonnage treated and metals recovered, has shown regular improvement over the six months of operation to date. The rated capacity of 40,000 tons per month has now been reached and, by the end of the year, copper recoveries in copper concentrates of better than 87% were being achieved.

More than 11,000 short tons of cobalt concentrates were also produced and were stockpiled to await the provision of treatment facilities. Delay in providing these facilities has been occasioned by the need for further study and research to determine optimum profit-making conditions as they are related to capital requirements.

The first heat in the electric smelter was run on November 20 and the weeks remaining until the end of the year were largely used as a training period for the native labour force which will henceforth operate the unit. By early 1957 a marked improvement in the efficiency of native labour was evident. There is consequently every reason to think that operations during the first full year of production in 1957 will go forward smoothly and at full rated capacity in all departments.

MANAGING DIRECTOR - D. C. Sharpstone
GENERAL MANAGER - A. E. Pugsley

RAINVILLE MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding	Frobisher	Canadian
		2,787,562	612,143 21.96%	1,130,660 40.56%
LOCATION	Mine at Bourlamaque, Quebec.			

PRODUCTION	May 1 to December 31, 1956	Copper	Silver	Gold	Gross Value
		Pounds	Ounces	Ounces	of Production
		2,547,920	8,851	529	\$899,969

CURRENT DEVELOPMENTS

Production of copper concentrates commenced in May, 1956 and the milling rate averaged 335 tons per day for the balance of the year. With the installation of a larger hoist and skip hoisting of ore, the milling rate will be increased to capacity of 500 or more tons per day.

Copper recovery in the mill averaged 94.6% in a concentrate grading over 28% copper.

Ore reserves were recalculated, resulting in a somewhat higher tonnage and slight decrease in grade. In order to maintain ore reserves a second shaft near

No. 2 west ore body is being sunk to a depth of 1,135 feet.

A geological survey was completed on the neighbouring property of Dunterra Mines Limited in which Rainville holds a 52% interest, and diamond drilling is planned.

Value of production amounted to \$899,969. Operating profit amounted to \$258,616 and net profit after provision for depreciation and amortization of pre-production and development expenditures amounted to \$79,278 for the first eight months of operation.

PRESIDENT - J. P. Millenbach
MANAGER - W. Hubacheck



QUEBEC METALLURGICAL INDUSTRIES LTD.

CAPITALIZATION	Common Shares	Outstanding	Ventures		Frobisher	
		5,022,547	851,854	16.96%	1,108,696	22.07%

CURRENT DEVELOPMENTS

The Company was active in its mining exploration and metallurgical research on various projects throughout the world. In British Columbia detailed field surveys and dam site testing continued for Northwest Power Industries Limited. The Klukwan placer magnetite deposits in Alaska owned by a subsidiary, Klukwan Iron Ore Corporation were optioned to Columbia Iron Mining Co., a subsidiary of United States Steel Corporation, for a period of four years. Under its agreement, Columbia has the right to lease the property for 75 years on a royalty basis or purchase it outright for \$10 million. The pilot plant at the Bugaboo columbium-uranium-thorium placer deposit near Golden, B.C. is producing concentrates for the Company's laboratory at Ottawa. Research has so progressed that columbium-oxide, ferrom columbium and columbium metal sponge are now being produced on a limited scale.

The staff at the Company's refining plant at Cobalt, Ontario and in the Ottawa Laboratories have advanced their research on copper, cobalt and nickel. Two new alloys have been developed and progress was made on the reduction of complex nickel-copper ores. Milling and metallurgical research services are also provided by Lakefield Research Limited, a Q.M.I. subsidiary.

Shipments of 14,670 tons from the high-grade open pit copper ore bodies at the Temagami Mining Company gave a net return of approximately \$2.2 million. The remainder of these ore bodies will be extracted from underground workings which were started in 1957. Since the end of the year the Company has purchased additional Temagami shares to bring its holdings to 37.5% of that Company's issued capital stock.

GENERAL MANAGER - - - - - L. J. Lichty

NORTHWEST POWER INDUSTRIES LIMITED

Investigations into the possibility of developing a source of hydro-electric power in the northwest continued during the year. Finances were provided by Ventures Limited, Frobisher Limited and Quebec Metallurgical Industries Ltd.

The Yukon-Taku project has been shown to be economic and practical through the engineering and economic studies that have been carried out over the past four years. However, the international considerations that arose out of the proposal, introduced possible delays beyond the control of the company. According-

ly, it was decided to investigate the development of power by damming the Nass River, a stream wholly within British Columbia, 360 miles south of the Taku River. Field surveys and dam site testing have been in progress for over a year. It has now been shown that 450,000 horsepower can be developed in this location. In addition surveys for industrial areas, harbour and shipping facilities, and the like, have been completed. More detailed studies to bring this project to the design stage are in progress.

MANAGEMENT - - - - J. M. Wardle, Consulting Engineer

**CONSOLIDATED SUDBURY BASIN MINES LIMITED**

CAPITALIZATION	Common Shares	Outstanding 7,276,243	Hoyle 1,832,816	25.19%	Ventures 191,073	2.63%
-----------------------	---------------	--------------------------	--------------------	--------	---------------------	-------

LOCATION Mine and properties in the Sudbury Basin, Ontario.

CURRENT DEVELOPMENTS

Steady progress has been made during the year on construction and underground preparation work for initial production, which, barring delays in deliveries of equipment, is expected in August, 1957. In addition 6 miles of highway were constructed connecting the Vermilion and Errington mines, a six mile aerial ropeway is being erected to transport ore from the Vermilion mine to the mill at the Errington mine and a standard gauge railway was completed from the mill to Chelmsford. Additional power from the Ontario Hydro-Electric Commission will be available in July to satisfy the heavy demands of the mill.

Ore reserves were increased through intensive surface and underground exploration. It is estimated there are now 17,810,256 tons averaging 1.10% copper, 1.06% lead, 3.92% zinc, 0.022 oz. gold and 1.58 oz. silver per ton in proven, probable and indicated ore reserves.

The Company has contracted for the sale of its zinc concentrates and it is negotiating for the sale of its copper-lead concentrates.

GENERAL MANAGER - - - J. M. Cunningham-Dunlop

EUREKA CORPORATION LIMITED

CAPITALIZATION	Common Shares	Outstanding 9,955,846	Ventures 1,696,783	17.04%
-----------------------	---------------	--------------------------	-----------------------	--------

LOCATION Mine at Eureka, Nevada, U.S.A.

CURRENT DEVELOPMENTS

Underground work consisting of exploratory and development drifting and diamond drilling was carried on continuously until about the end of December, on all three levels.

At that time the decision was made to curtail exploration temporarily and commence preparation of the ore bodies already located for mining. This work is proceeding rapidly and the average grade of development rock hoisted to March 31, 1957 has been considerably higher than anticipated.

During the summer months an extensive exploratory

rotary and churn drilling program was carried out in the Adams Hill section of the property to test the Hamburg dolomite. Although some interesting areas of mineralization were intersected no ore bodies were proven.

Late in March, 1957 further rotary drilling was commenced in the Fad shaft area to extend the large deep ore body known to be present. The first hole in this series has not yet reached its objective.

GENERAL SUPERINTENDENT - - R. N. Breckenridge
CONSULTANT - - - - - A. G. Darling

THE TONOPAH MINING COMPANY OF NEVADA

CAPITALIZATION	Common Shares	Outstanding 870,000	Ventures 252,760	29.0%
-----------------------	---------------	------------------------	---------------------	-------

CURRENT DEVELOPMENTS

Net income during 1956 was \$51,973 and net gains on security transactions amounted to \$102,317. The market value of investments as of December 31, 1956, amounted to \$3,679,031, an increase of \$209,232 since the first of the year.

The inactive mining property at Tonopah, Nevada, is being maintained in good standing.

Tonopah Exploration Company, Inc., the Company's subsidiary, carried on exploration, principally in the southwestern United States, and Mexico, where interest continues in several prospects. Options are presently held on silver-gold properties in the Hostotipaguillo district, Mexico.

PRESIDENT - - - - - C. H. Nonemaker



FROBISHER LIMITED

CAPITALIZATION	Common Shares	Outstanding	Ventures	
		6,808,333	2,317,579	34.04%

CURRENT DEVELOPMENTS

Under the terms of an agreement in connection with the Share Purchase Warrants of Frobisher Limited, Ventures Limited had agreed to take up any shares not taken up by the shareholders at the expiry date of the warrants. The warrants expired on June 26, 1956 and Ventures Limited purchased 495,512 shares at \$10 per share, reducing the indebtedness of Frobisher Limited by \$4,955,120 to \$1,577,517. During the year Frobisher also sold 363,333 Treasury shares for \$1,585,000 under options granted in 1955.

Developments at the major operations in which Frobisher Limited holds substantial interest are reviewed elsewhere in this report. In its own right, the company carried out limited exploration programs on its Seal Lake (Labrador) Concession, where further study of uranium occurrences was made; and on its iron ore properties in Southeastern Ontario. The results of the work on both projects were encouraging, and more detailed investigations are being planned.

PRESIDENT - - - - - A. J. Anderson

CONSOLIDATED GUAYANA MINES LIMITED

CAPITALIZATION	Common shares	Outstanding	Ventures	Frobisher
		2,550,000	533,636 20.9%	714,343 28.0%

CURRENT DEVELOPMENTS

Exploration activities in Peru were continued during 1956 from the company's office in Lima. Negotiations are presently under way to complete the arrangements for putting into production the property of Chavin Mines Corporation, whose only shareholders are Frobisher Limited and Consolidated Guayana. Ore reserves are estimated at 301,000 short tons averaging 8.3% lead, 11.4% zinc, 1.0% copper, and 4.0 ounces of silver per ton. It is estimated that an operating profit in excess of \$13.50 per ton can be realized at prevailing metal prices.

At the Tintaya copper prospect in southeastern

Peru, which is under option, surface exploration has indicated at least 610,000 tons of oxide copper ore averaging 3.52% copper. A limited amount of diamond drilling is being undertaken to test the sulphide ores at depth. Previous experience in this district has shown approximately two tons of sulphide ore of the same grade for each ton of oxide ore proven.

The company has interests in and options on several copper prospects, including the Jarhuarazo option in south-central Peru where there are indications of high-grade silver-copper ores.

PRESIDENT - - - - - J. D. Bateman
MANAGER - - - - - J. M. Birkbeck

HOYLE MINING COMPANY LIMITED

CAPITALIZATION	Common Shares	Outstanding	Ventures
		2,972,710	1,724,604 58.02%
	Preferred Shares	26,333	

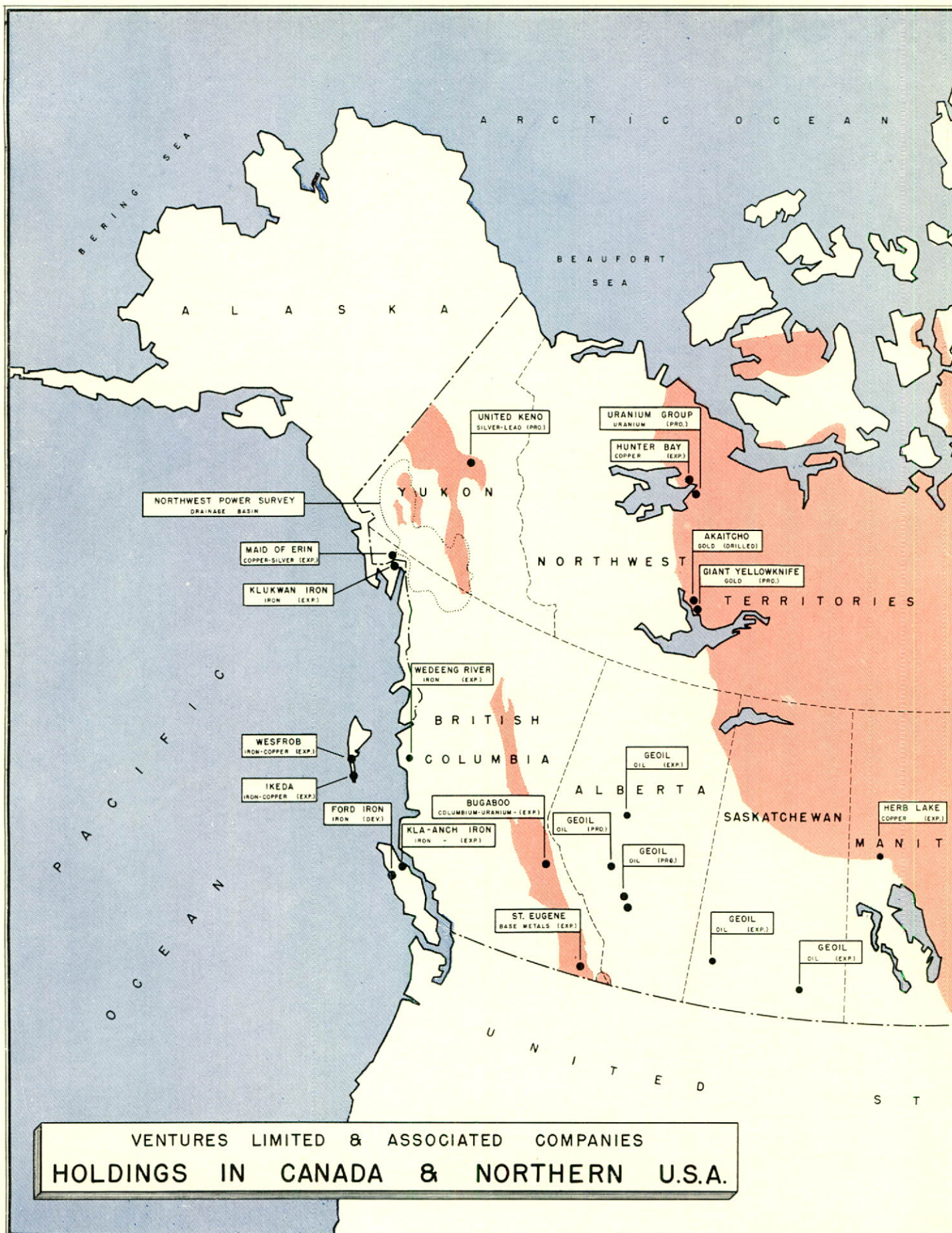
CURRENT DEVELOPMENTS

The efforts of this organization in 1956 were directed towards the preparation for production of Consolidated Sudbury Basin Mines Limited, and the development of Consolidated Mosher Mines Limited. Other principal interests of the Company are in Opemiska Copper Mines (Quebec) Limited, Temiskaming Construction Limited and Thompson-Lundmark Gold

Mines Limited. Holdings of the issued stock in Consolidated Sudbury Basin and Consolidated Mosher have been increased to 25.19% and 25.2% respectively. In addition the Company maintains a large portfolio of diversified mining securities.

Geological reconnaissance in various mining areas continued during the year.

MANAGING DIRECTOR - - - - - J. M. Cunningham-Dunlop







OTHER ACTIVITIES

INTERNATIONAL RANWICK LIMITED

Active exploration for mining properties was continued during the year from the Company's exploration office at Prescott, Arizona. Some 26 prospects were examined in the States of Wyoming, Colorado, Idaho, Utah, and Arizona. As a result of these investigations an option has been obtained on the Butternut copper mine in Arizona, which was formerly developed on two levels. A moderate tonnage of ore averaging 3.5% copper has been indicated as a result of former work, and further development is planned.

Mining operations on the Menlove-Dalton uranium property in Utah were suspended in December, 1956, when it was found the ore could not be profitably extracted. The Canadian uranium properties are being maintained in good standing.

Drilling at Copper Basin near Prescott, Arizona, has enlarged the indicated reserves to more than 14,000,000 tons of which 4,000,000 tons average 0.913% copper and 0.124% molybdenite.

WESFROB MINES LIMITED, British Columbia

Wesfrob was formed to acquire mining properties held by Frobisher Limited on Queen Charlotte Islands, B.C. The properties contain copper-bearing magnetic iron ores. Preliminary diamond drilling in 1956 indicated approximately 3,000,000 tons of high-grade iron ore with copper. Considerable additional drilling will be required to test the deposits at depth and determine the tonnage possibilities.

CONSOLIDATED MOSHER MINES LIMITED, Geraldton, Ontario.

Exploration of the westerly extension of the favourable ore-bearing structure on this property was continued by diamond drilling below the 2,040 level. The results indicate that the ore body persists for a total distance of over 4,000 feet from the east property boundary. The west half of the ore zone while not completely developed, could conceivably double the positive ore reserves of 4,008,000 tons grading 0.155 ozs. gold per ton.

The main shaft on the property was deepened to provide three new levels but no work was performed on the new levels.

Preparations are under way to sink a new production shaft some 3,000 feet west of the present shaft. This shaft would be over 3,000 feet deep and provide facilities for mining all the ore above that horizon.

SUKULU MINES LIMITED, Uganda

Sukulu Mines Limited was formed by agreement between Frobisher Limited, Uganda Development Corporation Limited, and Olin Mathieson Chemical Corporation. Proven and indicated reserves in the Uganda deposit amount to 203,000,000 tons containing 13.1% phosphorous pentoxide and 0.2% columbium pentoxide. Since October, 1956 phosphorous concentrate has been produced in a pilot plant, and plans are under way to add a columbium circuit to the plant.

COMPARATIVE SUMMARY OF PROFIT AND LOSS ACCOUNT 1928-1956

	<i>Income from shareholdings and bonds and sundry credits</i>	<i>Administrative expenses and sundry debits</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

* Adjusted—Interest receipts now included in income.

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, 1956 and the statements of profit and loss, earned surplus and special 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 profit and loss, earned surplus and special 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, 1956 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 (1) to the financial statements.

Clarkson, Gordon & Co.
Chartered Accountants.

Toronto, Canada,
April 23, 1957.

*
AUDITORS'
REPORT

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 1956

1. The earnings of the subsidiary companies are included in income only to the extent of dividends received; such dividends were approximately \$1,500,000 less than the company's share of the aggregate profits less losses of the subsidiaries for the year ended December 31, 1956. The interest of Ventures Limited in the aggregate of accumulated surpluses less deficits of subsidiary companies as shown by their 1956 balance sheets amounted to approximately \$13,500,000.
2. During 1956, under a commitment assumed in 1954, the company purchased 495,512 shares of Frobisher Limited at \$10 per share. Prior to December 31, 1955, Ventures Limited had sold an equal number of Frobisher shares, the proceeds from which were applied in reduction of the book value of the remaining shareholdings in Frobisher Limited. A charge has been made against special surplus of \$2,533,537, being the difference between the cost of 495,512 shares at \$10 per share and the proceeds from the previous sale of an equivalent number of shares.
3. At December 31, 1956, the following shares had been loaned by Ventures Limited to subsidiary and associated companies for hypothecation as security for loans to such companies:

	Number of shares	Book value	Market value at December 31, 1956
Loaned to Geoil Limited—			
Falconbridge Nickel Mines Limited	50,000	\$ 51,876	\$1,975,000
Giant Yellowknife Gold Mines Limited	20,000	26,794	109,000
Loaned to Consolidated Guayana Mines Limited—			
Frobisher Limited	50,000	95,107	138,000
Giant Yellowknife Gold Mines Limited	15,000	20,095	81,750
Falconbridge Nickel Mines Limited	10,000	10,375	395,000
Loaned to Chavin Mines Corporation—			
Dominion Magnesium Limited	10,000	68,080	137,500
Frobisher Limited	15,000	28,532	41,400
		<u>\$ 300,859</u>	<u>\$2,877,650</u>

4. 1,000,000 shares of Falconbridge Nickel Mines Limited, having a book value of \$1,037,521 and a market value of \$39,500,000 have been hypothecated as security for the payment of the principal and interest of the 4½% serial and 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.
5. \$2,000,000 of the advance to Northwest Power Industries Limited was made to enable that company to deposit an amount of \$2,500,000 with the Province of British Columbia to be held by that Province under agreements dated August 23, 1954 and January 7, 1955 as security for the due performance by the company of the proposal to develop certain hydro-electric power resources in the northwest corner of British Columbia. This deposit is returnable if the company informs the Province of its intention to abandon the project or recoverable if the project is commenced. The balance is made up of sums advanced under financing agreements.
- At December 31, 1956 the outstanding share capital of Northwest Power Industries Limited consisted of 7 directors' qualifying shares.
6. At December 31, 1956 the company had guaranteed the bank loan of an associated company to the extent of \$460,000 and had agreed to loan another associated company up to \$36,000 on or before June 30, 1957.
7. Warrants issued in connection with the sale of the company's sinking fund debentures in 1954 and still outstanding at December 31, 1956 entitle the holders to purchase from the company 43,584 shares of its holdings of Falconbridge Nickel Mines Limited at U.S. \$20 a share and to purchase 43,983 shares of the company's share capital at U.S. \$20 per share, all exercisable on or before October 1, 1969. Warrants exercised during the year ended December 31, 1956 resulted in the issue during the year of 1,850 shares of the company's share capital for \$36,160 cash.
8. An option has been granted to an officer of the company to purchase 25,000 presently unissued shares of the company at a price of U.S. \$38.24 per share. This option is exercisable at any time before September 28, 1965 and contains provisions for termination on cessation of employment.
9. 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, 1956 was \$3,160,587.



VENTURES

(Incorporated under

Balance Sheet as at
(with comparative figures)

ASSETS

	1956	1955
Current:		
Cash in banks	\$ 622,067	\$ 1,379,954
Accounts receivable—		
Subsidiary and associated companies	122,961	128,493
Mortgage receivable—current instalment	81,667	81,667
Sundry	5,756	2,483
	<u>\$ 832,451</u>	<u>\$ 1,592,597</u>
Investment in subsidiary, associated and other companies at cost less amounts written off (Notes 2, 3, 4 and 7):		
Subsidiary companies—		
Shareholdings	\$ 8,673,715	\$ 8,602,633
Advances	66,000	66,631
	<u>\$ 8,739,715</u>	<u>\$ 8,669,264</u>
Associated companies—		
Frobisher Limited:		
Shareholdings	\$ 4,408,362	\$ 938,943
Advances	1,577,518	6,532,638
	<u>\$ 5,985,880</u>	<u>\$ 7,471,581</u>
Northwest Power Industries Limited:		
Advances (Note 5)	\$ 2,440,000	\$ 2,191,760
Other associated companies:		
Shareholdings	\$13,243,505	\$11,613,670
Advances	2,170,768	2,442,902
	<u>\$15,414,273</u>	<u>\$14,056,572</u>
Other companies—		
Shareholdings	\$ 400,040	\$ 374,063
	<u>\$32,979,908</u>	<u>\$32,763,240</u>
Other:		
Mortgage receivable from sale of 49% interest in Ile Perrot refinery site (less current instalment)	\$ 81,666	\$ 163,333
Mining claims	36,087	71,477
Expenditures on sundry projects, exploration, etc. carried forward	110,270	154,808
Equipment and furniture less accumulated depreciation	49,955	37,384
	<u>\$ 277,978</u>	<u>\$ 427,002</u>
	<u>\$34,090,337</u>	<u>\$34,782,839</u>

The notes to financial statements are an integral part of the

LIMITED

(the laws of Canada)



December 31, 1956

for December 31, 1955)

LIABILITIES

	1956	1955
Current:		
Accounts payable and accrued charges	\$ 124,534	\$ 170,241
Balance payable to La Luz Mines Limited (secured)	800,000	
Dividend payable	448,358	268,737
Long-term debt instalment maturing within one year	500,000	500,000
	<u>\$ 1,872,892</u>	<u>\$ 938,978</u>
Commitments and contingent liabilities— see Notes 3 and 6		
Long-term (Note 4):		
4½% Serial Debentures due on October 1, 1957	\$ 500,000	\$ 1,000,000
Less instalment maturing within one year shown under current liabilities	500,000	500,000
	<u>\$ φ</u>	<u>\$ 500,000</u>
4½% Sinking Fund Debentures due October 1, 1969—(U.S. \$5,500,000) (Canadian \$500,000)	5,831,563	5,831,563
	<u>\$ 5,831,563</u>	<u>\$ 6,331,563</u>
Provision for depletion on shares of subsidiary, associated and other companies	<u>\$ 5,983,588</u>	<u>\$ 5,483,588</u>
Capital and surplus (Notes 7, 8 and 9):		
Capital—		
Authorized—2,000,000 shares of no par value		
Issued —1,793,432 shares (1955—1,791,582 shares)	\$ 9,461,942	\$ 9,425,782
Earned surplus	\$ 7,979,959	\$ 7,237,952
Special surplus	2,960,393	5,364,976
	<u>\$10,940,352</u>	<u>\$12,602,928</u>
	<u>\$20,402,294</u>	<u>\$22,028,710</u>
On behalf of the Board:		
R. B. ANDERSON, Director.		
G. T. N. WOODROOFFE, Director.		
	<u>\$34,090,337</u>	<u>\$34,782,839</u>

above balance sheet and should be read in conjunction therewith.



VENTURES

STATEMENT OF PROFIT AND LOSS For the Year Ended December 31, 1956

(with comparative figures for the year 1955)

Dividends received from:		
Subsidiary companies—	1956	1955
Falconbridge Nickel Mines Limited	\$2,310,214	\$2,121,017
Other subsidiaries	187,325	177,048
	<u>\$2,497,539</u>	<u>\$2,298,065</u>
Other companies	168,586	180,394
	<u>\$2,666,125</u>	<u>\$2,478,459</u>
Less portion thereof transferred to provision for depletion on shares of subsidiary, associated and other companies	500,000	450,000
	<u>\$2,166,125</u>	<u>\$2,028,459</u>
Interest received	177,492	95,152
	<u>\$2,343,617</u>	<u>\$2,123,611</u>
Deduct:		
Administrative and general expenses—		
Executive salaries	\$ 69,281	\$ 27,686
Directors' fees	13,379	23,710
Legal fees and expenses	10,462	14,433
Other administrative expenses less amounts recovered from associated companies	293,522	253,602
	<u>\$ 386,644</u>	<u>\$ 319,431</u>
Interest on debentures	306,501	328,312
Other interest paid	5,805	18,611
Income taxes deducted at source from dividends received	6,406	6,177
	<u>\$ 705,356</u>	<u>\$ 672,531</u>
Net profit for the year (excluding items in special surplus)	<u>\$1,638,261</u>	<u>\$1,451,080</u>

Note: Fees paid to directors of Ventures Limited by subsidiary companies amounted to \$5,525 in 1956 and \$3,000 in 1955.

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

PROVISION FOR DEPLETION ON SHARES OF SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES For the Year Ended December 31, 1956

(with comparative figures for the year 1955)

	1956	1955
Balance at beginning of year	\$5,483,588	\$5,033,588
Add transfer from statement of profit and loss during the year	500,000	450,000
Balance at end of year	<u>\$5,983,588</u>	<u>\$5,483,588</u>

STATEMENT OF EARNED SURPLUS
For the Year Ended December 31, 1956
(with comparative figures for the year 1955)

	1956	1955
Balance at beginning of year	\$7,237,952	\$6,323,722
Add net profit for the year	1,638,261	1,451,080
	\$8,876,213	\$7,774,802
Deduct dividends	896,254	536,850
Balance at end of year	<u>\$7,979,959</u>	<u>\$7,237,952</u>

STATEMENT OF SPECIAL SURPLUS

(Consisting of the profit (net) on sales of securities and fixed assets less the amounts written off exploration expenditures, mining claims and interest in and advances to affiliated and other companies)

For the Year Ended December 31, 1956
(with comparative figures for the year 1955)

	1956	1955
Balance at beginning of year	\$5,364,976	\$4,459,823
Net gain on sales of securities during the year	652,644	752,829
Profit on sale of 49% interest in Ile Perrot refinery site	222,209	222,209
	<u>\$6,017,620</u>	<u>\$5,434,861</u>
Deduct:		
Net loss arising out of the sales in prior years of Frobisher Limited shares (note 2) ..	\$2,533,537	
Amounts written off—		
Securities		\$ 1,000
Exploration expenses and payments on lapsed options	63,692	70,661
Advances to subsidiary and associated companies less recovery of amounts previously written off	459,998	(1,776)
	<u>\$3,057,227</u>	<u>\$ 69,885</u>
Balance at end of year	<u>\$2,960,393</u>	<u>\$5,364,976</u>

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

VENTURES LIMITED



STATEMENT OF INVESTMENT IN SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES AS AT DECEMBER 31, 1956 AND DECEMBER 31, 1955

	December 31, 1956					December 31, 1955				
	Shareholdings				Advances	Shareholdings				Advances
	Number of shares	% of outstanding capital	Indicated market value (Note 1)	Cost less amounts written off		Number of shares	% of outstanding capital	Indicated market value (Note 1)	Cost less amounts written off	
Subsidiary companies:										
American Nepheline Limited	2,055,413	50.1	\$ 3,617,527	\$ 976,736		2,055,413	50.1	\$ 3,247,553	\$ 976,736	
Avenue Realty Company Limited	39,103	55.6		3,753	\$ 40,000	39,100	55.6		3,750	\$ 40,000
Coniaurum Mines Limited	1,430,800	51.7	543,704	554,476		1,430,800	51.7	872,788	554,476	
Falconbridge Nickel Mines Limited (Note 3)	1,924,054	51.2	76,000,133	1,996,247		1,926,304	51.3	58,993,060	1,998,709	
Hoyle Mining Company Limited	1,724,604	58.0	9,830,243	1,492,979		1,724,604	58.0	13,451,911	1,492,979	
La Luz Mines Limited	1,051,089	69.6	3,521,148	2,289,904		1,051,089	69.8	3,048,158	2,289,904	
Matachewan Consolidated Mines Limited	3,066,827	89.2	1,840,096	919,325		3,066,827	89.2	2,913,486	919,325	
Panaminas Incorporated	2,600	63.9		76,451	26,000	100*	5.8		2,910	26,000
Pelletier Lake Gold Mines Limited	2,135,100	78.7		305,843		2,135,100	78.7		305,843	
Rambridge Mines Limited	720,000*	24.0		40,000		720,000*	24.0		40,000	
Toronto Mines Finance Limited	12,500	100.0		12,500		12,500	100.0		12,500	
Miscellaneous participations of less than \$10,000 each				5,501					5,501	631
			\$ 95,352,851	\$ 8,673,715	\$ 66,000			\$ 82,526,956	\$ 8,602,633	\$ 66,631
* Controlled through subsidiary companies										
Associated companies:										
Frobisher Limited — shares (Note 3)	2,317,579	34.0	\$ 6,396,518	\$ 4,408,362	\$1,577,518	1,549,257	26.0	\$ 6,429,417	\$ 938,943	\$ 6,532,638
— warrants						150,709		67,819		
			\$ 6,396,518	\$ 4,408,362	\$1,577,518			\$ 6,497,236	\$ 938,943	\$ 6,532,638
Northwest Power Industries Limited					\$2,440,000					\$ 2,191,760
Other Associated companies:										
Associated Tin Mines (S.W.A.) Limited ..										\$ 314,258
Canadian Malartic Gold Mines Limited ..	1,388,685	38.0	\$ 499,927	\$ 513,411		1,388,685	38.0	\$ 652,682	\$ 513,411	
Chavin Mines Corporation					\$ 194,921					194,820
Consolidated Guayana Mines Limited	533,636	20.9	109,395	192,133	1,129,824	261,636	10.2	91,573	192,133	1,000,733
Consolidated Mosher Mines Limited	417,633	12.9	204,640	43,620		417,633	12.9	304,872	43,620	
Consolidated Sudbury Basin Mines Limited	191,073	2.6	557,933	270,999		191,073	3.3	974,472	270,999	
Dominion Magnesium Limited (Note 3) ..	113,577	24.1	1,561,684	773,230		113,577	24.1	2,243,146	773,230	
Duport Mining Company Limited	553,252	39.5		82,236		553,262	39.5		82,236	

Eureka Corporation Limited	1,696,783	17.0	1,561,040	2,520,248	200,334	884,268	10.2	1,282,189	1,534,011	250,810
Geoil Limited	1,356,611	44.8		2,371,145	74,600	1,356,611	44.8		2,371,145	
Giant Yellowknife Gold Mines Limited (Note 3)	403,583	10.1	2,199,527	540,676		388,742	9.7	2,157,518	466,440	
International Ranwick Limited	269,452	9.3	97,003	151,609		269,452	9.3	328,731	151,609	
Lake Dufault Mines Limited	1,591,771	38.6	2,706,011	202,748		1,591,771	38.6	3,740,662	202,748	
Metal Hydrides Incorporated	131,540	38.5	2,038,870	1,370,402		98,653	38.5	2,084,045	809,394	
New Calumet Mines Limited	112,951	2.4	53,087			112,951	2.4	129,894		
Nipissing Mines Company Limited, The	342,840	13.9	977,094	762,115		342,840	14.2	918,811	762,115	
Opemiska Copper Mines (Quebec) Limited	329,696	6.0	4,162,412	364,602		329,696	6.0	3,198,051	364,602	
Osisko Lake Mines Limited	241,581	9.4	72,474	157,252		241,581	9.4	128,038	157,252	
Panamerican Ventures Limited	900,007	36.9		27,869						
Pascal's Gold Mines Limited	1,462,837	48.7	131,655	244,468		1,462,837	48.7	131,655	244,468	
Quebec Metallurgical Industries Ltd.	851,854	17.0	1,575,930	1,767,941		851,854	17.8	3,322,231	1,767,941	
St. Eugene Mining Corporation Limited	1,079,593	44.7		289,348	97,847	1,079,593	44.7		289,348	98,340
Tonopah Mining Company of Nevada	252,760	29.0	663,495	521,620		252,760	29.0	600,305	521,620	
Uis Tin Mining Company (S.W.A.) Limited					459,047					575,863
West Wasa Mines Limited	100,000	3.4	4,000	25,000		100,000	3.4	7,000	25,000	
Miscellaneous participations of less than \$25,000 each			148,313	50,833	14,195			268,887	70,348	8,078
			\$ 19,324,490	\$13,243,505	\$2,170,768			\$ 22,554,762	\$11,613,670	\$ 2,442,902
			\$ 25,721,008	\$17,651,867	\$6,188,286			\$ 29,061,998	\$12,552,613	\$11,167,300
Other companies:										
Bobjo Mines Limited (Note 2)						216,723		\$ 104,027	\$ 60,572	
Empresa Minera de Mantos Blancos S.A.	2,798			\$ 70,958						
R. J. Jowsey Mining Company Limited (Note 2)	72,240		\$ 46,956	60,572						
Pine Point Mines Limited						26,470		397,050	14,299	
United North Atlantic Securities Limited	10,000			100,000		10,000			100,000	
Miscellaneous participations of less than \$40,000 each			156,113	168,510				465,818	199,192	
			\$ 203,069	\$ 400,040	Nil			\$ 966,895	\$ 374,063	Nil
			\$121,276,928	\$26,725,622	\$6,254,286			\$112,555,849	\$21,529,309	\$11,233,931

NOTES:

- The market values shown above are based on closing market prices at December 31, 1956 and December 31, 1955. 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.
- During 1956 the company's shareholdings in Bobjo Mines Limited were exchanged for shares of R. J. Jowsey Mining Company Limited.
- See note (3) to financial statements as to shareholdings loaned to associated companies, note (4) 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 (7) as to warrants outstanding entitling the holders thereof to purchase from the company 43,584 shares of Falconbridge Nickel Mines Limited owned by the company.





VENTURES

STATEMENT OF SOURCE AND APPLICATION OF FUNDS For the Year Ended December 31, 1956

Funds provided:

From operations	\$ 2,145,174
Consisting of—	
Net profit for the year	\$1,638,261
Add charges to operations which did not in themselves involve an outlay of cash during the year:	
Depreciation	6,913
Transfer to provision for depletion on shares of subsidiary, associated and other companies	500,000
	<u>\$2,145,174</u>
From sales of securities	726,691
From collection of mortgage taken on sale of Ile Perrot refinery site	81,667
From exercise of warrants to purchase 1,850 treasury shares	36,160
	<u>\$ 2,989,692</u>

Funds applied:

Purchase of securities	\$2,751,379
Advances made:	
Northwest Power Industries Limited	\$ 248,240
Other companies (net)	187,233
	<u>435,473</u>
Dividends declared	896,254
Exploration expenditures, etc.	100,646
Provision for repayment of debentures maturing in 1957	500,000
	<u>4,683,752</u>
Excess of funds applied over funds provided during the year	<u><u>\$(1,694,060)</u></u>

This excess is reflected in decreased working capital as follows:

	December 31, 1956	December 31, 1955	Increase or (decrease)
Current assets:			
Cash in bank	\$ 622,067	\$1,379,954	\$ (757,887)
Accounts receivable—			
Subsidiary and associated companies	122,961	128,493	(5,532)
Mortgage receivable—current instalment	81,667	81,667	
Sundry	5,756	2,483	3,273
	<u>\$ 832,451</u>	<u>\$1,592,597</u>	<u>\$ (760,146)</u>
Current liabilities:			
Accounts payable and accrued charges	\$ 124,534	\$ 170,241	\$ (45,707)
Balance payable to La Luz Mines Limited	800,000		800,000
Dividend payable	448,358	268,737	179,621
Serial debentures maturing within one year	500,000	500,000	
	<u>\$ 1,872,892</u>	<u>\$ 938,978</u>	<u>\$ 933,914</u>
Working capital	<u><u>\$(1,040,441)</u></u>	<u><u>\$ 653,619</u></u>	<u><u>\$(1,694,060)</u></u>

AMERICAN NEPHELINE LIMITED

BALANCE SHEET — DECEMBER 31, 1956

Current:	ASSETS		
Cash on hand and in banks		\$ 373,766	
Accounts receivable		383,163	
Inventories of crude ore and finished products as determined by responsible officials and valued at the lower of average cost or market		36,588	
Prepaid expenses		15,854	\$ 807,371
Inventory of Supplies:			
Mine and mill supplies — at cost			166,979
Fixed:			
Mining properties — at cost	\$ 75,497		
Land, buildings, machinery and equipment — at cost, less depreciation provided of \$1,459,574 — note 1	2,958,222		
Staff dwellings — at cost, less depreciation provided of \$61,339	127,066		
Construction in progress	23,352		3,184,139
Other:			
Deferred development expenditures, less amounts written off of \$331,904	\$ 22,063		
Interest in outside mining claims	15,044		
Investment in shares of associated company — at cost \$6,450 less full reserve thereon — note 2		37,107	
			<u>\$4,197,596</u>
Current:	LIABILITIES		
Accounts payable and accrued charges	\$ 22,996		
Estimated corporation income and mining taxes, less payments thereon	57,393		
Principal payments due in 1957 on mortgage loans — note 3	192,404		\$ 272,793
Deferred:			
Mortgage loans payable, less amounts shown above — note 3	\$ 1,422,538		
Provision for future income tax payments — note 4	108,868		1,531,406
Capital:			
Capital stock			
—authorized 4,500,000 shares with a par value of fifty cents per share			
—issued and fully paid 4,100,000 shares	\$ 2,050,000		
Contributed surplus	374,964		
less:	\$ 2,424,964		
Deficit	31,567		2,393,397
			<u>\$4,197,596</u>

NOTES:

- In 1955 and prior years the company followed the policy of writing depreciation in the records in amounts equivalent to the maximum capital cost allowances permitted by regulations under The Income Tax Act. During 1956 the company placed in service a new plant and has assumed that this plant will have for depreciation purposes, a life of ten years from 1st July, 1956 — the date upon which the new plant is considered to have come into operation. Substantial capital expenditures were made in 1956 on other facilities — including housing — associated with the new plant and the company has made the same assumption with respect to these additions. Consequently, the depreciation charged against operations in 1956 represents:
 - depreciation on the existing plant and equipment calculated on the diminishing balance basis \$115,263
 - depreciation at the rate of 10% per annum (equivalent to 5% for six months) on the 1956 additions to plant and equipment 144,235
- The company has an interest approximating 17% in an associated company, Lakefield Research Limited, through ownership of 126,000 shares of the capital stock of that company.
- The principal amounts payable on mortgage loans at 31st December, 1956 are as follows:

Loan Agency	Principal due in 1957 (shown as a current liability)	Principal due after 1957 (shown as a deferred liability)	Total loans payable
Central Mortgage and Housing Corporation	\$ 6,207	\$ 85,735	\$ 91,942
Industrial Development Bank	186,197	1,336,803	1,523,000
	<u>\$192,404</u>	<u>\$1,422,538</u>	<u>\$1,614,942</u>

The loans from Central Mortgage and Housing Corporation are in connection with staff dwellings erected at Nephton. They bear interest at 4% to 4 3/4%, are being amortized over fifteen years and are secured by a first mortgage on the dwellings. The loan from the Industrial Development Bank bears interest at 6% and is secured by a mortgage on the company's lands, buildings and equipment. The indenture provides for stipulated monthly principal payments of \$11,000 and interest and, in addition, for the accelerated repayment of the loan by the annual application thereto of 25% of the net retainable funds as defined in the indenture. In 1956 the company made seven stipulated payments to reduce the loan from \$1,600,000 to \$1,523,000. The principal payable in 1957 as set out above represents:

Twelve monthly payments of \$11,000	\$132,000
Amount due on or before 15th April, 1957 under the acceleration clause with respect to 1956 operations	54,197
	<u>\$186,197</u>

The indenture further stipulates that dividends will not be paid which will reduce working capital as defined in the indenture to less than \$500,000 without the prior approval of the bank.

- 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 allowable for federal income tax purposes. The amount of taxes thus deferred for 1956 is \$68,817 and together with a similar adjustment of \$40,051 for 1955, is shown on the balance sheet as a provision for future income tax payments.
- The company in 1955 granted an option to an employee to purchase 25,000 presently unissued shares at a price of \$1.48 per share. This option is exercisable at any time before 1st December, 1965 and contains provisions for termination on cessation of employment. In addition, 75,000 shares of the company's authorized capital stock have been reserved so that they may be optioned, with the approval of the Board of Directors, to officers and employees during a period not to exceed ten years (from September 1955) and at a price not less than 95% of the fair market value on the dates on which such options are granted.
- The remuneration to directors as such (excluding remuneration for services as officers and employees) amounted to \$2,075 in 1956.



VENTURES

CONIAURUM MINES LIMITED

BALANCE SHEET — DECEMBER 31, 1956

ASSETS

Current:

Cash		\$	279,798.94
Bullion in transit			89,012.13
Accounts receivable —			
Estimated amount receivable under the Emergency Gold Mining			
Assistance Act	\$	74,899.92	
Other		1,163.61	76,063.53
			<u>\$ 444,874.60</u>

Investments — at cost:

Shares of partially owned non-operating subsidiary company,			
Ridgely Mining Company Limited (50.01% owned)	\$	183,249.60	
Shares of companies with quoted market values			
Affiliated company (quoted market value \$548,537)	\$	47,628.00	
Other companies (quoted market value \$652,791)		<u>560,314.61</u>	607,942.61
Shares of other companies			
Affiliated companies	\$	63,250.00	
Other companies		<u>33,499.95</u>	96,749.95
			<u>887,942.16</u>

Fixed, at cost less amount written off:

Buildings, machinery and equipment	\$	1,394,805.23	
Less accumulated depreciation		<u>1,385,075.41</u>	
	\$	9,729.82	
Mining properties (no deduction has been made for ores mined)		<u>2,243,709.14</u>	2,253,438.96

Other:

Supplies — at cost	\$	111,324.94	
Prepaid expenses		4,391.84	
Government bonds on deposit with Hydro-Electric Power Commission			
of Ontario at cost (market value \$13,688)		<u>15,037.50</u>	130,754.28
			<u>\$3,717,010.00</u>

LIABILITIES

Current:

Wages payable	\$	25,065.60	
Accounts payable and accrued charges		<u>41,971.44</u>	
	\$		<u>67,037.04</u>

Capital:

Authorized—3,000,000 shares of no par value			
Issued —2,766,743 shares of no par value	\$4,456,337.30		
Less amount applied in 1938 in reduction of book values of deferred development,			
buildings, machinery, etc., taken over from predecessor company		<u>708,842.30</u>	
	\$3,747,495.00		
Deficit		<u>(97,522.04)</u>	3,649,972.96
			<u>\$3,717,010.00</u>

NOTE:

Because of the large minority interest in the partially owned subsidiary company, Ridgely Mining Company Limited, its assets have not been consolidated with those of the company. The company's share of the profits of Ridgely Mining Company Limited for the latter's fiscal year ended November 30, 1956 amounted to \$400, no part of which has been reflected in the accounts of Coniaurum. The company's share of the undistributed profits of the subsidiary to November 30, 1956 amounted to \$1,893.

LA LUZ MINES LIMITED

BALANCE SHEET — SEPTEMBER 30, 1956

ASSETS

Current Assets:		
Cash		\$ 17,251.37
Bullion in transit and at refineries at estimated realizable value		230,315.52
Accounts receivable — Ventures Limited		1,230,000.00
Sundry accounts receivable		46,301.14
		<u>\$ 1,523,868.03</u>
Investments:		
Marketable Securities — at Cost		
Falconbridge Nickel Mines Limited:		
21,708 shares (quoted market value \$812,150)	\$ 80,586.88	
Other Investments and Advances		
Rosita Mines Limited — cost of property and development expenditures thereon	699,002.76	
Panaminas Incorporated (at nominal value)	1.00	779,590.64
Inventories of Supplies valued at average cost which is less than current replacement cost:		
Mining and milling supplies and spare parts	\$ 907,633.64	
Commissary merchandise	132,454.44	1,040,088.08
Fixed Assets:		
Siuna mining claims, at cost	\$ 1,550,000.00	
Potosi property, at cost	570,130.16	
	<u>\$ 2,120,130.16</u>	
Less accumulated depletion	1,642,126.49	
	<u>\$ 478,003.67</u>	
Riscos de Oro, at cost		113,558.04
Mine buildings, machinery, equipment, roads, airports and YY River power development, at cost	\$ 5,924,745.55	
Less accumulated depreciation	2,473,526.78	3,451,218.77
		<u>4,042,780.48</u>
Deferred Expenditures:		
Prepaid fire insurance and taxes, etc.	\$ 2,133.16	
Native housing project, at cost less amounts written off	10,690.58	12,823.74
		<u>\$ 7,399,150.97</u>

LIABILITIES

Current Liabilities:		
Bank loan (secured)		\$ 50,000.00
Accrued wages		7,238.20
Accounts payable and accrued charges		179,656.75
		<u>\$ 236,894.95</u>
Capital Stock:		
Authorized—2,000,000 shares of no par value		
Issued —1,509,662 shares (during the year 5,250 shares were issued at \$2 per share under an option agreement) (see note 3 re options outstanding)	\$3,149,691.10	
General reserve	2,403,802.53	
Earned surplus	1,608,762.39	7,162,256.02
		<u>\$ 7,399,150.97</u>

NOTES TO 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 for mining claims, plant and development, which are recorded in Canadian dollars. Conversion during the year from cordobas to U.S. dollars has been made at the official rates prevailing from time to time of 6.6 and 7 cordobas to \$1 U.S. Conversion from Canadian to U.S. dollars has been made at various rates prevailing during the year.

(2) Rosita Mines Limited, a wholly-owned subsidiary company, was incorporated during 1954 but had not commenced operations as at September 30, 1956 and for that reason the financial statements of the subsidiary have not been consolidated with those of La Luz Mines Limited.

(3) At September 30, 1956 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 employees to be allotted at the discretion of the President at the price of \$3.25 per share. These options may be exercised during the period from September 30, 1957 to September 30, 1958. In addition an option on 25,000 shares was granted to an employee on December 1, 1955 at the price of \$2.71 per share to be exercised within a period of ten years.

(4) The administrative expenses outside of Nicaragua include remuneration of the directors as such (excluding remuneration for services as officers and employees) amounting to \$902.

(5) During the year the company sold the major portion of its marketable securities to the parent company, Ventures Limited, for \$1,600,000 (Canadian) payable in four instalments of \$400,000 each over a twelve month period. In arriving at the selling price the Directors took into consideration the number of shares and the market for these shares and agreed that \$1,600,000 represented a fair value.

(6) The provision for depletion is based on the average gold content of the ore milled during the year ended September 30, 1956. The rate of provision so determined was 22c per ton as compared with a rate of 21c per ton used in the previous year.

(7) There were outstanding commitments made prior to or shortly after September 30, 1956 for new equipment purchased on behalf of Rosita Mines Limited which amounted to approximately \$565,000.



VENTURES

FALCONBRIDGE NICKEL MINES LIMITED
CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1956
(with comparative figures at December 31, 1955)

ASSETS		1956	1955
Current:			
Cash		\$ 662,110	\$ 2,417,751
Bank deposit receipts maturing in February, 1957		960,000	
Government securities at cost which is approximate market value		5,436,317	8,291,315
Accounts receivable—			
Trade (including the United States Government)	\$ 4,015,148		
Sundry	580,320	4,595,468	5,466,129
Income taxes recoverable		650,306	650,306
Inventories (Note 4)—			
Refined metals	\$ 1,454,218		
Matte and metals in process	5,343,024	6,797,242	6,380,730
		<u>\$ 19,101,443</u>	<u>\$ 23,206,231</u>
Investments, at cost less amounts written off:			
Unconsolidated subsidiary at cost (Note 1)	\$ 326,994		
Affiliated companies	112,623		
Maritimes Mining Corporation Limited (Note 5)	1,342,935		
Other (quoted market value—\$674,000)	620,119	\$ 2,402,671	\$ 2,727,153
Fixed:			
Plant and equipment at cost		\$ 61,759,683	\$ 50,546,877
Less accumulated allowance for depreciation		27,536,143	22,546,789
		<u>\$ 34,223,540</u>	<u>\$ 28,000,088</u>
Mining and other property at cost		3,960,989	3,951,421
		<u>\$ 38,184,529</u>	<u>\$ 31,951,509</u>
Other:			
Supplies, at average cost		\$ 4,270,969	\$ 3,805,723
Prepaid expenses and deferred charges (including unamortized financing expenses of \$289,881 in 1955)		318,403	523,118
Long-term accounts receivable		87,362	81,003
Guarantee deposits (cash and government guaranteed bonds at cost)		164,535	359,220
Mine development and preproduction expenditures less amounts written off (Note 8)		7,228,959	6,109,447
		<u>\$ 12,070,228</u>	<u>\$ 10,878,511</u>
		<u>\$ 71,758,871</u>	<u>\$ 68,763,404</u>
LIABILITIES			
Current:			
Accounts payable and accrued charges		\$ 5,573,663	\$ 4,942,552
Portion of long-term liabilities payable within one year		334,000	91,855
Income and other taxes payable (estimated)		748,018	599,667
		<u>\$ 6,655,681</u>	<u>\$ 5,634,074</u>
Advanced Receipts:			
for metals to be delivered in the years 1958 to 1960 inclusive		<u>\$ 199,071</u>	
Long-Term:			
5¼% first mortgage and collateral trust sinking fund bonds, series A, due August 15, 1966—			
Authorized and issued		\$ 30,000,000	\$ 30,000,000
3% mortgage payable in instalments to December 30, 1961 (secured by refinery land and plant) (N. Kr. 2,750,000 in 1956)		459,277	551,132
Net advance from the United States Government, including accrued interest thereon at 4%, repayable on or before March 31, 1957 (U.S. \$264,219)			257,659
		<u>\$ 30,459,277</u>	<u>\$ 30,808,791</u>
Less:			
Amount payable within one year included under current liabilities		334,000	91,855
		<u>\$ 30,125,277</u>	<u>\$ 30,716,936</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)		22,564,717	20,198,269
		<u>\$ 34,778,842</u>	<u>\$ 32,412,394</u>
		<u>\$ 71,758,871</u>	<u>\$ 68,763,404</u>



VENTURES

L I M I T E D

FALCONBRIDGE NICKEL MINES LIMITED

CONSOLIDATED STATEMENT OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1956

(with comparative figures for the year ended December 31, 1955)

	1956	1955
Metal sales and other operating revenues	\$49,869,386	\$48,108,183
Cost of sales and operating expenses other than the undermentioned items	\$29,008,260	\$28,671,394
Selling, general and administrative expenses (including remuneration of directors as such of \$12,275 in 1956 and \$4,075 in 1955)	1,577,621	1,678,442
	<u>\$30,585,881</u>	<u>\$30,349,836</u>
Operating profit before providing for development and preproduction expenditures and depreciation ..	\$19,283,505	\$17,758,347
Development and preproduction expenditures written off (Note 8)	\$ 3,235,718	\$ 2,519,415
Allowance for depreciation	5,134,419	4,030,332
	<u>\$ 8,370,137</u>	<u>\$ 6,549,747</u>
Operating profit	\$10,913,368	\$11,208,600
Other income:		
Dividend from Fahlralloy Canada Limited, a wholly-owned subsidiary, not consolidated (Note 1) ..	35,050	35,050
Income from investments	272,869	48,848
Net gain on sale of securities and fixed assets (Note 5)	121,852	1,360
	<u>\$11,343,139</u>	<u>\$11,293,858</u>
Other deductions from income:		
Interest on long-term liabilities and financing expenses written off	\$ 1,591,553	\$ 1,134,401
Exploration expenditures	2,285,731	1,737,174
	<u>\$ 3,877,284</u>	<u>\$ 2,871,575</u>
Earnings before income taxes	\$ 7,465,855	\$ 8,422,283
Income taxes — estimated (Notes 9 and 10)	302,000	350,000
Earnings for the year (Notes 5, 9 and 10)	<u>\$ 7,163,855</u>	<u>\$ 8,072,283</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) The consolidated financial statements for 1956 reflect the financial position and the results of operations of Falconbridge Nickel Mines Limited and all its subsidiary companies except Fahlralloy Canada Limited which has not been consolidated as its operations are neither similar nor related to those of the parent company. The 1956 profit of this wholly-owned subsidiary exceeded the dividend received from it by \$209,055; the parent company's interest in this subsidiary's profits from date of acquisition to December 31, 1956, and not taken up in the parent company's accounts amounted to \$675,170.

(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, 1956, 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, 1956, includes the following assets and liabilities in Norway:

Net current assets	\$ 3,875,986
Fixed assets less accumulated allowance for depreciation	7,521,634
Supplies and other assets	1,098,378
	<u>\$12,495,998</u>
Less long-term debt (excluding current instalments)	125,277
Net assets in Norway	<u>\$12,370,721</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 inventories processed or in process from the company's own ores (\$5,686,327 in 1956) cost has been determined on a "last-in first-out" basis; in the case of inventories processed or in process from purchased ores (\$1,110,915 in 1956) 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 1,700,000 shares of that company, less the profit of \$573,750 realized on the sale of that company's shares during 1956. The company's usual accounting practice is to credit such profit to earnings but in this instance the profit has been used to write down the book value of the remaining shares in view of the very substantial number of shares still held.

(6) There are commitments outstanding in Canada and Norway in connection with construction in progress and development and exploration of outside properties amounting to approximately \$4,000,000. In addition, repayment of a loan to a power company in Norway has been guaranteed to the extent of Kr. 4,200,000 (\$560,700) 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, 1956, which could be utilized for dividends was approximately \$8,100,000.

(8) As at January 1, 1956, the company increased the rate of write-off on development and pre-production expenditures from \$1.50 to \$1.75 per ton of ore processed to meet the increase in costs experienced by the company.

(9) The amounts to be claimed for income tax purposes in 1956 in respect of depreciation and preproduction expenditures are approximately \$1,240,000 less than the amounts written in the Company's accounts. The total depreciation and preproduction expenditures which will have been claimed for 1956 and prior years will be in excess of the amounts written in the accounts by approximately \$1,340,000. When this amount is written off to earnings in future years it will not be deductible for tax purposes.

(10) A very substantial portion of the 1956 income is attributable to new mines, which income is exempt from income tax (for a three-year period) under the provisions of the Income Tax Act.



VENTURES

HOYLE MINING COMPANY LIMITED

BALANCE SHEET — DECEMBER 31, 1956

ASSETS

Current:			
Cash		\$	105,050.23
Bank deposit receipts maturing in February and March 1957			300,000.00
Accounts receivable —			
Affiliated company	\$	5,253.83	
Other		10,705.14	15,959.97
			<u>\$ 421,010.20</u>
Investment in subsidiary, affiliated, associated and other companies at cost less amounts written off			
Subsidiary companies —			
Shareholdings	\$	115,950.28	
Advances		35,041.76	\$ 150,992.04
Affiliated and associated companies —			
Shareholdings	\$	6,836,391.88	
Advances		93,289.17	6,929,681.05
Other companies —			
Shareholdings	\$	864,959.83	
Advances		1,887.61	866,847.44
			<u>7,947,520.53</u>
Fixed (note 2):			
Porcupine mining property at cost		\$	399,266.02
Haileybury land at cost			1,051.77
Buildings, machinery and equipment at cost	\$	204,355.39	
Less accumulated allowance for depreciation		112,671.62	91,683.77
Deferred development less amounts written off			<u>204,212.06</u>
			<u>696,213.62</u>
Other:			
Expenditures on outside properties	\$	91,180.42	
Supplies		1.00	91,181.42
			<u>\$ 9,155,925.77</u>

LIABILITIES

Current:			
Accounts payable		\$	3,405.60
Convertible notes payable — convertible into common shares at the rate of \$2.00 per share			1,185.00
			<u>\$ 4,590.60</u>
Shareholders' equity:			
Capital (notes 4 and 5) —			
5¾% cumulative convertible redeemable preference shares of \$100.00 par value:			
Authorized and issued		39,500 shares	
Less purchased at par for cancellation during the year		13,167	
Outstanding		<u>26,333 shares</u>	<u>\$ 2,633,300.00</u>
Common shares of no par value:			
Authorized—3,500,000 shares			
Issued —2,972,710 shares including 130 shares issued during the year			7,439,589.00
on the conversion of \$260 convertible notes			<u>\$10,072,889.00</u>
Deduct —			
Deficit	\$	1,030,369.16	
Less special surplus		108,815.33	921,553.83
			<u>9,151,335.17</u>
			<u>\$ 9,155,925.77</u>

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) A fire destroyed the mill on the company's Porcupine property in 1943 and the company discontinued mining operations at this property in 1948. Since that time the major portion of the company's saleable fixed assets has been sold, no depreciation has been written on the remaining assets and no amount has been written off deferred development expenditures.
- (3) Under an agreement entered into in January 1957 the company purchased 150,000 shares of Consolidated Sudbury Basin Mines Limited at \$3.00 a share.
- (4) After September 7, 1957, on 90 days' notice, preference shares may be redeemed in whole or in part by the company at a premium of \$5.00 per share if redeemed before September 8, 1958 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.
- (5) In accordance with a resolution passed by the company's shareholders on June 27, 1956 the company has granted an option to its vice-president and general manager, Mr. J. M. Cunningham-Dunlop, on 25,000 of its common shares at \$3.00 per share exercisable on or before June 26, 1959; in addition 35,000 of the company's authorized common shares have been reserved so that they may be optioned to officers and directors as follows:
5,000 shares at \$3.00 a share;
30,000 shares to officers at \$5.00 a share and to directors at market less 15%.



VENTURES

HOYLE MINING COMPANY LIMITED

STATEMENT OF INVESTMENT IN SUBSIDIARY, AFFILIATED, ASSOCIATED AND OTHER COMPANIES AS AT DECEMBER 31, 1956

	Number of shares	Quoted market value (note)	Cost less amounts written off	Advances
Subsidiary companies:				
Beaver River Silver-Lead Mines Limited	1,050,000		\$ 44,340.89	\$19,149.79
Larchwood Mines Limited	240,564		15,305.82	1,247.34
Northern Kyanite Mines Limited	765,000		56,303.57	10,232.14
South Porcupine Mines Limited	1,273,753			4,412.49
			<u>\$ 115,950.28</u>	<u>\$35,041.76</u>
Affiliated and associated companies:				
Affiliated —				
Avenue Realty Company Limited	500		\$ 450.00	
Falconbridge Nickel Mines Limited	5,309	\$ 212,905.00	34,981.14	
		<u>\$ 212,905.00</u>	<u>\$ 35,431.14</u>	
Associated —				
Big Agaunico Mines Limited	555,440		47,298.00	
Chavin Mines Corporation				\$83,916.89
Consolidated Mosher Mines Limited	812,925	398,333.25	887,838.44	
Consolidated Sudbury Basin Mines Limited	1,832,816	5,351,822.72	4,621,796.96	
Davidson Tisdale Mines Limited	133,333		20,000.00	2,386.44
Ferrum Limited	3,125		6,250.00	
Ferrum Limited (Class "B" debentures) \$30,000 par			30,000.00	
Garrison Creek Consolidated Mines Limited	782,010		90,359.46	
Geoil Limited	7,093		10,000.00	
Giant Yellowknife Gold Mines Limited	12,500	68,125.00	100,000.00	
International Ranwick Limited	12,112	4,360.32	10,946.22	
Kalbrook Mining Company Limited	339,861		28,939.50	
Keithgold Mines Limited	850,000		120,000.00	
Kiena Gold Mines Limited	100,000	2,000.00	20,000.00	
Metal Hydrides Incorporated	27,554	413,310.00	283,587.40	
Northfield Canada Limited	10,000		45,000.00	
Opemiska Copper Mines (Quebec) Limited	1,966,913	24,832,276.62	343,116.64	
Quebec Metallurgical Industries Ltd.	33,333	61,666.05	100,000.00	
Temiskaming Construction Limited	299,950		21,938.97	
Miscellaneous participations of less than \$10,000 each		12,921.24	13,889.15	6,985.84
		<u>\$31,357,720.20</u>	<u>\$6,836,391.88</u>	<u>\$93,289.17</u>
Other companies:				
Antoinette Lake Mines Limited	225,000		\$ 20,000.00	
Dubuisson Goldfields Limited	54,000		11,664.00	
Explorers Alliance Limited	10,522—3/5	\$ 5,050.85	26,205.00	
R. J. Jowsey Mining Company Limited	55,229—2/3	35,899.28	41,187.95	
New Kelore Mines Limited	14,470	2,532.25	26,032.64	
New Potterdoal Mines Limited	325,517		26,998.05	
New Broken Hill Consolidated Limited	6,262	41,203.96	25,434.00	
Pine Point Mines Limited	108,185	1,298,220.00	41,779.99	
Quebec Gold Belt Mines Limited	23,750	3,562.50	19,419.15	
Richglen Mines Limited	225,000		20,000.00	
Sheldon Larder Mines Limited	245,899	22,130.91	90,305.18	
Sil-Van Consolidated Mining & Milling Company Limited	181,800		14,213.00	
Silver Standard Mines Limited	134,944	60,724.80	20,389.85	
South Giroux Mines Limited	265,000		19,750.00	
Thompson Lundmark Gold Mines Limited	627,349	570,887.59	340,393.26	
Miscellaneous participations of less than \$10,000 each		76,601.79	121,187.76	\$ 1,887.61
		<u>\$ 2,116,813.93</u>	<u>\$ 864,959.83</u>	<u>\$ 1,887.61</u>
		<u>\$33,474,534.13</u>	<u>\$7,817,301.99</u>	<u>\$130,218.54</u>

NOTE: The market values shown above are based on closing market prices at December 31, 1956. Because of the number of shares involved the quoted market value for certain securities is not necessarily indicative of the amount that could be realized if the securities were to be sold.



VENTURES

FROBISHER LIMITED

CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1956

(with comparative figures for December 31, 1955)

ASSETS		
Current:	1956	1955
Cash on hand and in banks	\$ 365,299	\$ 330,620
Bullion in transit	34,197	
Accounts receivable	114,300	110,660
	<u>\$ 513,796</u>	<u>\$ 441,280</u>
Investment in subsidiary, associated and other companies at cost less amounts written off (note 3):		
Subsidiary companies —		
Shareholdings	\$11,858,425	\$12,022,416
Advances	1,138,429	31,156
	<u>\$12,996,854</u>	<u>\$12,053,572</u>
Associated and other companies —		
Shareholdings	\$ 9,588,509	\$ 9,347,963
Advances	2,110,104	1,469,761
	<u>\$11,698,613</u>	<u>\$10,817,724</u>
	<u>\$24,695,467</u>	<u>\$22,871,296</u>
Fixed:		
Buildings, plant and equipment, at cost	\$ 1,439,156	\$ 1,420,531
Less accumulated depreciation	1,309,428	1,227,085
	<u>\$ 129,728</u>	<u>\$ 193,446</u>
Mining properties at cost	376,233	379,390
	<u>\$ 505,961</u>	<u>\$ 572,836</u>
Other:		
Exploration expenditures carried forward	\$ 1,316,910	\$ 1,335,743
Supplies and spare parts at the lower of cost or market	202,687	237,112
Sundry prepayments and deferred charges	15,101	20,795
	<u>\$ 1,534,698</u>	<u>\$ 1,593,650</u>
	<u>\$27,249,922</u>	<u>\$25,479,062</u>
LIABILITIES		
Current:		
Bank loan — secured	\$ 100,000	
Accounts payable and accrued charges	245,677	\$ 241,559
Amounts owing to associated companies	27,910	5,570
Income taxes payable		22,464
	<u>\$ 373,587</u>	<u>\$ 269,593</u>
Commitments and contingent liabilities — see notes 4 and 5		
Advances from Ventures Limited (note 6)	\$ 1,577,518	\$ 6,532,638
Long term:		
4% convertible debentures due February 15, 1968 (note 3)	\$ 5,000,000	\$ 5,000,000
Provision for depletion on shares of associated companies	\$ 690,000	\$ 526,000
Shareholders equity (notes 6 and 7):		
Capital —		
Authorized — 7,500,000 shares of no par value		
Issued — 6,808,333 shares (1955 — 5,949,488 shares)	\$23,059,607	\$16,519,489
Earned Surplus (1955 — Deficit)	\$ 76,134	\$ 191,504
Special deficit	3,526,924	3,177,154
	<u>\$ 3,450,790</u>	<u>\$ 3,368,658</u>
	<u>\$19,608,817</u>	<u>\$13,150,831</u>
	<u>\$27,249,922</u>	<u>\$25,479,062</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 1956

- The consolidated financial statements reflect the financial position and operating results of the company and its wholly-owned subsidiaries, Bushveld Limited, Canada Iron Mining Limited, Frobrican Exploration Company Limited, Mines Incorporated and Rare Metals Corporation of Canada Inc. 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, 1956. The interest of Frobisher Limited in the current year's losses less profits of these subsidiaries, which is also Frobisher Limited's interest in the aggregate of the losses less profits of these subsidiaries accumulated from the date of their acquisition to December 31, 1956, amounted to \$2,955,509, no portion of which has been provided for in the accounts of Frobisher Limited. The amount of \$2,955,509 includes \$2,176,848 arising from write offs by Geoil Limited of its interests in non-productive oil exploration and drilling costs incurred by a subsidiary and an associate company over a period of years in Peru and the Williston Basin and \$490,516 from the losses of the operating subsidiary of Kilembe Copper Cobalt Ltd. which did not commence major operations until the latter part of 1956.
- Assets and liabilities in currencies other than Canadian dollars are converted into Canadian funds at the current quoted rates of exchange at December 31, 1956, 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.
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 which is converted at the rates of exchange prevailing when the expenditures on the related assets were made.



VENTURES

FROBISHER LIMITED

CONSOLIDATED STATEMENT OF INVESTMENT IN SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES AS AT DECEMBER 31, 1956

	Number of Shares of par value	% of out- standing capital	Indicated market values (Note 1)	Cost less amounts written off	Advances
Subsidiary companies:					
Chavin Mines Corporation	1,500	75.0		\$ 735,000	\$ 25,153
Geoil Limited	1,575,685	52.1		4,487,850	86,400
Kilembe Copper Cobalt Ltd.	1,937,723	77.4	\$ 4,844,307	6,366,697	984,637
Supercrest Copper Mines Limited	1,290,005	50.1		197,411	270
Wesfrob Mines Limited	850,005	85.0		29,032	40,914
Miscellaneous participations of less than \$50,000 each				42,435	1,055
			\$ 4,844,307	\$11,858,425	\$1,138,429
Associated and other companies:					
Akaircho Yellowknife Gold Mines Limited	1,165,230	35.7	\$ 419,482	\$ 380,243	
Anyox Metals Limited	200,000	40.0			\$ 78,117
Beaver Lodge Uranium Mines Limited	48,000	1.8	14,880	60,000	
British Newfoundland Corporation — Common shares	88,850	2.5		123,450	
— Founders shares	173,101	5.4		173,101	
Consolidated Guayana Mines Limited	714,343	28.0	464,403	538,048	252,592
Consolidated Pershcourt Mines Limited	36,000		5,940	65,150	
Empresa Minera de Mantos Blancos S.A.	5,597			141,915	
Eureka Corporation Limited	158,125	1.6	145,475	186,519	63,791
Falconbridge Nickel Mines Limited (Note 3)	150,000	4.0	5,925,000	722,091	
Ferrum Limited — shares	26,265				
— 5% debentures due 1957/1960	\$111,667	34.6		105,693	345
Giant Yellowknife Gold Mines Limited (Note 3)	784,977	19.6	4,278,125	164,244	
Horne Fault Mines Limited	881,634	33.8	96,980	84,900	18,582
International Ranwick Limited	315,825	10.9	113,697	246,108	
Joliet-Quebec Mines Limited	1,031,800	20.1	711,942	134,602	
Lake Dufault Mines Limited	224,962	5.4	382,435	83,070	
Michipicoten Iron Mines Limited	874,106	32.6		304,814	90,786
New Calumet Mines Limited	1,282,639	27.7	602,840	348,767	
Northern Mining Company	2,250	15.0		317,873	6,141
Northfield Canada Limited	20,004	18.1		90,004	
Northwest Power Industries Limited (Note 4)					571,069
Pilley's Island Copper Pyrite Limited	600,000	41.3		125,000	
Quebec Metallurgical Industries Ltd.	1,108,696	22.1	2,051,088	2,222,249	
Rainville Mines Limited	612,143	22.0	642,750	404,894	
St. Eugene Mining Corporation Limited	841,185	34.8		319,989	723,865
Societe Anonyme des Mines de Fer de Mauritanie — Ordinary shares	28,050			791,890	58,854
— Founders shares	6,778	34.0		420	221,252
Tororo Exploration Company Limited	151				
United Keno Hill Mines Limited (Note 3)	729,276	29.5	4,412,120	453,426	
Miscellaneous participations of less than \$60,000					
each — Those with market value			505,003	384,069	
— Those without market value				615,980	24,710
			\$20,772,160	\$ 9,588,509	\$2,110,104
			\$25,616,467	\$21,446,934	\$3,248,533

NOTES: (1) The market values shown above are based on closing market prices at December 31, 1956. 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) During the year the company's shareholdings in Associated Tin Mines (South West Africa) Limited were exchanged for shares of Rare Metals Corporation of Canada Inc.

(3) See note (3) to consolidated financial statements as to shareholdings hypothecated as security for the company's outstanding 4% debentures as well as shareholdings loaned to associated companies.

(4) At December 31, 1956 the outstanding share capital of Northwest Power Industries Limited consisted of 7 directors' qualifying shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 1956 (Continued)

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. The company has loaned 29,000 shares of United Keno Hill Mines Limited and 5,000 shares of Giant Yellowknife Gold Mines Limited to subsidiary companies.

4. The company is committed to make expenditures which it is estimated will cost approximately \$380,000. Subsequent to December 31, 1956 the company was relieved of a commitment in connection with the necessity to provide cobalt treatment facilities at the Kilembe mine and undertook that, if necessary, it would provide Kilembe Copper Cobalt Ltd. with funds to permit it to redeem its 5½% debentures at the rate of \$600,000 in each of the years 1957 and 1958, \$800,000 in 1959, and \$1,000,000 in each of the years 1960 to 1962 inclusive, a maximum total of \$5,000,000.

5. At December 31, 1956 the company has guaranteed the bank loans of a subsidiary company and an associated company to the extent of \$740,000.

6. During 1956, 858,845 shares of capital stock were issued for \$6,540,118 of which 363,333 shares were issued for \$1,584,998 cash. Pursuant to the terms of an agreement whereby Ventures Limited agreed to purchase at \$10.00 per share any shares not taken up by the holders of the share warrants which expired on June 26, 1956 the remaining 495,512 shares were issued to Ventures Limited for \$4,955,120 which was applied to reduce the liability to Ventures Limited for advances made by it in prior years.

7. There are outstanding options to sell shares of the company's capital stock as follows:

(a) 25,000 shares to an employee of the company at U.S. \$4.09 per share exercisable at any time before December 1, 1965; this option contains provisions for termination on cessation of employment.

(b) 500,000 shares to Ventures Limited at \$8 per share in the event the company's authorized capital is increased sufficiently to permit this option to be exercised. This option expired on February 12, 1957.

In addition 500,000 unissued shares are reserved for possible issuance upon conversion of 4% convertible debentures.



VENTURES

MATACHEWAN CONSOLIDATED MINES LIMITED

BALANCE SHEET — DECEMBER 31, 1956

ASSETS

Current:

Cash	\$	4,016.46	
Accounts receivable		12,067.84	
	\$	16,084.30	

Investments — at cost:

Shares of companies with quoted market values —			
Affiliated companies (quoted market value \$440,007)	\$	320,653.96	
Other companies (quoted market value \$295,772)		352,146.38	\$ 672,800.34
Shares of companies with no quoted market values —			
Affiliated companies	\$	140,573.35	
Other companies		107,000.00	247,573.35
			920,373.69

FIXED: (note 1)

Mining leases, buildings, machinery and equipment — at cost, less accumulated depreciation and proceeds of sales (note 1)	242,241.06
(No deduction has been made for ores mined)	

Other:

Advances for development and operation of property owned by Dupont Mining Company Limited — at cost (note 2)	\$	144,867.12	
Supplies — at cost		68,343.50	
Prepaid expenses and deposits		2,406.27	215,616.89
			\$ 1,394,315.94

LIABILITIES, CAPITAL AND SURPLUS

Current:

Bank loan — secured	\$	430,000.00	
Accounts payable and accrued charges		1,260.14	
Wages payable		784.04	
	\$	432,044.18	

Capital:

Authorized—4,000,000 shares of no par value	\$	914,500.00	
Issued —3,439,000 shares			

Earned Surplus	47,771.76	962,271.76	
		\$ 1,394,315.94	

NOTES:

- Operations were suspended in 1953. In the opinion of the management the value at which the company's mining leases, and building, machinery and equipment are carried in the balance sheet is less than their estimated realizable value.
- Under the terms of an agreement the company is committed to make further advances for the development of property owned by Dupont Mining Company Limited in the amount of \$217,633. On completion of such payments the company and its associates will be entitled to receive shares of Dupont Mining Company Limited. No active development work has been done on this property since 1951.
- An option has been granted to an employee of the company to purchase 25,000 presently unissued shares at a price of (U.S.) \$1.00 per share. This option is exercisable at any time before December 31, 1965 and contains provisions for termination on cessation of employment. In addition the President, subject to the approval of the Board of Directors, has been authorized to grant options on 75,000 shares of the company's capital stock to officers and employees during a period not to exceed ten years (from September 1955), and at a price or prices not less than 95% of the fair market value of the stock on the dates on which such options are granted.



VENTURES

L I M I T E D