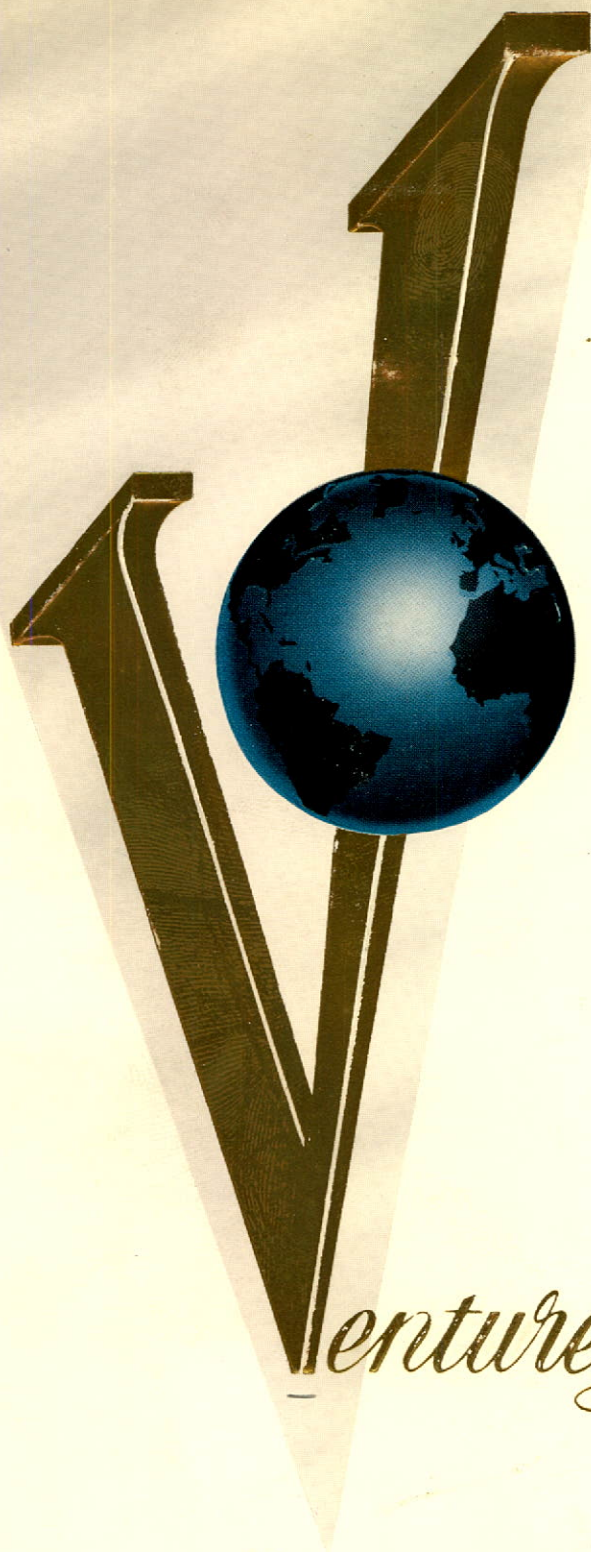


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Ventures Limited

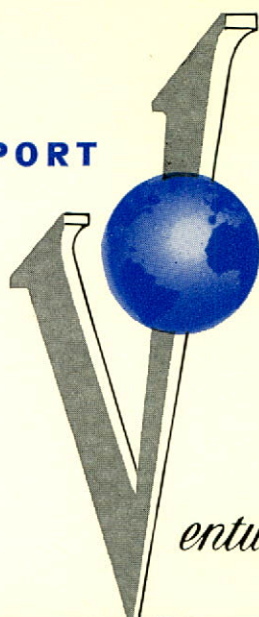
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27th ANNUAL REPORT



entures Limited

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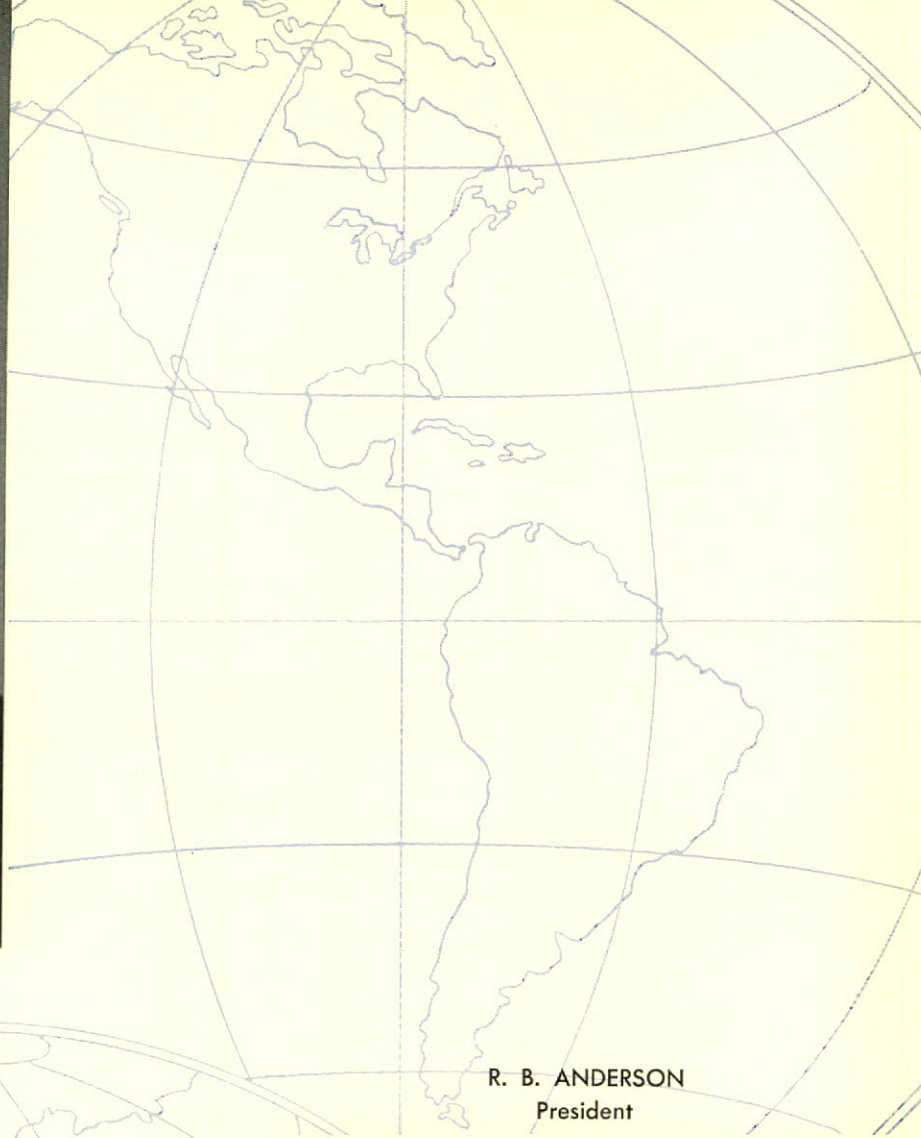
CONSULTANTS

W. DUNN

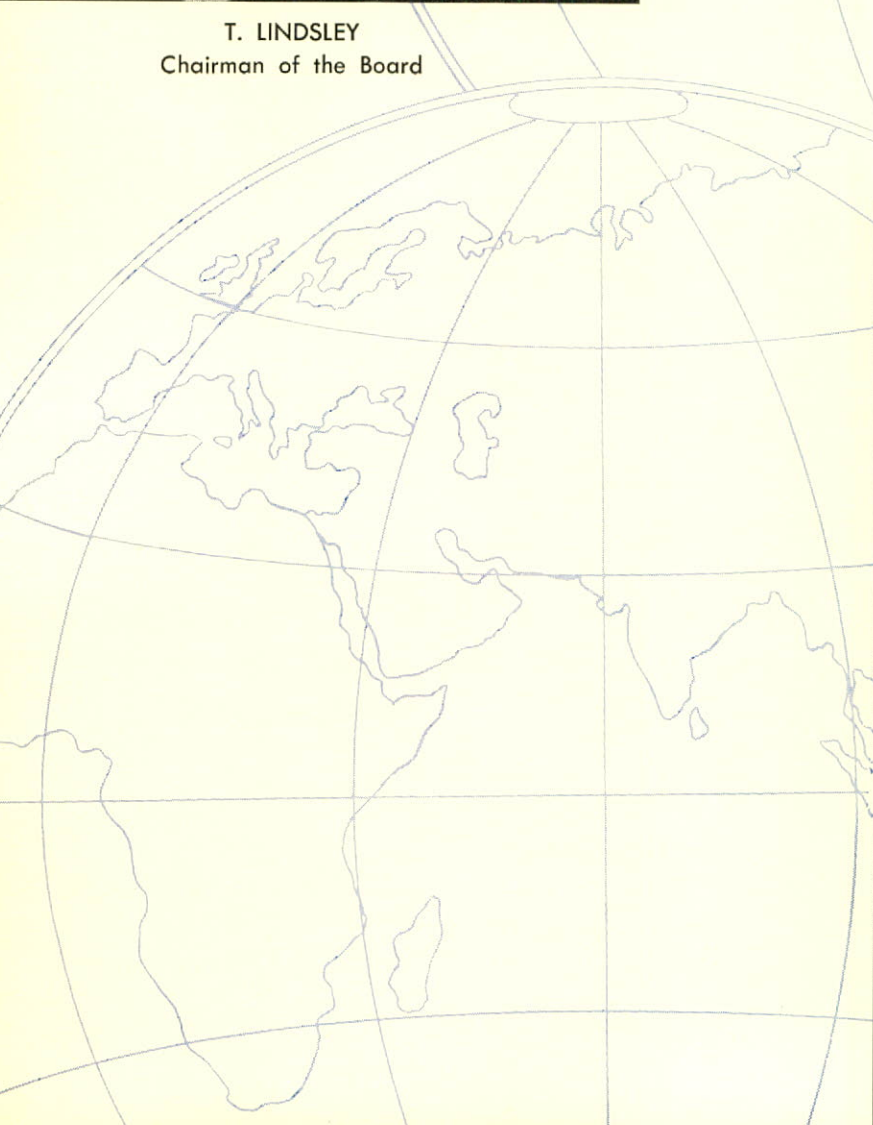
W. F. JAMES



T. LINDSLEY
Chairman of the Board



R. B. ANDERSON
President



REPORT OF THE DIRECTORS

To The Shareholders:

Your Directors are pleased to report that, during 1955, there was considerable improvement in the financial affairs of your Company. The market value of Ventures' shareholdings on December 31, 1955, amounted to \$112,555,849 as compared to \$77,141,662 a year previously. During the year net current assets of the Company increased by \$1,507,167. Net profits for the year amounted to \$1,451,080, being almost double the comparable figure for 1954.

Your Company continued to guide the affairs of the subsidiary and associated companies with emphasis on increased production and earnings. Production plans and adequate financing have been arranged for several companies that had previously developed ore reserves of commercial quantity and grade. Exploration for the discovery of new ore bodies was continued by the Ventures group.

Considerable progress was also made by the principal holding companies in the group. For example, public financing arranged for Kilembe Copper Cobalt Ltd. to assist in bringing the Kilembe mine in Uganda into production in 1956, release of the commitment to provide \$1,750,000 to Trans-Border Oils Ltd., and the liquidation of the Frobisher bank loan have reduced the liabilities of Frobisher, which existed at the end of 1954.

Geoil Limited, during the year, has had measurable success in joint operations in Western Canada with Home Oil Company. Financing plans for Geoil are

now under consideration to enable that Company to participate further in Alberta oil developments.

Arrangements have been made to bring into production the properties of Consolidated Sudbury Basin Mines; in which Hoyle Mining Company has a substantial interest, and the Nipissing Mines Company is concentrating on plans to commence milling the copper ores of the Ore Knob Mine in North Carolina.

Among the highlights of the operating companies, the earnings of Falconbridge Nickel Mines were almost doubled at \$8,072,000. In 1955, the Company produced more than 41,000,000 pounds of nickel, a further step towards the immediate objective of 55,000,000 pounds annually. The increase in Falconbridge dividends from a former rate of 50 cents per share per annum to a total of \$1.10 per share paid in 1955 contributed substantially to your Company's increased earnings.

Opemiska Copper Mines earned a net profit of \$2,382,861 after providing \$799,208 for depreciation and amortization. This Company treated an average of 444 tons per day during the year but by December the daily average reached 630 tons. Plans are to increase the mill rate to more than 800 tons per day early in 1956.

Sales of products at American Nepheline exceeded \$2,000,000 for the first time in the Company's history, and net profits were more than doubled over 1954 at \$304,742.

The La Luz Mine in Nicaragua continued to operate profitably and plans were made to bring the nearby Rosita copper deposit into production. In addition to 3,582,000 tons of ore averaging 2.91% copper previously reported, an additional 200,000 tons of primary sulphide ore grading 5% copper were developed at the Rosita property by drilling during the year.

These highlights, and many other affairs of your associated companies, are more fully described in the pages that follow.

During the year the founder of your Company, and President for twenty-seven years, Mr. T. Lindsley retired from the heavy task of administering your Company's affairs. His vast knowledge and great creative spirit

are still available to us in his new capacity as Chairman of the Board of Directors.

Your Directors wish, once again, to acknowledge the loyal and devoted services of the staffs and employees of the Ventures group companies.

On behalf of the Board,



President.

Toronto, Ontario,
May 3, 1956.

HOLDING AND EXPLORATION COMPANIES

Hoyle Mining Company Limited
 Consolidated Guayana Mines Limited

Frobisher Limited
 Geoil 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, Cobalt | Being prepared for production | Kilembe Mines Limited, Uganda |
| Copper | Producing | Appalachian Sulphides Inc., Vermont |
| Copper | Drilling development | Mantos Blancos, Chile |
| Copper | Being prepared for production | 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 | Being prepared for production | 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 |
| Exploration, some production | Trans-Border Oils Ltd., Alberta Williston Oil and Gas Company, U.S.A. |

IRON PROPERTIES

| | |
|--|------------------------------------|
| Partly developed by drilling and tunnels | Miferma, French Mauritania, Africa |
| 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 | Tororo Exploration Company Limited, Uganda |
| Lithium | Exploration | La Corne 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

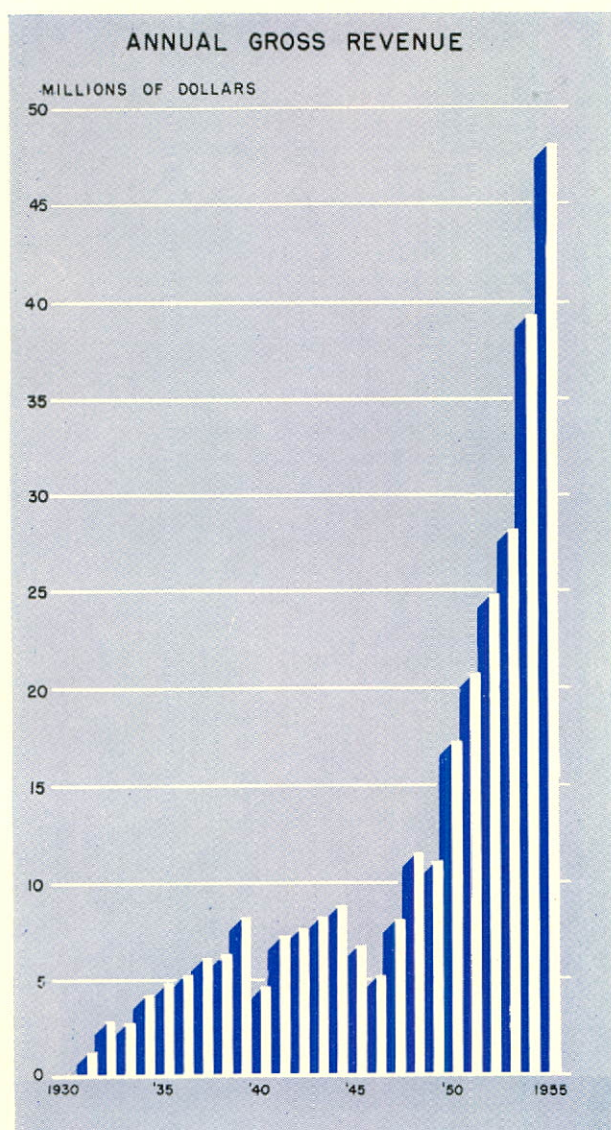
| | | |
|----------------------|-----------------------------------|---|
| Gold | Producing | Giant Yellowknife Gold Mines Limited |
| Gold | Producing | Coniaurum Mines Limited |
| Gold | Producing | Canadian Malartic Gold Mines Limited |
| Gold | Producing | La Luz Mines Limited, Nicaragua |
| Gold | 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 | Fahralloy Canada Limited |
| Custom assaying, mill tests, research | Lakefield Research Limited |
| Production of metals and chemicals | Metal Hydrides Inc. |

FALCONBRIDGE NICKEL MINES LIMITED

| | | | | |
|-------------------|---|--------------------------|--|-------|
| CAPITALIZATION | Common Shares | Outstanding 3,756,272 | Ventures 1,926,304 | 51.3% |
| | | | | |
| LOCATION | Mines, mills and smelter in Sudbury District, Ontario. Refinery in Kristiansand, Norway. | | | |
| FINISHED PRODUCTS | Electrolytic nickel, copper and cobalt, nickel sulphate, refined platinum, palladium, iridium, rhodium, ruthenium, silver, gold and liquid sulphur dioxide. | | | |
| PRODUCTION | | Tons treated | Gross metal sales and other operating revenues | |
| | Total to Dec. 31, 1954 | 16,166,906 | \$253,202,090 | |
| | Year ended Dec. 31, 1955 | 1,745,177 | 48,108,183 | |
| | | <u>17,912,083</u> | <u>\$301,310,273</u> | |



CURRENT DEVELOPMENTS

Records were achieved in 1955 in production, gross revenues and net profits. Capital and pre-production expenditures, as anticipated, were somewhat lower than the previous year.

Net earnings for the year were sharply higher at \$8,072,000. This is equivalent to \$2.15 per share as compared with \$1.24 per share in 1954 and \$1.00 per share in 1953. A change in the basis of computing the charge for depreciation in 1955 increased the reported earnings of that year over what they otherwise would have been by \$875,000, or 23¢ per share. The improvement in earnings is attributable primarily to higher prices and record deliveries. Metal sales and other operating revenues reached a total of \$48,108,000 as compared with \$39,317,000 in the previous year. Operating profits per unit of production were improved in the year. Dividends which had been at a rate of 50¢ per share since 1951 were increased in the year to a total of \$1.10 (80¢ plus 30¢ extra). Dividend payments amounted to \$4,131,899, which brought total distribution to shareholders to \$25,871,000.

Ores and concentrates treated increased to 1,745,177 tons as compared with 1,523,360 tons in 1954. Of the tonnage treated in the year, 1,679,610 tons came from Company mines.

Expenditures on capital account receded as anticipated from the record level established in 1954. Expenditures in Norway were approximately the same in each year. Expenditures in Canada were lower by approximately \$2,800,000. Pre-production expenditures in Canada were also lower by approximately



H. J. FRASER
General Manager



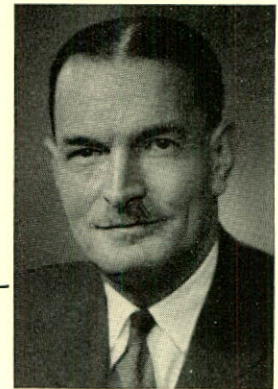
\$700,000. This downward trend may be reversed during 1956.

The demand for nickel and copper was substantially in excess of that portion of world production which was available for immediate consumption. Few customers received as much nickel as they wanted during 1955 and prospects for 1956 show little improvement. The basic prices for nickel and cobalt remained unchanged during 1955. The nickel price included an increase of $4\frac{1}{2}$ ¢ per pound which occurred in November, 1954. Copper and platinum prices increased very substantially during the year.

Ore reserves at the end of the year showed material increases in tonnage, both in the developed and indicated categories, although the average grades are considerably lower.

Exploration efforts were intensified in the Sudbury district and elsewhere. At Populus Lake, Kenora District, an exploration shaft was sunk to permit a better determination of the characteristics and grade of the mineralized area. The Company's interest in Tilt Cove and Gull Pond properties in Newfoundland were sold to Maritimes Mining Corporation for a substantial share interest.

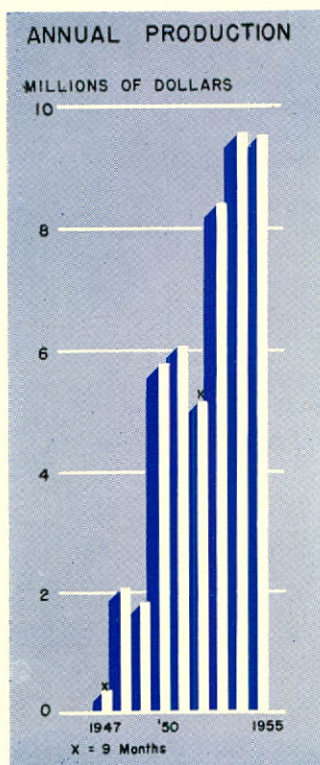
The Company's working capital balance at the end of the year stood at \$17,600,000, an improvement in the year of \$11,800,000. This situation resulted from completion of the sale of the balance of the Company's bonds and from retention, after dividends, of cash surplus from operations. The strong financial position of the Company will enable it to meet the capital expenditures which will continue at a high level until the expansion program has been completed.



C. E. WHITE
General Manager

UNITED KENO HILL MINES LIMITED

| | | | | | | |
|----------------|--|----------------|------------------|----------------|----------------|-------------------|
| CAPITALIZATION | Common Shares ----- | Outstanding | | Frobisher | | |
| | | 2,470,000 | 729,276 | 29.5% | | |
| LOCATION | Mines in Mayo District, Yukon Territory. | | | | | |
| PRODUCTION | | Tons Milled | Silver Ounces | Lead Pounds | Zinc Pounds | Cadmium Pounds |
| | Total to Sept. 30, 1954 ---- | 692,660 | 26,730,683 | 111,943,455 | 74,148,057 | 932,500 |
| | Year ended Sept. 30, 1955 | 162,307 | 5,670,137 | 26,350,198 | 24,035,999 | 302,297 |
| | Total Production ----- | 854,967 | 32,400,820 | 138,293,653 | 98,184,056 | 1,234,797 |



CURRENT DEVELOPMENTS

Of the total of 162,307 tons of ore treated in the mill for the year, 141,249 tons were mined from the Hector Mine and 21,058 tons were from exploration and development in the Calumet Mine.

Ore reserves, in these two mines totalled 587,830 tons with an average metal content of 37.7 ounces of silver per ton, 8.7% lead and 8.0% zinc.

The company holds a large block of ground in the Galena-Keno Hills area and during the year exploration work was done on other mines of the company that are not in production. At the Elsa Mine work was started on exploration and development of two levels below the adit, the lower level of the Ladue mine has been re-opened for examination, and a program of drifting, crosscutting and raising has been done at the Shamrock Mine.

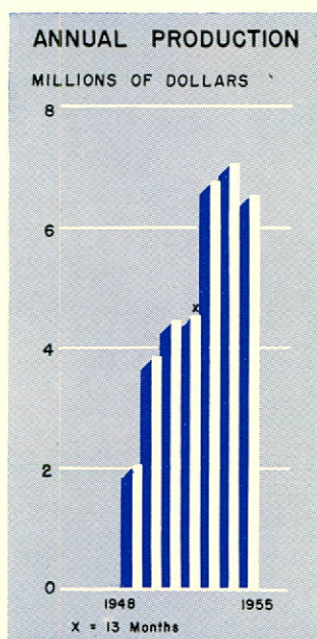


P. N. PITCHER
General Manager



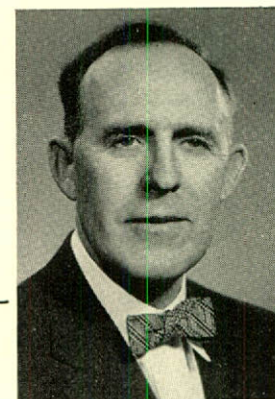
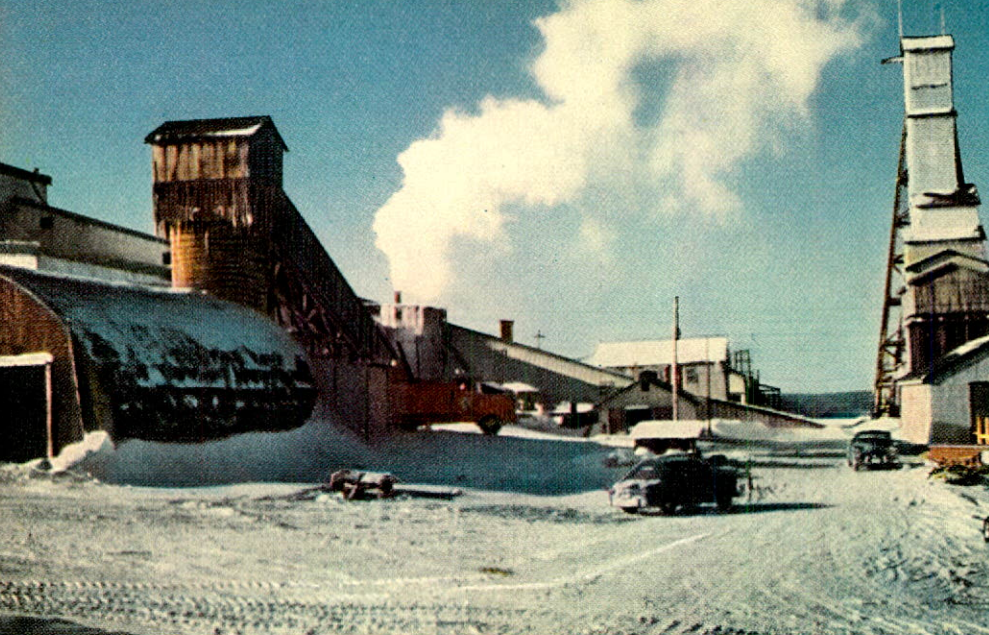
GIANT YELLOWKNIFE GOLD MINES LIMITED

| | | | | | | |
|----------------|--------------------------------|-----------------------------|---------------------|------------------|---|-------|
| CAPITALIZATION | Common Shares | Outstanding 4,000,000 | Ventures 388,742 | 9.7% | Frobisher 784,977 | 19.6% |
| | LOCATION | Mine at Yellowknife, N.W.T. | | | | |
| PRODUCTION | | Tons Milled | Gold Ounces | Silver Ounces | Gross value metals recovered (including E.G.M.A.) | |
| | Total to June 30, 1954 | 1,050,304 | 709,733 | 194,271 | \$28,702,052 | |
| | Year ended June 30, 1955 | 286,742 | 172,976 | 29,945 | 6,576,857 | |
| | Total Production | <u>1,337,046</u> | <u>882,709</u> | <u>224,216</u> | <u>\$35,278,909</u> | |



CURRENT DEVELOPMENTS

At the end of June, 1955, developed ore reserves were 1,789,000 tons averaging 0.78 ounces of gold per ton. Of this total 454,000 tons of 0.80 grade had been outlined in the early stages of the deeper level work below the 750-foot horizon. Lateral development is being pushed on the 950, 1100, and 1250 levels from C shaft. Ore disclosures have been very encouraging and, in tonnages and grades, these levels should provide ore comparable to that in the levels above. Unfortunately a large proportion of this new ore appears to be of the more refractory type, accentuating the metallurgical problem which has plagued the operation from the start. The metallurgical research program has been accelerated. In conjunction with the Catalytic Construction Company of Canada, a new roasting technique, which has shown considerable promise in the laboratory, is now being tested with a pilot plant at the mine. In addition, a new cyanidation unit has been added to the treatment plant for recovery of a part of the gold now being lost in the flotation tails. Should the new roasting process, which treats the raw ore, be adopted, this cyanide unit will form part of the new circuit.



J. P. MILLENBACH
President

OPEMISKA COPPER MINES (QUEBEC) LIMITED

| | | | | | | |
|----------------|--------------------------------------|----------------|------------------|----------------|------------------|-------|
| CAPITALIZATION | Common Shares | Outstanding | Ventures | | Hoyle | |
| | | 5,500,000 | 329,696 | 6.0% | 1,966,913 | 35.8% |
| LOCATION | Mine in Chibougamau District, Quebec | | | | | |
| PRODUCTION | | Tons Milled | Copper Pounds | Gold Ounces | Silver Ounces | |
| | Total to Dec. 31, 1954 | 134,879 | 14,047,210 | 6,259 | 76,714 | |
| | Year ended Dec. 31, 1955 | 162,098 | 15,318,454 | 6,434 | 85,738 | |
| | Total Production | 296,977 | 29,365,664 | 12,693 | 162,452 | |

CURRENT DEVELOPMENTS

The second year of production was successful both by way of profit from production and improvement in the ore position.

A total of 162,098 tons of ore were treated during the year giving an average of 444 tons per day. The average grade of ore milled was 5.17% copper, 0.048 oz. gold and 0.67 oz. of silver per ton. During the year the concentrator was expanded and early in the new year it is expected to be concentrating over 800 tons of ore per day.

Favourable ore developments and the increased rate of milling make it advisable to maintain a high rate of development. Accordingly preparations are being made to deepen the No. 1 shaft and to start sinking, as soon as possible, a new shaft 2,900 feet

to the east. Deepening the No. 1 shaft will enable development of the ore bodies below the 1,125 foot level and the No. 2 shaft will facilitate the development of copper deposits located to the east of the main mine.

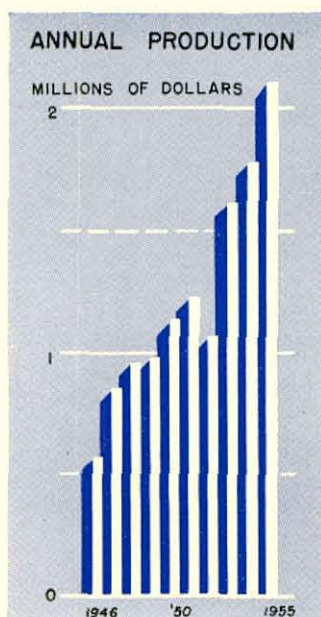
The estimated ore reserves are 2,244,420 tons having an average grade of 4.08% copper. This represents an increase of 798,850 tons over that estimated for the previous year. It is expected that further work will add considerably to this tonnage figure.

During the year a detailed exploration program was done on the property and the company was also active in exploration in the general Chibougamau area.

GENERAL SUPERINTENDENT - - - - - F. G. Cooke

AMERICAN NEPHELINE LIMITED

| | | | |
|----------------|---|-------------------------|--------------------------|
| CAPITALIZATION | Common Shares | Outstanding | Ventures |
| | | 4,100,000 | 2,055,413 50.1% |
| LOCATION | Mine at Nephton, near Lakefield, Ontario. | | |
| PRODUCTION | Total from 1946 to Dec. 31, 1954 | Production 741,634 tons | Value sales \$10,114,224 |
| | Year ended December 31, 1955 | 146,248 tons | 2,115,856 |
| | Total Production | <u>887,882 tons</u> | <u>\$12,230,080</u> |



CURRENT DEVELOPMENTS

During 1955 sales tonnage at American Nepheline Limited increased 17.9% over 1954. The sales forecast for 1956 indicates a possible increase of 10% which estimate depends upon the completion of the new plant within the time presently contemplated.



E. CRAIG
General Manager

Geological examination of the Cabin Ridge ore-body during 1955 increased the ore reserves, which are now estimated at 6,800,000 tons.

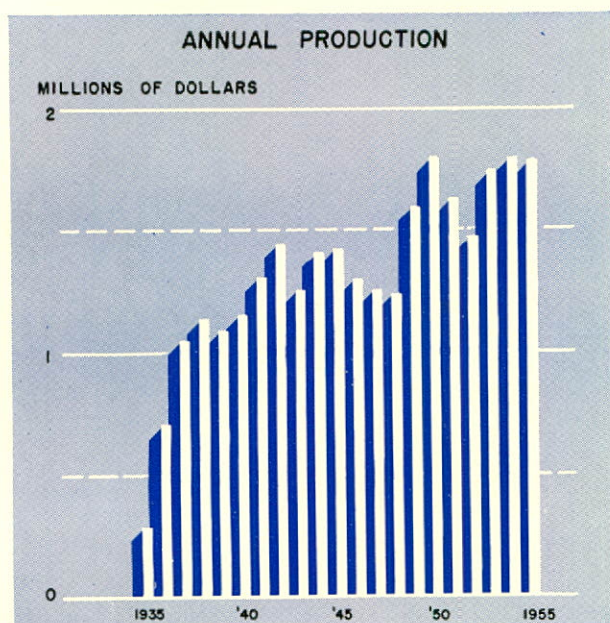
Construction commenced on a new fire-resistant plant at Nephton to consolidate all production at that point. Completion of the plant is scheduled for mid-1956.

GENERAL SUPERINTENDENT - - - - - E. B. Wright

VICE-PRESIDENT—SALES - - - - - H. R. Deeth

CANADIAN MALARTIC GOLD MINES LIMITED

| | | | | | |
|----------------|-------------------------------|------------------|----------------|------------------|---|
| CAPITALIZATION | Common Shares ----- | Outstanding | | Ventures | |
| | | 3,651,355 | | 1,388,685 | 38.0% |
| LOCATION | Mine at Malartic, Quebec. | | | | |
| PRODUCTION | | Tons Milled | Gold Ounces | Silver Ounces | Gross value metals recovered (including E.G.M.A.) |
| | Total to Dec. 31, 1954 ----- | 6,592,157 | 677,119 | 444,810 | \$26,055,338 |
| | Year ended Dec. 31, 1955 ---- | 469,431 | 46,841 | 18,297 | 1,792,991 |
| | Total Production ----- | <u>7,061,588</u> | <u>723,960</u> | <u>463,107</u> | <u>\$27,848,329</u> |

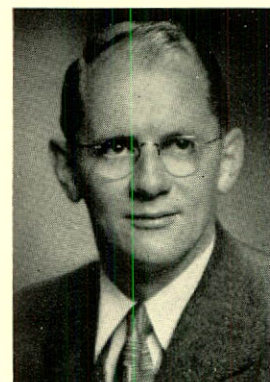


CURRENT DEVELOPMENTS

The operating results for the year were roughly

equivalent to those of the previous year and the gross mint return from metals produced amounted to \$1,635,247 compared to \$1,575,339 in 1954.

The present ore reserves are indicated to be 1,690,000 tons. Every effort is being made to expand this ore picture both in the mine and on other parts of the property. Exploration of the greenstone area in the north part of the property was carried on during the year. A number of drill holes have yet to be completed in this program; so far the work has not been successful in locating new ore.



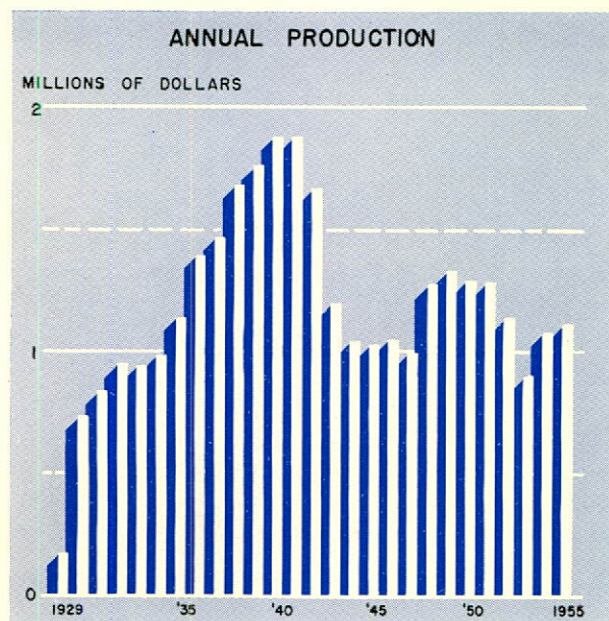
H. C. HERZ
Manager

During the year the company increased its holding in Rainville Mines Limited, which is being brought into production at the rate of 300 tons per day.

GENERAL MANAGER - - - - - J. P. Millenbach

CONIAURUM MINES LIMITED

| | | | | |
|----------------|---|----------------|----------------|---|
| | | Outstanding | Ventures | |
| CAPITALIZATION | Common Shares | 2,766,743 | 1,430,800 | 51.7% |
| LOCATION | Mine at Schumacher, Ontario. | | | |
| PRODUCTION | | Tons Milled | Gold Ounces | Gross value metals recovered (including E.G.M.A.) |
| | By present company 1929 to Dec. 31, 1954 | 3,590,597 | 889,145 | \$31,139,866 |
| | Year ended Dec. 31, 1955 | 128,870 | 28,054 | 1,115,348 |
| | Total Production | 3,719,467 | 917,199 | \$32,255,214 |



CURRENT DEVELOPMENTS

The main development project was the completion of the internal shaft down to the 6,848 foot horizon on the Central Porcupine property. Subsequent crosscutting was done on the 6,800 foot level to provide bases for deep drilling of the downward projections of the ore zones. Drilling was started during the year and is continuing.

In the Coniaurum mine proper an active underground development program was carried on and several favourable veins were developed by drifting and raising.

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

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

DOMINION MAGNESIUM LIMITED

| | | | |
|----------------|--------------------------------------|-------------|---------------|
| CAPITALIZATION | Common Shares | Outstanding | Ventures |
| | | 471,580 | 113,577 24.1% |
| LOCATION | Deposit and plant at Haley, Ontario. | | |

CURRENT DEVELOPMENTS

Production and sales of magnesium, zirconium and thorium continued at a satisfactory level. Particularly good market prospects are foreseen for the latter two metals. Demand for calcium fell off in mid-year and is expected to remain substantially lower than in previous years. This caused the Company to abandon the projected Rochester, N.Y. production plant.

The titanium process has not yielded low-hardness metal at sufficiently attractive prices. Redirection of the programme towards powder metallurgy and homogeneous alloy powders has produced encouraging results.

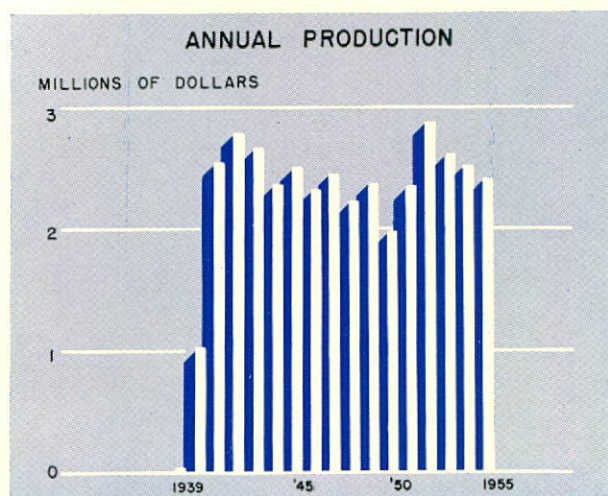
The ferrosilicon plant had a profitable year and the outlook for 1956 is good. The foundry operation was curtailed as a result of the decreased aircraft programme and vigorous efforts are being made to regain and increase commercial markets.

A new company, Aerometal Products & Design Limited, was formed in Toronto to develop fabricated magnesium products for the home market and further the industry in Canada. An analytical control laboratory was constructed at Haley during the year and, when occupied in 1956, will be a valuable asset in this important phase of the operations.

GENERAL MANAGER - - - - - L. G. White

LA LUZ MINES LIMITED

| | | | | |
|----------------|---------------------------------|---------------------------|------------------------|-------|
| CAPITALIZATION | Common Shares | Outstanding 1,504,412 | Ventures 1,051,089 | 69.9% |
| | LOCATION | Mine at Siuna, Nicaragua. | | |
| PRODUCTION | Total to Sept. 30, 1954 | Tons Milled 7,530,596 | Gold Ounces 958,633 | |
| | Year ended Sept. 30, 1955 | 701,300 | 67,913 | |
| | Total Production | <u>8,231,896</u> | <u>1,026,546</u> | |



CURRENT DEVELOPMENTS

La Luz commenced production in 1939 and for the first four years the mill feed was supplied entirely from open pits. In 1943, ore from underground began to supplant the ore from the surface and during the past year the entire mill feed was supplied from the mine. In 1955 a total of 701,300 tons was milled which had an average grade of 0.1081 ounces of gold per ton.

The mine is being developed on four principal levels with 1955 production supplied to the mill as follows:

500' level .. 432,822 tons
 750' level .. 245,304 tons
 1,000' level .. 23,244 tons
 (being opened up for production)
 1,200' level .. Underground work started in 1955
 Total

701,370 tons
 Proven ore reserves are 6,131,000 tons grading 0.113 oz. of gold per ton.

Transportation facilities are expected to improve in the area with the completion of the La Luz-Alamicamba road. An increased power supply is also anticipated with the installation of an additional hydro-electric turbine.



H. S. McGOWAN
President

Exploration work has continued on the property of Rosita Mines Limited. A total of 3,782,000 tons of ore grading better than 3% copper has been indicated. Plans are being made to bring the property into production as soon as possible at a rate of 500 to 600 tons per day. It is expected that La Luz will be able to finance this undertaking without altering the La Luz capital stock structure and at the same time keep Rosita as a wholly-owned subsidiary.

GENERAL MANAGER - - - - - T. N. Slaughter

GEOIL LIMITED

| CAPITALIZATION | Common Shares | Outstanding | Ventures | | Frobisher | |
|----------------|---------------|-------------|-----------|-------|-----------|-------|
| | | | | | | |
| | | 3,024,407 | 1,356,611 | 44.9% | 1,575,685 | 52.1% |

HOLDINGS

The administration and management of the principal petroleum interests of Ventures Limited and associated companies is directed by Geoil Limited. These interests are summarized as follows:

1. A 50% interest in Trans-Border Oils Ltd., which company owns 100% of Williston Oil and Gas Company.
2. A 100% interest in Seaoil Limited, which holds extensive acreage in Peru under a joint operating agreement with International Petroleum Company.
3. A 20.75% interest in Lake St. Clair Gasfields Limited.
4. A 50% working interest in minor producing acreage in Caddo Parish, Louisiana.

CURRENT DEVELOPMENTS

The principal developments in 1955 are summarized below:

In March 1955 Trans-Border Oils Ltd. participated in the discovery of the Westward Ho field on part of the 72,353-acre block at Cremona, northwest of Calgary, in which Trans-Border has a gross interest of 20%. The Discovery well yielded an indicated potential of 1,003 barrels per day. Nine offset development wells were drilled, all but one of which was completed as a producer. It is considered that at least 11 additional drill sites on 80-acre spacing will be productive.

South of Westward Ho field on the Cremona acreage a wet gas discovery was made, yielding 20,000,000

cubic feet of gas and 1,100 barrels of distillate per day on tests. Down dip on the same structure the company participated in the Harmattan Discovery well, which had an initial potential of 4,412 barrels per day. Two development wells have since been completed at Harmattan, and four rigs are presently engaged in development drilling.

An unsuccessful exploratory well was drilled on the 79,983-acre South Alhambra reservation, north of the Cremona block, where Trans-Border holds an interest of 10.36%. Two additional exploratory tests are scheduled on this acreage during 1956. At Alberta crown sales held in November, 1955, and January, 1956, Geoil acquired directly and indirectly through Trans-Border a net 5% interest before royalty in 58 proven well sites in the Pembina-Cardium field. It is expected that this acreage will all be drilled and in production before the end of April, 1956.

Lake St. Clair Gasfields brought a drilling barge from Houston, Texas to Lake St. Clair in the spring of 1955, and completed six exploratory wells during the open season. Gas was encountered in three of the wells, and in one well, Lake No. 5, an open flow of 3,800,000 cubic feet per day was obtained following acidation. In 1956 it is planned to drill additional wells in the vicinity of this discovery and also to acidize Lake No. 6 with the prospects of commercial production. Drilling on land in the winter and spring of 1956 has resulted in a gas discovery which is not yet evaluated. It is in the vicinity of Tilbury, Ontario, where the company has been successful in leasing acreage covering a gravity anomaly.

MANAGEMENT - - - - - J. D. Bateman

LAKE DFAULT MINES LIMITED

| | | Outstanding | Ventures | Frobisher |
|----------------|--|-------------|-----------------|--------------|
| CAPITALIZATION | Common Shares | 4,124,750 | 1,591,771 38.6% | 224,962 5.4% |
| LOCATION | Dufresnoy, Duprat, Rouyn, and Beauchastel Townships, Quebec. | | | |

CURRENT DEVELOPMENTS

A long range exploration project was begun in early 1955, on the Company's large acreage, which now comprises the former Dupresnoy and Norbec properties, as well as the original Lake Dufault ground. Besides general geological investigations during the year, a geophysical survey was completed on the Norbec section and a program of exploratory diamond drilling was started in the Dupresnoy section, in an area lying south of the Waite Amulet boundary.

The drilling is being carried out with vertical holes on a grid pattern, to provide broad exploratory coverage of a major structure in which there is evidence of widespread copper and zinc mineralization. The

working hypothesis postulates the existence of local irregularities in this major structure, with concentrations of the ore minerals. Since the most favourable contact conditions are at some depth, varying from 300 to more than 2,000 feet in the area in question, drill exploration is slow. A number of encouraging copper bearing intersections have been obtained, chiefly of the stringer zone type in the rhyolites. There is some justification for believing that certain of these zones will provide, eventually, mineable blocks of ore, but at the present time they are thought of as exploration pointers, since it is conceivable that they represent offshoots from larger replacement bodies.

CONSULTING ENGINEER - - - - - J. P. Millenbach

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

METAL HYDRIDES INCORPORATED

| | | Outstanding | Ventures | Hoyle |
|----------------|---------------------------------|-------------|--------------|-------------|
| CAPITALIZATION | Common Shares | 255,796 | 98,653 38.6% | 20,666 8.1% |
| LOCATION | Plant at Beverly, Mass., U.S.A. | | | |

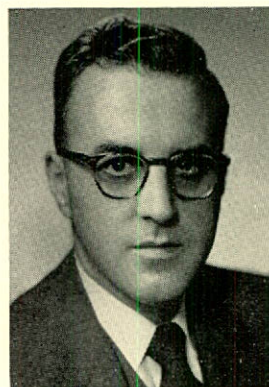
CURRENT DEVELOPMENTS

Over the past four years the company has constructed and equipped production plants, research and process-control laboratories amounting to \$1,743,000. These facilities are necessary to the growth and diversification of the company which makes a number of unique products that are in increasing demand by industry.

The commercial volume of metallurgical products, such as titanium powder, zirconium alloy powders and calcium hydrides, has steadily increased. Test work has been completed on the production of high-purity sodium borohydride and the company is now con-

sidering the construction of a production plant.

Research continues to play a major role in the development of the company and during the year \$1,100,000 was used for this purpose. Studies are being made of various processes for making metal alloys, metal powders and chemicals to provide products of a higher degree of purity and at lower cost.



L. W. DAVIS
President

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, Quebec. | | | | | |
| | | Tons Milled | Zinc Pounds | Lead Pounds | Silver Ounces | Gold Ounces |
| PRODUCTION | Total to Sept. 30, 1954 | 2,222,522 | 249,325,211 | 71,279,303 | 5,688,280 | 32,036 |
| | Year ended Sept. 30, 1955.... | 150,200 | 16,516,910 | 4,584,111 | 431,675 | 3,406 |
| | Total Production | <u>2,372,722</u> | <u>265,842,121</u> | <u>75,863,414</u> | <u>6,119,955</u> | <u>35,442</u> |

CURRENT DEVELOPMENTS

In 1954 the No. 4 shaft was sunk to a depth of 2,175 feet and this year considerable progress was made in opening up five new levels in the mine between the 1,675 and 2,175-foot horizons. The mill operated at an average rate of 490 tons per working

day and about a third of the mill feed was obtained from the new levels.

The mine had a successful year with favourable developments in the No. 4 shaft area and better prices obtained for lead and zinc.

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

THE NIPISSING MINES COMPANY LIMITED

| | | Outstanding | Ventures | |
|----------------|---------------------|-------------|----------|-------|
| CAPITALIZATION | Common Shares | 2,400,000 | 342,840 | 14.3% |

CURRENT DEVELOPMENTS

The Nipissing Mines Company Limited's wholly-owned subsidiary, Appalachian Sulphides, Inc., operated its Elizabeth mine in the State of Vermont during the entire year of 1955 and treated 294,396 tons of copper ore containing 1.65% copper, and produced therefrom copper and pyrrhotite concentrates having a total gross value of \$3,480,967.

Exploratory work in the form of diamond drilling and surface exploration was carried on within the boundaries of the Elizabeth mine's 8,000 acres, and also on some outlying options in the State of Maine.

Plant installation and shaft sinking were carried on

continuously at the Company's Ore Knob property in North Carolina. At the end of the year the shaft had reached a depth of 600 feet and diamond drilling has started from the 560-ft. station. Mill design is well advanced and production is planned as early as possible in 1958.

In addition the Company is taking an active part in the financing and direction of Portage Island (Chibougamau) Mines Limited which is actively exploring its property in the Chibougamau district of Quebec.

The Company also has worthwhile participations in oil production in western Canada.

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

CONSOLIDATED SUDBURY BASIN MINES LIMITED

| | | Outstanding | Hoyle | Ventures |
|----------------|--|-------------|-----------|----------|
| CAPITALIZATION | Common Shares | 5,676,243 | 1,257,665 | 22.2% |
| LOCATION | Mine and properties in the Sudbury Basin, Ontario. | | | |

CURRENT DEVELOPMENTS

An intensive program of underground and surface development work has been done during the year. It is estimated that there are 14,000,000 tons of 1.14% copper, 0.85% lead, 3.60% zinc, 0.0175 ounces of gold and 1.57 ounces of silver in proven, probable and indicated ore down to a depth of 1,500 feet.

A number of ore-grade intersections have been made in surface diamond drill holes which when de-

veloped further should add materially to the tonnage. Furthermore, there is a large section of potential ore-bearing ground on the property that remains to be explored.

The development work is continuing on the property and plans have been made to bring it into production as soon as possible.

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

EUREKA CORPORATION LIMITED

| | | Outstanding | Ventures |
|----------------|--------------------------------|-------------|----------|
| CAPITALIZATION | Common Shares | 8,644,785 | 884,268 |
| LOCATION | Mine at Eureka, Nevada, U.S.A. | | |

CURRENT DEVELOPMENTS

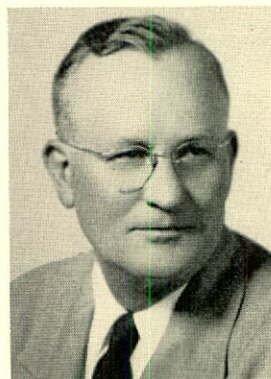
Underground work consisting of drifting and diamond drilling is continuing in the Adams Hill section of the property from the T.L. shaft. The purposes of this work is to evaluate the potential of several high-grade intersections containing gold, silver and lead, obtained in surface rotary holes.

These intersections are between 853 and 1037 foot horizons.

On the 850 level drifting to the north has opened up the mineralized section about 250 feet from the shaft. A smelter shipment of 200 tons from the development crosscut contained an average of 13.2% lead, 5.5 ozs. silver and 0.135 oz. gold per ton.

At the year end the 950 level south crosscut was approaching the area of mineralization encountered in surface drill holes about 250 feet south of the shaft. Early in 1956 one section of ore averaging 27.1% lead, 1% zinc, 14.72 oz. silver and 1.72 oz. gold across 22.5 feet was encountered in the crosscut.

No further work has been done on the development of the large orebody located in the Fad shaft area.



G. W. MITCHELL
General Manager

QUEBEC METALLURGICAL INDUSTRIES LTD.

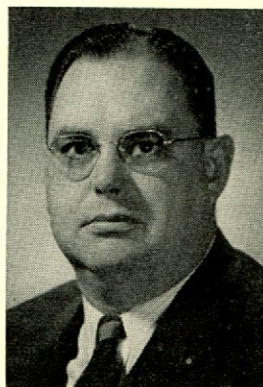
| CAPITALIZATION | Common Shares | Outstanding | Ventures | Frobisher |
|----------------|---------------|-------------|---------------|-----------------|
| | | 4,768,547 | 851,854 17.9% | 1,143,696 24.0% |

CURRENT DEVELOPMENTS

The preliminary development of the large block of low cost hydro-electric power in British Columbia and Yukon again engaged a large part of the Company's attention in 1955, and it has maintained its 30% interest in Northwest Power Industries Limited. Potential supplies of ores for a metallurgical centre on the British Columbia coast both from local deposits and from overseas, and suitable processes to treat these ores, were investigated further. Additional assessment drilling on the Klukwan magnetite deposits in Alaska further outlined the extent of the placer material. A carload of British Columbia ore was reduced to pig iron in an electric furnace and an economic study of such an operation on the west coast is under way. The Bugaboo niobium-uranium-thorium placer deposits near Golden, B.C. were further explored and a pilot concentration plant was operated on the property. A chemical method for extraction of the valuable metals from the concentrate was developed in the laboratory.

Processes for the treatment of lateritic ores of nickel and cobalt have progressed to the point where large scale pilot plants are warranted. The Company holds substantial deposits of lateritic ores in the Philippines. The staff at the Company's refining plant at Cobalt, Ontario, conducted research work on simplification of the process for material containing nickel, cobalt, copper and silver, and this work is continuing.

Drilling at the Q.M.I. financed property of Temagami Mining Company disclosed bodies of high grade copper ore. From August to November 6,000 tons of ore averaging nearly 25% copper were shipped, and netted the Temagami treasury \$950,000. Preparations were made for shaft sinking to explore the copper-nickel ore bodies underground where there is an indicated 1,250,000 tons of ore with a combined copper-nickel content of 1.6% and an average width of 23 feet.



L. J. LICHTY
General Manager

During 1955 the Company bought a majority interest in Lakefield Research Limited and in this way gained control of LaCorne Lithium Mines Limited. The latter company is a substantial shareholder of Quebec Lithium Mines Limited which has just gone into production on a long-term contract for the sale of lithium concentrate. A material income for LaCorne Lithium is forecast from its holdings of Quebec Lithium shares.

The investments in S.A. Minerals Corporation (manganese and chrome), United Keno Hill Mines (silver, lead and zinc), and the ownership of Jacobina Gold help to diversify the Company's interests.

RAINVILLE MINES LIMITED

| CAPITALIZATION | Common Shares | Outstanding | Frobisher | Canadian Malartic |
|----------------|------------------------------|-------------|---------------|-------------------|
| | | 2,437,562 | 612,143 25.1% | 830,502 34.1% |
| LOCATION | Mine at Bourlamaque, Quebec. | | | |

CURRENT DEVELOPMENTS

An active program of surface and underground exploration work was completed during the year. At present the ore reserves are indicated to be 414,830 tons grading 2.34% copper.

In view of the strong demand for copper it has been decided to place the property into production at a

rate of 300 tons per day.

There are a number of areas around the mine to be tested for their ore making potentialities and for this reason the mill has been designed so that its capacity can be increased if necessary to 800 tons per day.

MANAGEMENT - - - - - J. P. Millenbach

KILEMBE COPPER COBALT LTD.

| | | | | |
|----------------|--|--------------------------|------------------------|-------|
| CAPITALIZATION | Common Shares | Outstanding 2,209,484 | Frobisher 1,843,457 | 83.4% |
| | 6% Collateral Trust Debentures | \$5,000,000 | | |
| INTEREST | This company was incorporated in 1952 under the laws of Canada. The principal asset of the company is 3,500,000 shares of Kilembe Mines Limited, its subsidiary. | | | |

KILEMBE MINES LIMITED

| | | | | |
|----------------|---|--------------------------|------------------------------------|-------|
| CAPITALIZATION | Common Shares | Outstanding 5,000,000 | Kilembe Copper Cobalt 3,500,000 | 70.0% |
| | 6% First Mortgage Debenture Stock | £1,500,000 | £ 500,000 | 33.3% |
| | 6% Unsecured Loan Stock | £ 600,000 | £ 200,000 | 33.3% |
| LOCATION | Mine in Uganda, British East Africa. | | | |

CURRENT DEVELOPMENTS

Most of the work during the year was directed towards bringing the property into production. It is expected that there will be a regular production of blister copper by the end of 1956.

Preparations for active mining, including the removal of 230,000 cubic yards of overburden from the site of the open pit, are well advanced. The developed and proven ore reserves in the mine are 13,452,000 tons which have an average grade of 1.91% copper and 0.16% cobalt. The possibilities of developing more ore both in the mine and elsewhere on the large property held by the company are considered to be excellent.

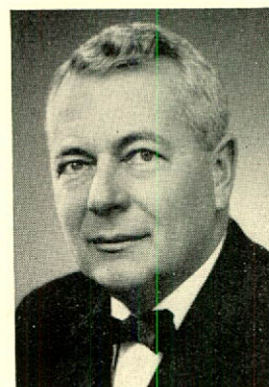
The concentrator foundations have been completed and the erection of steel was started before the end of the year. The mill will make copper as well as cobalt-pyrite concentrates; it will have an initial capacity of 1,335 tons per day and is expected to be in operation by July, 1956.

Construction of the 6,000 horsepower plant on the Mobuku River is making good progress. Power from the first unit is expected to be available at the mine not later than May, 1956.

The concentrates will be treated in a plant to be erected eight miles from the mine at the railway terminus, to which they will be delivered by gravity through pipe lines.

The copper concentrates will be shipped 250 miles by railroad, which is under construction, to Jinja where an electric smelter is being built. The construction of the smelter is well advanced and it is expected to be operating by November, 1956.

GENERAL MANAGER - - - - - A. E. Pugsley



D. C. SHARPSTONE
Managing Director

NORTHWEST POWER INDUSTRIES LIMITED

During 1955 the Company continued engineering and economic studies on the Yukon-Taku project at a cost of \$499,987. During the year it became apparent that the Yukon-Taku power project involved potentially serious international factors with the possibilities of delays beyond the control of the company. Accordingly, it was decided to investigate the Nass River, which would not be subject to international complications. Reconnaissance surveys in the fall of 1955 indicated that a uniform output of 450,000 horsepower may be available at an economic cost on the

Nass River.

Ultimately, the Nass River development could be integrated with the Yukon-Taku development and its much larger power potential. During the summer and fall of 1956 it is proposed to expend \$265,000 to bring the Nass River project to the design stage. An additional \$205,000 will be spent on further definitive surveys, including diamond drilling on the Yukon-Taku part of the project.

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

OTHER ACTIVITIES

NORTHERN MINING COMPANY, Greenland

The mill at the Blyklippen mine has been brought into production at a rate of 225 tons per day and the first shipment of lead and zinc concentrates will be made during the 1956 summer season. A total of 560,000 tons of ore grading 11.1% lead and 8.6% zinc has been blocked out in the initial development. The company is pursuing an active program of exploration for more ore both at the mine and in the large concession area controlled by the company.

INTERNATIONAL RANWICK LIMITED

The company is considering disposing of its oil properties in Louisiana. In the Colorado Plateau area, mining of uranium ore was commenced on the Menlove-Dalton property in San Juan County, Utah. The operation was carried out at a loss during the year; but further studies are being made to determine if commercially profitable production is possible. Through a wholly-owned subsidiary, Ranwick Incorporated, the company has acquired an option on several claims in the Copper Basin district, Prescott, Arizona. Several low-grade copper deposits are known to exist on the claims, and two of these were opened up several years ago by means of underground operations. The principal deposit contains a minimum estimated tonnage of 1,750,000 averaging 0.90% copper and 0.10% molybdenum to a depth of 400 feet. Drilling is proceeding to determine the prospects for similar deposits on the property.

CONSOLIDATED GUAYANA MINES LIMITED

Several copper prospects in Peru are held under option, and a limited amount of exploration is being undertaken at the present time.

CHAVIN MINES CORPORATION, Peru

Underground work in the Chavin Mine has been suspended pending arrangements to place the property in production. Ore reserves adequate for an operation of 150 tons per day have been blocked out on four levels.

CONSOLIDATED MOSHER MINES LIMITED, Geraldton, Ontario

The large ore body that was outlined on three levels of the mine has now been thoroughly sampled by a program of diamond drilling, cross cutting and raising. A proved ore reserve after dilution is calculated to be 4,008,000 tons grading 0.155 ounces of gold per ton. The shaft is to be deepened 300 feet to open up the downward extension of the ore.

Lun Echo Gold Mines, in which Consolidated Mosher holds 1,073,375 shares was active in exploration during the year, and the company has been diamond drilling a lithium-bearing pegmatite which is located in western Ontario.

LABRADOR CONCESSIONS, Seal Lake

Exclusive prospecting rights are held by Frobisher Limited, under a concession from the government of Newfoundland, to an 800 square mile area contained in four blocks in the Seal Lake area. The Company has had prospectors and geologists in the area for the past six seasons. A large number of copper prospects have been found and during last summer pitchblende was discovered in the southeast part of the concession. Diamond drilling on several of the mineralized bodies is planned for the coming season.

ASSOCIATED TIN MINES (S.W.A.) LIMITED South West Africa

A large tonnage of low-grade tin ore occurs on the various properties held by this company through its subsidiaries. A 1,000 tons per day concentration plant has been in operation during the year on the property of one of its subsidiaries, the Uis Tin Mining Company (S.W.A.) Limited which has been under Judicial Management for the past nineteen months. The Uis property is being worked to determine whether profits can be made from these low-grade deposits. So far the results are inconclusive and the operation is continuing.

MIFERMA, French Mauritania

A large body of high-grade iron ore is under development by this company. Approximately 100,000,000 tons of ore grading better than 64% iron is indicated. Five diamond drills are now in operation with the object of blocking out the ore bodies in preparation for mine planning. A railway route has been surveyed from the deposit to an Atlantic port location in Spanish Rio de Oro. An alternate route, entirely in French territory, is now being surveyed.

TORORO EXPLORATION COMPANY LIMITED, Uganda

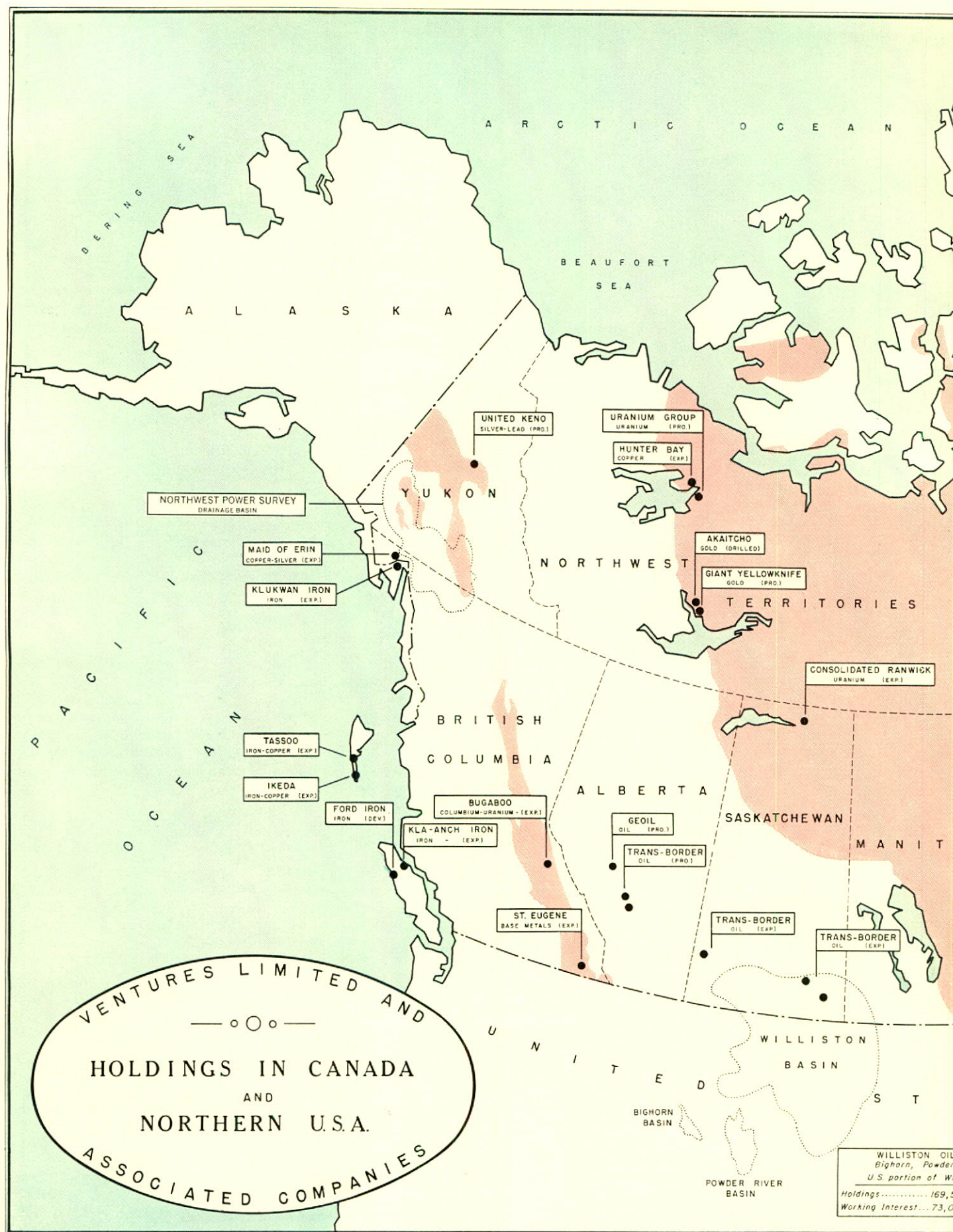
This company has developed more than 200,000,000 tons of material containing workable quantities of phosphate, columbium and minor quantities of the rare earth metals.

Metallurgical test work is continuing both in London and in a plant constructed on the property to determine the most economical method of separating the valuable components.

CONNEMARA MINE, Southern Rhodesia

Development and capital expenditures were restricted to a minimum during the year to permit profitable extraction of the known block of gold ore that remains in the mine.

The company is active in outside exploration and two properties in Southern Rhodesia are under active development at present.



VENTURES LIMITED AND
— o o —
HOLDINGS IN CANADA
AND
NORTHERN U.S.A.
ASSOCIATED COMPANIES

WILLISTON OIL
Basin, Powder
River, U.S. portion of W.
Holdings..... 169,5
Working Interest... 73,0



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, 1955 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, 1955 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.

Toronto, Canada,
April 6, 1956

Clarkson, Gordon & Co.
Chartered Accountants.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 1955

- The earnings of the subsidiary companies are included in income only to the extent of dividends received; such dividends were approximately \$2,100,000 less than the company's share of the aggregate profits less losses of the subsidiaries for the year ended December 31, 1955. The interest of Ventures Limited in the aggregate of accumulated surpluses less deficits of subsidiary companies as shown by their 1955 balance sheets amounted to approximately \$12,100,000.
- The advance to Frobisher Limited of \$6,532,638 at December 31, 1955 will be reduced to the extent that Ventures Limited is called upon to meet a commitment to purchase any of the 495,512 shares of Frobisher Limited at \$10 per share not taken up by the holders of purchase warrants issued by Frobisher Limited which expire on June 26, 1956. 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. If Ventures Limited is called upon in 1956 to meet the commitment referred to, a charge will be 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.
- At December 31, 1955 the following shares had been loaned by Ventures Limited to associated companies for hypothecation as security for loans to such companies:

| | Number of shares | Book value | Market value at December 31, 1955 |
|---|---------------------|------------------|---|
| Loaned to Consolidated Guayana Mines Limited— | | | |
| Frobisher Limited | 50,000 | \$ 31,594 | \$ 207,500 |
| Giant Yellowknife Gold Mines Limited | 15,000 | 17,998 | 83,250 |
| Falconbridge Nickel Mines Limited | 10,000 | 10,376 | 306,250 |
| Loaned to Geoil Limited— | | | |
| Falconbridge Nickel Mines Limited | 50,000 | 51,879 | 1,531,250 |
| Giant Yellowknife Gold Mines Limited | 20,000 | 23,997 | 111,000 |
| Loaned to Chavin Mines Corporation— | | | |
| Dominion Magnesium Limited | 10,000 | 68,080 | 197,500 |
| Frobisher Limited | 15,000 | 9,478 | 62,250 |
| | | <u>\$213,402</u> | <u>\$2,499,000</u> |

- 1,000,000 shares of Falconbridge Nickel Mines Limited, having a book value of \$1,037,587 and a market value of \$30,625,000 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 aggregate principal amount of debentures outstanding at any time.
- \$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. The Province of British Columbia has agreed that within four months after December 31, 1955 or such later date as the parties may agree upon, the Province of British Columbia will issue a Conditional Water Licence to the company authorizing the company to carry out the hydro-electric development program. In the event that the said Conditional Water Licence is not issued and accepted by the company by April 30, 1956 or such later date as the parties may agree upon, or if the company informs the Province of its intention to abandon its application for the licence, the deposit of \$2,500,000 is returnable by the Province to the company.
At December 31, 1955 the outstanding share capital of Northwest Power Industries Limited consisted of 7 directors' qualifying shares.
- At December 31, 1955 the company had guaranteed the bank loan of an associated company to the extent of \$600,000 and had agreed to loan another associated company up to \$450,000 on or before September 30, 1956.
Subsequent to December 31, 1955 the company agreed to purchase shares in associated companies from a subsidiary company for \$1,600,000 payable in instalments over a period of one year. In 1956 Ventures Limited also agreed to loan an associated company up to \$200,000 on or before December 31, 1956.
- Warrants issued in connection with the sale of the company's sinking fund debentures in 1954 and still outstanding at December 31, 1955 entitle the holders to purchase from the company 45,834 shares of its holdings of Falconbridge Nickel Mines Limited at U.S. \$20 a share and to purchase 45,834 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, 1955 resulted in the issue during that year of 4,166 shares of the company's share capital for \$82,435 cash.
- 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.
- 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, 1955 was \$1,943,580.

VENTURES

(Incorporated under

Balance Sheet as at

(with comparative figures

ASSETS

| Current: | 1955 | 1954 |
|---|---------------------|---------------------|
| Cash in banks | \$ 1,379,954 | \$ 903,319 |
| Accounts receivable— | | |
| Subsidiary and associated companies | 128,493 | 72,114 |
| Mortgage receivable—current instalment | 81,667 | |
| Sundry | 2,483 | 5,076 |
| | <u>\$ 1,592,597</u> | <u>\$ 980,509</u> |
| Investment in subsidiary, associated and other companies at cost less amounts written off (Notes 2, 3, 4 and 7): | | |
| Subsidiary companies— | | |
| Shareholdings | \$ 8,602,633 | \$ 8,504,406 |
| Advances | 66,631 | 126,958 |
| | <u>\$ 8,669,264</u> | <u>\$ 8,631,364</u> |
| Associated companies— | | |
| Frobisher Limited: | | |
| Shareholdings | \$ 938,943 | \$ 1,823,730 |
| Advances | 6,532,638 | 6,532,638 |
| | <u>\$ 7,471,581</u> | <u>\$ 8,356,368</u> |
| Northwest Power Industries Limited: | | |
| Advances (Note 5) | \$ 2,191,760 | \$ 2,000,010 |
| Other associated companies: | | |
| Shareholdings | \$11,613,670 | \$10,717,491 |
| Advances | 2,442,902 | 2,146,628 |
| | <u>\$14,056,572</u> | <u>\$12,864,119</u> |
| Other companies— | | |
| Shareholdings | 374,063 | 553,290 |
| | <u>\$32,763,240</u> | <u>\$32,405,151</u> |
| Other: | | |
| Mortgage receivable from sale of 49% interest in Ile Perrot refinery site (less current instalment) | \$ 163,333 | |
| Mining claims | 71,477 | \$ 71,477 |
| Expenditures on sundry projects, exploration, etc. carried forward | 154,808 | 237,222 |
| 49% interest in Ile Perrot refinery site | | 94,935 |
| Equipment and furniture less accumulated depreciation | 37,384 | 36,807 |
| | <u>\$ 427,002</u> | <u>\$ 440,441</u> |
| | <u>\$34,782,839</u> | <u>\$33,826,101</u> |

The notes to financial statements are an integral part of the

LIMITED

(In accordance with the laws of Canada)

December 31, 1955

(For December 31, 1954)

LIABILITIES

| | 1955 | 1954 |
|--|---------------------|---------------------|
| Current: | | |
| Bank loan—secured | | \$ 850,000 |
| Note payable to an associated company | | 100,000 |
| Accounts payable and accrued charges | \$ 170,241 | 115,945 |
| Dividend payable | 268,737 | 268,112 |
| Long-term debt instalment maturing within one year | 500,000 | 500,000 |
| | <u>\$ 938,978</u> | <u>\$ 1,834,057</u> |
| Commitments and contingent liabilities— | | |
| see Notes 2, 3 and 6 | | |
| Long-term (Note 4): | | |
| 4½% Serial Debentures due in equal annual instalments of \$500,000 on October 1, 1956 and 1957 | \$ 1,000,000 | \$ 1,500,000 |
| Less instalment maturing within one year shown under current liabilities | 500,000 | 500,000 |
| | <u>\$ 500,000</u> | <u>\$ 1,000,000</u> |
| 4½% Sinking Fund Debentures due October 1, 1969—(U.S. \$5,500,000) (Can. \$500,000) | 5,831,563 | 5,831,563 |
| | <u>\$ 6,331,563</u> | <u>\$ 6,831,563</u> |
| Provision for depletion on shares of subsidiary, associated and other companies | <u>\$ 5,483,588</u> | <u>\$ 5,033,588</u> |
| Capital and surplus (Notes 7, 8 and 9): | | |
| Capital— | | |
| Authorized—2,000,000 shares of no par value | | |
| Issued —1,791,582 shares (1954 — 1,787,416 shares) | \$ 9,425,782 | \$ 9,343,348 |
| Earned surplus | \$ 7,237,952 | \$ 6,323,722 |
| Special surplus | 5,364,976 | 4,459,823 |
| | <u>\$12,602,928</u> | <u>\$10,783,545</u> |
| | <u>\$22,028,710</u> | <u>\$20,126,893</u> |
| Approved on behalf of the Board: | | |
| R. B. ANDERSON, Director. | | |
| J. M. CUNNINGHAM-DUNLOP, Director. | | |
| | <u>\$34,782,839</u> | <u>\$33,826,101</u> |

above balance sheet and should be read in conjunction therewith.

STATEMENT OF PROFIT AND LOSS

For the Year Ended December 31, 1955

(with comparative figures for the year 1954)

| | | |
|--|-------------|-------------|
| Dividends received from: | | |
| Subsidiary companies— | | |
| Falconbridge Nickel Mines Limited | 1955 | 1954 |
| Other subsidiaries | \$2,121,017 | \$1,005,435 |
| | 177,048 | 166,801 |
| | \$2,298,065 | \$1,172,236 |
| Other companies | 180,394 | 135,937 |
| | \$2,478,459 | \$1,308,173 |
| Less portion thereof transferred to provision for depletion on shares of subsidiary, associated and other companies | 450,000 | 250,000 |
| | \$2,028,459 | \$1,058,173 |
| Interest received | 95,152 | 82,398 |
| | \$2,123,611 | \$1,140,571 |
| Deduct: | | |
| Administrative and general expenses— | | |
| Executive salaries | \$ 27,686 | \$ 15,090 |
| Directors' fees | 23,710 | 2,700 |
| Legal fees and expenses | 14,433 | 14,407 |
| Other administrative expenses less amounts recovered from associated companies | 253,602 | 68,149 |
| | \$ 319,431 | \$ 100,346 |
| Interest on debentures | 328,312 | 59,504 |
| Other interest paid | 18,611 | 184,089 |
| Income taxes deducted at source from dividends received | 6,177 | 3,167 |
| | \$ 672,531 | \$ 347,106 |
| Net profit for the year (excluding items in special surplus) | \$1,451,080 | \$ 793,465 |

NOTE: Fees paid to directors of Ventures Limited by subsidiary companies amounted to \$3,000 in 1955 and \$2,500 in 1954.

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, 1955

(with comparative figures for the year 1954)

| | | |
|--|-------------|-------------|
| | 1955 | 1954 |
| Balance at beginning of year | \$5,033,588 | \$4,783,588 |
| Add transfer from statement of profit and loss during the year | 450,000 | 250,000 |
| Balance at end of year | \$5,483,588 | \$5,033,588 |

STATEMENT OF EARNED SURPLUS

For the Year Ended December 31, 1955

(with comparative figures for the year 1954)

| | 1955 | 1954 |
|---|--------------------|--------------------|
| Balance at beginning of year | \$6,323,722 | \$6,519,372 |
| Add net profit for the year | 1,451,080 | 793,465 |
| | <u>\$7,774,802</u> | <u>\$7,312,837</u> |
| Deduct: | | |
| Dividends | \$ 536,850 | \$ 804,337 |
| Financing expenses (including legal fees of \$17,355) | ----- | 184,778 |
| | <u>\$ 536,850</u> | <u>\$ 989,115</u> |
| Balance at end of year | <u>\$7,237,952</u> | <u>\$6,323,722</u> |

NOTE: Dividends declared during 1955 and 1954 were as follows:

| Date Declared | Date Payable | 1955 | 1954 |
|-------------------|------------------------|-------------------|-------------------|
| January 12, 1954 | February 9, 1954 | | \$ 268,112 |
| June 11, 1954 | July 15, 1954 | | 268,113 |
| December 1, 1954 | January 7, 1955 | | 268,112 |
| June 16, 1955 | July 15, 1955 | \$ 268,113 | |
| December 19, 1955 | January 20, 1956 | 268,737 | |
| | | <u>\$ 536,850</u> | <u>\$ 804,337</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, 1955

(with comparative figures for the year 1954)

| | 1955 | 1954 |
|---|--------------------|--------------------|
| Balance at beginning of year | \$4,459,823 | \$3,266,413 |
| Net gain on sales of securities during the year | 752,829 | 1,363,838 |
| Profit on sale of 49% interest in Ile Perrot refinery site | 222,209 | ----- |
| | <u>\$5,434,861</u> | <u>\$4,630,251</u> |
| Less amounts written off: | | |
| Securities | \$ 1,000 | \$ 15,000 |
| Exploration expenses and payments on lapsed options | 70,661 | 143,797 |
| Advances to subsidiary and associated companies less recovery of amounts previously written off | (1,776) | 11,631 |
| | <u>\$ 69,885</u> | <u>\$ 170,428</u> |
| Balance at end of year | <u>\$5,364,976</u> | <u>\$4,459,823</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.

**STATEMENT OF INVESTMENT IN SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES
AS AT DECEMBER 31, 1955 AND DECEMBER 31, 1954**

| | December 31, 1955 | | | | | December 31, 1954 | | | | |
|---|-------------------|---------------------------|---------------------------------|-------------------------------|---------------------|-------------------|---------------------------|---------------------------------|-------------------------------|---------------------|
| | Shareholdings | | | | | Shareholdings | | | | |
| | Number of shares | % of out-standing capital | Indicated market value (Note 1) | Cost less amounts written off | Advances | Number of Shares | % of out-standing capital | Indicated market value (Note 1) | Cost less amounts written off | Advances |
| Subsidiary companies: | | | | | | | | | | |
| American Nepheline Limited | 2,055,413 | 50.1 | \$ 3,247,553 | \$ 976,736 | | 1,541,560 | 51.3 | \$ 1,587,807 | \$ 539,961 | |
| Avenue Realty Company Limited | 39,100 | 55.6 | | 3,750 | \$ 40,000 | 39,100 | 55.6 | | 3,750 | \$ 20,000 |
| Coniaurum Mines Limited | 1,430,800 | 51.7 | 872,788 | 554,476 | | 1,430,800 | 51.7 | 615,244 | 554,476 | |
| Devonian Limited (Note 2) | | | | | | 80,005 | * 43.2 | | 80,005 | |
| Falconbridge Nickel Mines Limited (Note 3) | 1,926,304 | 51.3 | 58,993,060 | 1,998,709 | | 1,932,670 | 51.4 | 45,417,745 | 2,005,672 | |
| Hoyle Mining Company Limited | 1,724,604 | 58.0 | 13,451,911 | 1,492,979 | | 1,724,604 | 90.8 | 4,311,510 | 1,492,979 | 91,958 |
| La Luz Mines Limited | 1,051,089 | 69.8 | 3,048,158 | 2,289,904 | | 1,051,089 | 69.8 | 2,102,178 | 2,289,904 | |
| Matachewan Consolidated Mines Limited | 3,066,827 | 89.2 | 2,913,486 | 919,325 | | 1,866,827 | 54.2 | 242,687 | 503,816 | |
| Panaminas Inc. | 100 | * 5.8 | | 2,910 | 26,000 | | * | | | 15,000 |
| 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 | |
| Seacoil Limited (Note 2) | | | | | | 670,000 | 55.0 | | 670,000 | |
| 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 | 631 | | | | 5,500 | |
| | | | <u>\$ 82,526,956</u> | <u>\$ 8,602,633</u> | <u>\$ 66,631</u> | | | <u>\$54,277,171</u> | <u>\$ 8,504,406</u> | <u>\$ 126,958</u> |
| * Controlled through subsidiary companies | | | | | | | | | | |
| Associated companies: | | | | | | | | | | |
| Frobisher Limited—shares (Note 3) | 1,549,257 | 26.0 | \$ 6,429,417 | \$ 938,943 | \$ 6,532,638 | 1,804,274 | 32.5 | \$ 7,938,806 | \$ 1,823,730 | \$ 6,532,638 |
| —warrants | 150,709 | | 67,819 | | | 150,709 | | 134,131 | | |
| | | | <u>\$ 6,497,236</u> | <u>\$ 938,943</u> | <u>\$ 6,532,638</u> | | | <u>\$ 8,072,937</u> | <u>\$ 1,823,730</u> | <u>\$ 6,532,638</u> |
| Northwest Power Industries Limited | | | | | \$ 2,191,760 | | | | | \$ 2,000,010 |
| Other associated companies: | | | | | | | | | | |
| Associated Tin Mines (S.W.A.) Limited .. | | | | | \$ 314,258 | | | | | \$ 123,244 |
| Canadian Malartic Gold Mines Limited .. | 1,388,685 | 38.0 | \$ 652,682 | \$ 513,411 | | 1,388,685 | 38.0 | \$ 527,700 | \$ 513,411 | |
| Chavin Mines Corporation | | | | | 194,820 | | | | | 170,570 |
| Consolidated Guayana Mines Limited .. | 261,636 | 10.2 | 91,573 | 192,133 | 1,000,733 | 261,636 | 10.2 | 73,258 | 192,133 | 1,005,961 |
| Consolidated Mosher Mines Limited .. | 417,633 | 12.9 | 304,872 | 43,620 | | 417,633 | 12.9 | 300,696 | 43,620 | |
| Consolidated Sudbury Basin Mines Limited | 191,073 | 3.3 | 974,472 | 270,999 | | 191,073 | 6.4 | 435,646 | 270,999 | |

| | | | | | | | | | | |
|---|-----------|------|----------------|---------------|---------------|-----------|------|---------------|---------------|---------------|
| Dominion Magnesium Limited (Note 3) | 113,577 | 24.1 | 2,243,146 | 773,230 | | 113,577 | 24.9 | 1,547,487 | 773,230 | |
| Duport Mining Company Limited | 553,262 | 39.5 | | 82,236 | | 553,262 | 39.5 | | 82,236 | |
| Dupresnoy Mines Limited | | | | | | 1,138,078 | 41.2 | | 10,881 | 1,955 |
| Eureka Corporation Limited | 884,268 | 10.2 | 1,282,189 | 1,534,011 | 250,810 | 1,303,564 | 15.8 | 1,420,885 | 2,170,135 | 200,657 |
| Geoil Limited (Note 2) | 1,356,611 | 44.8 | | 2,371,145 | | | | | | |
| Giant Yellowknife Gold Mines Limited (Note 3) | 388,742 | 9.7 | 2,157,518 | 466,440 | | 388,742 | 9.7 | 3,032,188 | 466,440 | |
| International Ranwick Limited | 269,452 | 9.3 | 328,731 | 151,609 | | 233,765 | 12.0 | 114,545 | 133,766 | |
| Lake Dufault Mines Limited | 1,591,771 | 38.6 | 3,740,662 | 202,748 | | 1,237,397 | 48.5 | 903,300 | 191,773 | |
| Metal Hydrides Incorporated | 98,653 | 38.5 | 2,084,045 | 809,394 | | 98,653 | 38.5 | 2,330,677 | 809,394 | |
| New Calumet Mines Limited | 112,951 | 2.4 | 129,894 | | | 112,951 | 2.4 | 63,253 | | |
| Nipissing Mines Company Limited | 342,840 | 14.2 | 918,811 | 762,115 | | 242,840 | 20.2 | 558,532 | 562,115 | |
| Opemiska Copper Mines (Quebec) Limited | 329,696 | 6.0 | 3,198,051 | 364,602 | | 350,296 | 6.3 | 847,716 | 385,201 | |
| Osisko Lake Mines Limited | 241,581 | 9.4 | 128,038 | 157,252 | | 241,581 | 9.4 | 115,959 | 157,252 | |
| Pascal's Gold Mines Limited | 1,462,837 | 48.7 | 131,655 | 244,468 | | 1,462,837 | 48.7 | 73,142 | 244,468 | |
| Quebec Metallurgical Industries Ltd. | 851,854 | 17.8 | 3,322,231 | 1,767,941 | | 386,883 | 19.2 | 1,257,370 | 1,304,121 | 165,302 |
| St. Eugene Mining Corporation Limited | 1,079,593 | 44.7 | | 289,348 | 98,340 | 1,079,593 | 44.7 | | 289,348 | 98,339 |
| Tonopah Mining Company of Nevada | 252,760 | 29.0 | 600,305 | 521,620 | | 252,760 | 29.0 | 600,305 | 521,620 | |
| Trans-Border Oils Ltd. (Note 2) | | | | | | 300,000 | 19.0 | | 1,500,000 | |
| Uis Tin Mining Company (S.W.A.) Limited | | | | | 575,863 | | | | | 372,503 |
| West Wasa Mines Limited | 100,000 | 3.4 | 7,000 | 25,000 | | 100,000 | 3.4 | 5,000 | 25,000 | |
| Miscellaneous participations of less than \$25,000 each | | | 268,887 | 70,348 | 8,078 | | | 68,740 | 70,348 | 8,097 |
| | | | \$ 22,564,762 | \$ 11,613,670 | \$ 2,442,902 | | | \$ 14,276,399 | \$ 10,717,491 | \$ 2,146,628 |
| | | | \$ 29,061,998 | \$ 12,552,613 | \$ 11,167,300 | | | \$ 22,349,336 | \$ 12,541,221 | \$ 10,679,276 |
| Other companies: | | | | | | | | | | |
| Bobjo Mines Limited | 216,723 | | \$ 104,027 | \$ 60,572 | | 216,723 | | \$ 60,682 | \$ 60,573 | |
| Geco Mines Limited | 300 | | 5,475 | 3,375 | | 5,300 | | 53,000 | 59,633 | |
| Lyndhurst Mining Company Limited | 36,500 | | 85,775 | 2,975 | | 272,500 | | 125,350 | 59,950 | |
| Pine Point Mines Limited | 26,470 | | 397,050 | 14,299 | | 67,233 | | | 50,063 | |
| United North Atlantic Securities Limited | 10,000 | | | 100,000 | | 10,000 | | | 100,000 | |
| Miscellaneous participations of less than \$40,000 each | | | 374,568 | 192,842 | | | | 276,123 | 223,071 | |
| | | | \$ 966,895 | \$ 374,063 | Nil | | | \$ 515,155 | \$ 553,290 | Nil |
| | | | \$ 112,555,849 | \$ 21,529,309 | \$ 11,233,931 | | | \$ 77,141,662 | \$ 21,598,917 | \$ 10,806,234 |

NOTES: 1. The market values shown above are based on closing market prices at December 31, 1955 and December 31, 1954. 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 1955 the company's shareholdings in Devonian Limited, Seacil Limited and Trans-Border Oils Ltd. were exchanged for shares of Geoil Limited.

3. 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 45,834 shares of Falconbridge Nickel Mines Limited owned by the company.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended December 31, 1955

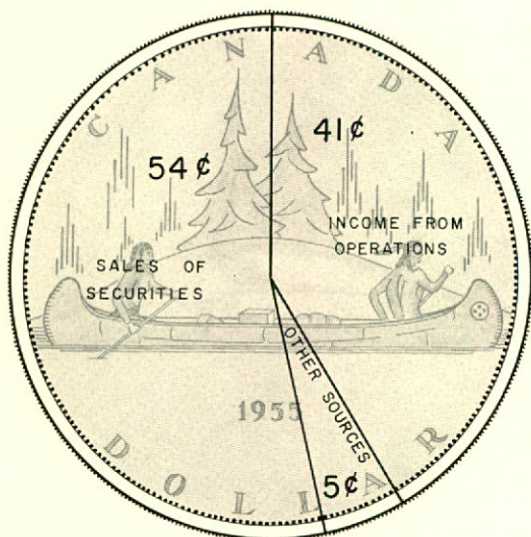
Funds provided:

| | |
|---|--------------------|
| From operations | \$1,906,992 |
| Consisting of — | |
| Net profit for the year | \$1,451,080 |
| Add charges to operations which did not in themselves involve an outlay of cash during the year: | |
| Depreciation | 5,912 |
| Transfer to provision for depletion on shares of subsidiary, associated and other companies | 450,000 |
| | <u>\$1,906,992</u> |
| From sales of securities | 2,480,662 |
| From sale of 49% interest in Ile Perrot refinery site | 153,811 |
| From exercise of warrants to purchase 4,166 treasury shares | 82,435 |
| | <u>\$4,623,900</u> |

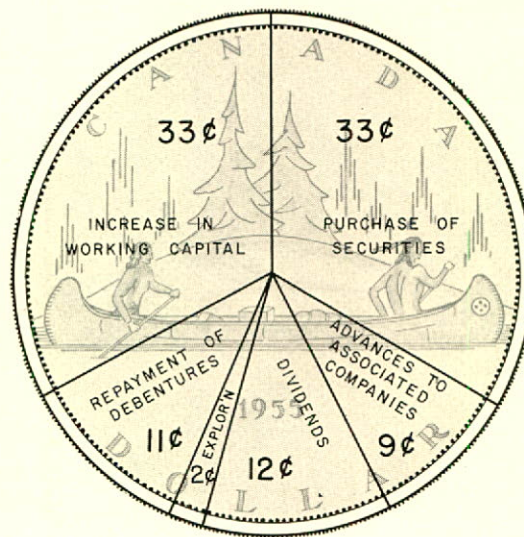
Funds applied:

| | |
|--|--------------------|
| Purchases of securities | \$1,551,740 |
| Advances made: | |
| Northwest Power Industries Limited | \$ 191,750 |
| Other companies (net) | 234,171 |
| | <u>425,921</u> |
| Dividends paid and declared | 536,850 |
| Exploration expenditures, etc. | 102,222 |
| Provision for repayment of debentures maturing in 1956 | 500,000 |
| | <u>3,116,733</u> |
| Increase in working capital | <u>\$1,507,167</u> |

SOURCE



APPLICATION



COMPARATIVE SUMMARY OF PROFIT AND LOSS ACCOUNT

1928 – 1955

| | <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 |

* Adjusted—Interest receipts now included in income.

AMERICAN NEPHELINE LIMITED

BALANCE SHEET, DECEMBER 31, 1955

ASSETS

Current:

| | | |
|---|------------|------------|
| Cash on hand and in banks | \$ 491,532 | |
| Accounts receivable | 285,347 | |
| Inventories of crude ore and finished products as determined and certified by responsible officials and valued at the lower of average cost or market | 54,377 | |
| Prepaid expenses and sundry receivables | 13,018 | \$ 844,274 |

Inventory of supplies:

| | | |
|---|--|---------|
| Inventory of mine and mill supplies — at cost | | 167,677 |
|---|--|---------|

Fixed:

| | | |
|--|-----------|-----------|
| Mining properties — at cost | \$ 75,499 | |
| Land, buildings, machinery and equipment — at cost, less depreciation provided of \$1,214,690 (note 1) | 355,151 | |
| Equity in staff dwellings after providing for C.M.H.C. mortgage loans of \$73,365 and depreciation of \$49,629 | 22,074 | |
| Expenditures on new plant programme (note 1) | 1,107,262 | 1,569,986 |

Other:

| | | |
|---|----------|--------------------|
| Deferred development expenditures, less amounts written off of \$328,559 | \$ 8,265 | |
| Equipment not presently in use — at cost | 2,066 | |
| Interest in outside mining claims | 15,044 | |
| Investment in shares of associated company — at cost \$6,450 less full reserve thereon (note 2) | | 25,375 |
| | | <u>\$2,607,312</u> |

LIABILITIES

Current:

| | | |
|--|------------|------------|
| Accounts payable and accrued charges | \$ 237,424 | |
| Estimated corporation income and mining taxes, less payments thereon | 125,000 | \$ 362,424 |

Deferred:

Mortgage loan from the Industrial Development Bank (note 3)

Capital:

| | | |
|---|--------------------|--------------------|
| Capital stock | | |
| authorized 4,500,000 shares with a par value of fifty cents per share | | |
| issued and outstanding 4,100,000 (note 4) | \$2,050,000 | |
| Contributed surplus | 374,964 | |
| | <u>\$2,424,964</u> | |
| less: | | |
| Deficit (note 5) | 180,076 | 2,244,888 |
| | | <u>\$2,607,312</u> |

NOTES:

- In 1955 the company undertook a major plant expansion programme involving the outlay of \$2,670,000. Arrangements were made with the Industrial Development Bank to borrow \$1,600,000 to finance part of the cost. The principal security for the loan is a mortgage on the present lands, plant and equipment as well as the new plant arising from the expansion programme. In addition to the expenditures of \$1,107,262 shown on the balance sheet, the company at 31st December 1955 had placed orders valued at \$832,974 for delivery in 1956.
- The company owns 126,000 shares of Lakefield Research Limited, an associated company. In addition, the company owns all the outstanding shares of American Nepheline Corporation, Rochester, N.Y. — which company disposed of substantially all its assets in 1955. American Nepheline Corporation is indebted to American Nepheline Limited in the amount of \$184 — which amount is included in this balance sheet as a sundry receivable.
- The mortgage loan from Industrial Development Bank bears interest at 6% per annum. No advances on this loan had been received or requested to 31st December 1955. The indenture provides for repayment in monthly instalments of \$11,000 principal together with interest, the first payment being due on 15th June 1956. Provision is also made for the acceleration of principal repayment by the requirement that 25% of the net retainable funds arising from earnings be devoted annually to debt reduction. Additionally, the agreement stipulates that dividends will not be paid which will reduce the working capital, as defined in the agreement, to less than \$500,000 without the prior approval of the bank.
- By supplementary letters patent dated 15th June 1955, the authorized capital was increased by 1,500,000 shares to 4,500,000 shares with a par value of fifty cents per share. One million shares were offered to shareholders on rights at 85c per share, the issue being firmly underwritten. On the sale of these shares, the par value of 50c per share was credited to Capital Stock and the remaining 35c per share was added to Contributed Surplus. One hundred thousand shares were issued fully paid to the Industrial Development Bank, the par value of these shares being part of the cost of the new financing and charged to Deficit as shown on the statement attached. An option has been granted to an employee of the company 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, 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 not less than 95% of the fair market value on the dates on which such options are granted.
- In 1954 and prior years, consolidated balance sheets and related statements were presented to the shareholders, these statements consolidating the figures of American Nepheline Limited with those of the wholly-owned subsidiary company, American Nepheline Corporation. As American Nepheline Corporation has now disposed of its assets, this practice is discontinued. The Statement of Deficit records the losses resulting from the disposal of these assets. The remuneration of directors as such (excluding remuneration for services as officers and employees) amounted to \$2,156 in 1955. The company in 1955 continued the policy of providing for depreciation on its plant and for deferred development expenditures amounts equivalent to the maximum capital cost allowances permitted by regulations under The Income Tax Act. No depreciation was written on the new plant under construction.

CONIAURUM MINES LIMITED
BALANCE SHEET — DECEMBER 31, 1955

ASSETS

Current:

| | | |
|--|--------------|----------------------|
| Cash | | \$ 300,711.18 |
| Bullion in transit | | 99,995.77 |
| Accounts receivable — | | |
| Estimated amount receivable under the Emergency Gold Mining Assistance Act | \$ 38,863.31 | |
| Other | 4,774.53 | 43,637.84 |
| | | <u>\$ 444,344.79</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 \$425,220) | \$ 47,628.00 | |
| Other companies (quoted market value \$1,003,429) | 554,693.61 | 602,321.61 |
| Shares of other companies | | |
| Affiliated companies | \$ 63,250.00 | |
| Other companies | 33,499.95 | \$ 96,749.95 |
| | | <u>882,321.16</u> |

Fixed, at cost less amount written off:

| | | |
|---|------------------|--------------|
| Buildings, machinery and equipment | \$1,394,490.23 | |
| Less accumulated depreciation | 1,380,905.48 | |
| | <u>13,584.75</u> | |
| Mining properties (No deduction has been made for ores mined) | 2,243,709.14 | 2,257,293.89 |

Other:

| | | |
|---|---------------|-----------------------|
| Supplies — at cost | \$ 114,775.48 | |
| Prepaid expenses | 8,090.86 | |
| Government bonds on deposit with Hydro-Electric Power Commission of Ontario at cost (market value \$14,587) | 15,037.50 | 137,903.84 |
| | | <u>\$3,721,863.68</u> |

LIABILITIES

Current:

| | |
|--|---------------------|
| Wages payable | \$ 29,958.39 |
| Accounts payable and accrued charges | 33,840.25 |
| | <u>\$ 63,798.64</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 | 708,842.30 |
| | <u>\$3,747,495.00</u> |

| | | |
|----------------------|-------------|-----------------------|
| Deficit | (89,429.96) | \$3,658,065.04 |
| | | <u>\$3,721,863.68</u> |

- Notes: (1) Under an agreement dated March 1, 1951 the company agreed with Central Porcupine Mines Limited to expend jointly up to \$450,000 in sinking a new shaft near the boundary lines of the Coniaurum and the Central Porcupine properties — Coniaurum to bear 2/3rds of the cost (to a maximum of \$300,000) and Central Porcupine to bear 1/3rd of the cost (to a maximum of \$150,000). To December 31, 1955 the Company had expended a total of \$292,980 under the terms of this agreement.
- (2) 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, 1955 amounted to \$3,643, 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, 1955 amounted to \$1,493.

LA LUZ MINES LIMITED
BALANCE SHEET — SEPTEMBER 30, 1955

| Current Assets: | | ASSETS | |
|---|----------------|----------------|-----------------------|
| Cash | | | \$ 48,886.30 |
| Bullion in transit and at refineries at estimated realizable value | | | 121,484.97 |
| Sundry accounts receivable | | | 31,914.00 |
| | | | <u>\$ 202,285.27</u> |
| Investments: | | | |
| Marketable Securities—at Cost (quoted market value \$2,049,912) | | | |
| Frobisher Limited | 287,810 shares | \$ 336,431.14 | |
| Giant Yellowknife Gold Mines Limited | 14,841 shares | \$ 71,423.64 | |
| Falconbridge Nickel Mines Limited (an affiliated company) | 21,708 shares | 80,586.88 | \$ 488,441.66 |
| Other Investments and Advances, at Cost less provision for possible loss— | | | |
| Eureka Corporation Limited (quoted market value \$847,975) | 446,303 shares | \$ 540,379.72 | |
| Consolidated Guayana Mines Limited (quoted market value \$125,120) | 272,000 shares | 204,000.00 | |
| | advance | 75,000.00 | |
| Panaminas Incorporated—at nominal value (see note 1) | | 1.00 | |
| | | \$ 819,380.72 | |
| Less provision for possible loss | | 200,000.00 | 619,380.72 |
| Investment in Rosita Mines Limited—cost of property and development expenditures thereon (see note 3) | | | 563,751.59 |
| | | | 1,671,573.97 |
| Inventories of Supplies valued at average cost which is less than current replacement cost: | | | |
| Mining and milling supplies and spare parts | | \$ 891,373.88 | |
| Commissary supplies | | 104,012.76 | 995,386.64 |
| Fixed Assets: | | | |
| Siuna mining claims, at cost | | \$1,550,000.00 | |
| Potosí property, at cost | | 570,130.16 | |
| | | \$2,120,130.16 | |
| Less accumulated depletion | | 1,490,534.39 | |
| | | \$ 629,595.77 | |
| Riscos De Oro, at cost | | 113,558.04 | |
| Mine buildings, machinery, equipment, roads, airports, and YY River power development, at cost | | \$5,019,738.31 | |
| Less accumulated depreciation | | 1,881,052.23 | 3,138,686.08 |
| | | | 3,881,839.89 |
| Deferred Expenditures: | | | |
| Prepaid fire insurance and taxes, etc. | | \$ 6,552.58 | |
| Native housing project, at cost less amounts written off | | 11,891.43 | 18,444.01 |
| | | | <u>\$6,769,529.78</u> |
| Current Liabilities: | | LIABILITIES | |
| Accrued wages | | | \$ 11,774.42 |
| Accounts payable and accrued charges | | | 131,702.12 |
| | | | <u>\$ 143,476.54</u> |
| Capital Stock: | | | |
| Authorized—2,000,000 shares of no par value | | | |
| Issued —1,504,412 shares | | \$3,139,191.10 | |
| (see note 4 re options outstanding) | | | |
| General reserve | | 2,403,802.53 | |
| Earned surplus | | 1,083,059.61 | 6,626,053.24 |
| | | | <u>\$6,769,529.78</u> |

NOTES TO FINANCIAL STATEMENTS

- The company's investment in Panaminas Incorporated was unchanged during the year ended September 30, 1955 but through the issuance to others of additional shares of the capital stock of Panaminas Incorporated during the year that company is no longer a subsidiary. In previous years La Luz Mines Limited reduced the value of its investment in and advances to Panaminas Incorporated to a nominal value of \$1 in order to provide for the accumulated losses of that company.
- 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.
- Rosita Mines Limited, a wholly-owned subsidiary company, was incorporated during 1954 but had not commenced operations as at September 30, 1955 and for that reason no financial statements have been prepared for the subsidiary.
- At September 30, 1955 options were outstanding on 5,250 shares of the company's capital stock to be allocated at the discretion of the Chairman of the Board and the President at the price of \$2.00 per share. Subsequent to that date these options were allocated on the condition that they be exercised prior to September 30, 1956. In addition the Chairman of the Board subject to the approval of the Board of Directors has been authorized to grant options on 60,000 shares of the company's capital stock to officers and employees during a period not to exceed ten years 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.
- The administrative expenses outside of Nicaragua include remuneration of the directors as such (excluding remuneration for services as officers and employees) amounting to \$408.
- The provision for depletion is based on the average gold content of the ore milled during the year ended September 30, 1955. The rate of provision so determined was 21c per ton as compared with a rate of 22c per ton used in the previous year.
- There were outstanding commitments made prior to or shortly after September 30, 1955 for new equipment which amounted to approximately \$315,000.

MATACHEWAN CONSOLIDATED MINES LIMITED

BALANCE SHEET DECEMBER 31, 1955

ASSETS

Current:

| | | | |
|---------------------------|----|----------|--|
| Cash | \$ | 1,057.97 | |
| Accounts receivable | | 4,675.02 | |
| | \$ | 5,732.99 | |

Investments — at cost:

| | | | |
|--|--------------|--------------|------------|
| Shares of companies with quoted market values — | | | |
| Affiliated companies (quoted market value \$546,829) | \$320,653.96 | | |
| Other companies (quoted market value \$593,689) | 352,091.28 | \$672,745.24 | |
| Shares of companies with no quoted market values — | | | |
| Affiliated companies | \$136,324.45 | | |
| Other companies | 114,250.00 | 250,574.45 | 923,319.69 |

FIXED: (Note 1)

| | | | |
|---|--|--|------------|
| Mining leases, buildings, machinery and equipment — at cost, less accumulated depreciation and proceeds of sales (Note 1) | | | 321,010.06 |
| (No deduction has been made for ores mined) | | | |

Other:

| | | | |
|--|-------------|--------------|-----------------------|
| Advances for development and operation of properties owned by — | | | |
| Consolidated Matarow Mines Limited — at cost less amount written off (Note 1) .. | \$ 8,349.78 | | |
| Duport Mining Company Limited — at cost (Note 2) | 141,432.92 | \$149,782.70 | |
| Supplies — at cost | | 66,400.95 | |
| Prepaid expenses and deposits | | 3,418.99 | 219,602.64 |
| | | | <u>\$1,469,665.38</u> |

LIABILITIES, CAPITAL AND SURPLUS

Current:

| | | | |
|--|----|------------|--|
| Bank overdraft — secured | \$ | 407,560.08 | |
| Accounts payable and accrued charges | | 1,302.69 | |
| Wages payable | | 945.66 | |
| | \$ | 409,808.43 | |

Capital:

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

| | | | |
|----------------------|------------|-----------------------|--|
| Earned Surplus | 145,356.95 | 1,059,856.95 | |
| | | <u>\$1,469,665.38</u> | |

NOTES:

- Operations were suspended in 1953 on the company's property and on the property of Consolidated Matarow Mines Limited. In the opinion of 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. The amounts advanced to Consolidated Matarow Mines Limited under the terms of the agreement with that company have been written down to the balance estimated by management to be recoverable.
- Under the terms of an agreement, the company is committed to make further advances for the development of property owned by Duport Mining Company Limited in the amount of \$221,067. On completion of such payments the company and associates will be entitled to receive shares of Duport 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 \$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.

FALCONBRIDGE NICKEL MINES LIMITED

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1955

(With comparative figures for December 31, 1954)

| Current: | ASSETS | 1955 | 1954 |
|---|-------------|---------------------|---------------------|
| Cash on hand and in banks | | \$ 2,417,751 | \$ 961,383 |
| Government bonds at cost which is approximate market value | | 8,291,315 | 948,182 |
| Accounts receivable — | | | |
| Trade (including the United States Government) | \$4,957,214 | | |
| Sundry | 508,915 | 5,466,129 | 3,539,855 |
| Income taxes recoverable | | 650,306 | 556,089 |
| Inventories (Note 4)— | | | |
| Refined metals | \$1,367,210 | | |
| Matte and metals in process | 5,013,520 | 6,380,730 | 5,248,870 |
| | | <u>\$23,206,231</u> | <u>\$11,254,379</u> |
| Investment in Shares of Other Companies | | | |
| at cost less amounts written off: | | | |
| Unconsolidated subsidiary at cost (Note 1) | \$ 326,994 | | |
| Affiliated companies | 112,623 | | |
| Investment in Maritimes Mining Corporation Limited (Note 5) | 1,516,685 | | |
| Other (quoted market value—\$834,000) | 770,851 | \$ 2,727,153 | \$ 1,354,813 |
| Fixed: | | | |
| Plant and equipment at cost | | \$50,546,877 | \$41,539,601 |
| Less accumulated allowance for depreciation | | 22,546,789 | 18,607,222 |
| | | <u>\$28,000,088</u> | <u>\$22,932,379</u> |
| Mining and other property at cost | | 3,951,421 | 3,724,003 |
| | | <u>\$31,951,509</u> | <u>\$26,656,382</u> |
| Other: | | | |
| Supplies, at average cost | | \$ 3,805,723 | \$ 3,177,888 |
| Prepaid expenses and deferred charges (including unamortized financing expenses of \$289,881 in 1955 and \$179,705 in 1954) | | 523,118 | 427,281 |
| Long-term accounts receivable | | 81,003 | 85,910 |
| Guarantee deposits (cash and government bonds at cost) | | 359,220 | 327,590 |
| Mine development and preproduction expenditures less amounts written off | | 6,109,447 | 4,942,427 |
| | | <u>\$10,878,511</u> | <u>\$ 8,961,096</u> |
| | | <u>\$68,763,404</u> | <u>\$48,226,670</u> |
| Current: | LIABILITIES | | |
| Accounts payable and accrued charges | | \$ 4,942,552 | \$ 5,095,526 |
| Portion of long-term liabilities maturing within one year | | 91,855 | 91,855 |
| Taxes payable (estimated) | | 599,667 | 288,044 |
| | | <u>\$ 5,634,074</u> | <u>\$ 5,475,425</u> |
| Long-Term: | | | |
| 5¼% first mortgage and collateral trust sinking fund bonds, series A, due August 15, 1966— | | | |
| Authorized—\$30,000,000 | | | |
| Issued | | \$30,000,000 | \$12,000,000 |
| 3% mortgage payable in equal semi-annual instalments from June 30, 1956 to December 30, 1961 inclusive (secured by refinery land and plant) (N.Kr. 3,300,000 in 1955) | | 551,132 | 642,987 |
| Net advance from the United States Government, including accrued interest thereon at 4%, repayable on or before March 31, 1957 (U.S. \$264,219 in 1955) | | 257,659 | 2,233,939 |
| | | <u>\$30,808,791</u> | <u>\$14,876,926</u> |
| Less instalments maturing within one year included under current liabilities | | 91,855 | 91,855 |
| | | <u>\$30,716,936</u> | <u>\$14,785,071</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) | | 20,198,269 | 15,752,049 |
| | | <u>\$32,412,394</u> | <u>\$27,966,174</u> |
| | | <u>\$68,763,404</u> | <u>\$48,226,670</u> |

FALCONBRIDGE NICKEL MINES LIMITED

STATEMENT OF CONSOLIDATED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1955 *(With comparative figures for the year ended December 31, 1954)*

| | 1955 | 1954 |
|---|--------------|--------------|
| Metal sales and other operating revenues | \$48,108,183 | \$39,317,333 |
| Cost of sales and operating expenses other than the undermentioned items | \$28,671,394 | \$26,625,423 |
| Selling, general and administrative expenses (including remuneration of directors as such of \$4,075 in 1955 and \$1,750 in 1954) | 1,678,442 | 1,534,430 |
| | \$30,349,836 | \$28,159,853 |
| Operating profit before providing for development and preproduction expenditures, depreciation and income taxes | \$17,758,347 | \$11,157,480 |
| Development and preproduction expenditures written off | \$ 2,519,415 | \$ 2,114,745 |
| Allowance for depreciation (Note 8) | 4,030,332 | 2,821,185 |
| | \$ 6,549,747 | \$ 4,935,930 |
| Operating profit before income taxes | \$11,208,600 | \$ 6,221,550 |
| Other income: | | |
| Dividend from Fahlralloy Canada Limited, a wholly-owned subsidiary, not consolidated (Note 1) | 35,050 | 35,050 |
| Income from investments | 48,848 | 43,833 |
| Net gain or (loss) on sale of securities and fixed assets | 1,360 | (12,040) |
| | \$11,293,858 | \$ 6,288,393 |
| Other deductions from income: | | |
| Interest on long-term liabilities and financial expenses written off | \$ 1,134,401 | \$ 649,548 |
| Exploration expenditures | 1,737,174 | 665,057 |
| | \$ 2,871,575 | \$ 1,314,605 |
| Earnings before income taxes | \$ 8,422,283 | \$ 4,973,788 |
| Income taxes—estimated (Note 9 and 10) | 350,000 | 312,843 |
| Earnings for the year (Notes 8, 9 and 10) | \$ 8,072,283 | \$ 4,660,945 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) The consolidated financial statements for 1955 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. Two subsidiaries which are included in the 1955 consolidation were not consolidated in 1954 because they were only partially owned in that year, the minority shares having been acquired in 1955.

The interest of Falconbridge Nickel Mines Limited in the current year's profits of the unconsolidated subsidiary exceeded the dividend received from such subsidiary by \$104,815. The parent company's interest in the profits of the unconsolidated subsidiary accumulated from the date of its acquisition to December 31, 1955 and not taken up in its accounts amounted to \$466,115.

(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, 1955 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, 1955 includes the following assets and liabilities in Norway:

| | |
|--|--------------|
| Net current assets | \$ 4,032,644 |
| Fixed assets less accumulated allowance for depreciation | 6,863,938 |
| Supplies and other assets | 1,109,957 |
| | \$12,006,539 |
| Less long-term debt (excluding current instalments) | 459,277 |
| Net assets in Norway included in the consolidated balance sheet at December 31, 1955 | \$11,547,262 |

(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 (\$4,692,101 in 1955) cost has been determined on a "last-in first-out" basis; in the case of inventories processed or in process from purchased ores (\$1,688,629 in 1955) cost has been determined on a "first-in first-out" basis.

(5) The investment in Maritimes Mining Corporation Limited represents the cost of acquiring 1,500,000 shares of that company. There are certain restrictions on the disposal of this investment prior to September 29, 1956.

(6) There are commitments outstanding in connection with construction in progress and development and exploration of outside properties amounting to approximately \$3,800,000.

(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, 1955 which could be utilized for dividends was approximately \$9,350,000.

(8) The basis of providing depreciation in 1955 was changed to a straight line rate of 10% applied to the year-end asset values (including assets not yet in service). In 1954 the provision was computed only on assets in service at straight line rates of 15% on Canadian assets and 10% on Norwegian assets. The resulting provision for 1955 is approximately \$875,000 less than it would have been on the previous year's basis and the net earnings for 1955 are greater by the same amount. The revised basis is the same as that prescribed for the determination of earnings by the first deed securing the company's 5¼% first mortgage and collateral trust sinking fund bonds.

(9) The amounts to be claimed for income tax purposes in 1955 in respect of depreciation and preproduction expenditures are approximately the same as the amounts written in the Company's accounts. The total depreciation and preproduction expenditures which will have been claimed for 1955 and prior years will be in excess of the amounts written in the accounts by approximately \$1,260,000. 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 1955 income is attributable to new mines, which income is exempt from income taxes (for a three-year period) under the provisions of the Income Tax Act.

FROBISHER LIMITED

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1955

(with comparative figures for December 31, 1954)

| | | ASSETS | |
|--|--|---------------------|---------------------|
| Current: | | 1955 | 1954 |
| Cash on hand and in banks | | \$ 330,620 | \$ 426,094 |
| Bullion in transit | | | 57,795 |
| Accounts receivable | | 110,660 | 177,036 |
| | | <u>\$ 441,280</u> | <u>\$ 660,925</u> |
| Investment in subsidiary, associated and other companies at cost less amounts written off (note 3): | | | |
| Subsidiary companies — | | | |
| Shareholdings | | \$12,022,416 | \$ 6,756,142 |
| Advances | | 31,156 | 667,228 |
| | | <u>\$12,053,572</u> | <u>\$ 7,423,370</u> |
| Associated and other companies — | | | |
| Shareholdings | | \$ 9,347,963 | \$13,609,493 |
| Advances | | 1,469,761 | 1,031,806 |
| | | <u>\$10,817,724</u> | <u>\$14,641,299</u> |
| | | <u>\$23,312,576</u> | <u>\$22,064,669</u> |
| Fixed: | | | |
| Buildings, plant and equipment, at cost | | \$ 1,420,531 | \$ 1,394,835 |
| Less accumulated depreciation | | 1,227,085 | 1,109,148 |
| | | <u>193,446</u> | <u>285,687</u> |
| Mining properties at cost | | 379,390 | 379,795 |
| | | <u>572,836</u> | <u>665,482</u> |
| Other: | | | |
| Exploration expenditures carried forward | | \$ 1,335,743 | \$ 1,378,322 |
| Supplies and spare parts at the lower of cost or market | | 237,112 | 234,509 |
| Sundry prepayments and deferred charges | | 20,795 | 28,848 |
| | | <u>\$ 1,593,650</u> | <u>\$ 1,641,679</u> |
| | | <u>\$25,479,062</u> | <u>\$25,032,755</u> |
| | | LIABILITIES | |
| Current: | | | |
| Bank loans — secured | | | \$ 1,480,910 |
| Accounts payable and accrued charges | | \$ 241,559 | 286,541 |
| Amounts owing to associated companies | | 5,570 | 32,521 |
| Income taxes payable | | 22,464 | |
| | | <u>269,593</u> | <u>1,799,972</u> |
| Commitments and contingent liabilities — see note 4 | | | |
| Advances from Ventures Limited (note 6) | | \$ 6,532,638 | \$ 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 | | \$ 526,000 | \$ 376,000 |
| Capital and deficit (notes 5, 6 and 7) | | | |
| Capital — | | | |
| Authorized—7,500,000 shares of no par value | | | |
| Issued —5,949,488 shares (1954 — 5,549,488 shares) | | \$16,519,489 | \$14,919,489 |
| Deficit | | \$ 191,504 | \$ 473,333 |
| Special deficit | | 3,177,154 | 3,122,011 |
| | | <u>\$ 3,368,658</u> | <u>\$ 3,595,344</u> |
| | | <u>\$13,150,831</u> | <u>\$11,324,145</u> |
| | | <u>\$25,479,062</u> | <u>\$25,032,755</u> |

NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 1955

- 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 and Mines Incorporated. 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. A portion of the company's holdings in two of the subsidiaries is under option to Ventures Limited at the cost thereof to the company.
No dividends were received from the unconsolidated subsidiaries during the year ended December 31, 1955. The interest of Frobisher Limited in the current year's losses less profits of these subsidiaries amounted to \$441,677, no portion of which has been provided for in the accounts of Frobisher Limited. The interest of Frobisher Limited in the aggregate of the losses less profits of unconsolidated subsidiaries accumulated from the date of their acquisition to December 31, 1955, not provided for in its accounts, amounted to \$570,918.
- Assets and liabilities in currencies other than Canadian dollars are converted into Canadian funds at the current quoted rates of exchange at December 31, 1955, 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.

FROBISHER LIMITED

STATEMENT OF INVESTMENT IN SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES AS AT DECEMBER 31, 1955 AND DECEMBER 31, 1954

| | Number of shares or par value | % of out- standing capital | Indicated market values (Note 1) | Cost less amounts written off | Advances |
|--|-------------------------------------|----------------------------------|---|-------------------------------------|--------------|
| Subsidiary companies: | | | | | |
| Associated Tin Mines (South West Africa) Limited | 720,000 | 60.0% | | \$ 577,858 | |
| Chavin Mines Corporation | 1,500 | 75.0 | | 735,000 | \$ 24,644 |
| Geoil Limited (Note 2) | 1,575,685 | 52.1 | | 4,487,850 | |
| Kilembe Copper Cobalt Ltd. | 1,843,457 | 83.4 | \$ 6,359,926 | 6,149,885 | |
| Miscellaneous participations of less than \$50,000 each | | | | 71,823 | 6,512 |
| | | | \$ 6,359,926 | \$12,022,416 | \$ 31,156 |
| Associated and other companies: | | | | | |
| Akaicho Yellowknife Gold Mines Limited | 1,165,230 | 35.7% | \$ 629,224 | \$ 380,243 | |
| Anacon Lead Mines Limited | 11,200 | | 37,740 | 61,625 | |
| Anyox Metals Limited | 200,000 | 40.0 | | 78,117 | |
| Beaver Lodge Uranium Mines Limited | 48,000 | 1.8 | 32,160 | 60,000 | |
| British Newfoundland Corporation Limited | 259,651 | 5.5 | | 259,651 | |
| Consolidated Guayana Mines Limited | 714,343 | 28.0 | 250,020 | 538,048 | 252,753 |
| Consolidated Pershcourt Mines Limited | 74,000 | 2.2 | 22,385 | 133,920 | |
| Eureka Corporation Limited | 156,750 | 1.8 | 227,288 | 184,800 | 63,168 |
| Falconbridge Nickel Mines Limited (Note 3) | 150,000 | 4.0 | 4,593,750 | 722,091 | |
| Ferrum Limited — Shares | 26,265 } | | | | |
| — 5% debentures due 1957/1960 | \$111,667 } | 34.6 | | 105,693 | |
| Giant Yellowknife Gold Mines Limited (Note 3) | 784,977 | 19.6 | 4,356,622 | 164,244 | |
| Horne Fault Mines Limited | 881,634 | 33.8 | 149,878 | 84,900 | 10,058 |
| International Ranwick Limited | 315,825 | 10.9 | 385,307 | 246,108 | |
| Joliet-Quebec Mines Limited | 1,031,800 | 20.1 | 1,320,704 | 134,602 | |
| Lake Dufault Mines Limited | 224,962 | 5.5 | 528,661 | 83,070 | |
| Michipicoten Iron Mines Limited | 874,111 | 32.6 | | 304,819 | 90,786 |
| New Colimet Mines Limited | 1,282,639 | 27.7 | 1,475,035 | 348,767 | |
| Northern Mining Company | 2,250 | 15.0 | | 317,873 | |
| Northfield Canada Limited | 20,004 | 18.4 | | 90,004 | |
| Northwest Power Industries Limited (Note 4) | | | | | 376,069 |
| Pilley's Island Copper Pyrite Limited | 600,000 | 41.3 | | 125,000 | |
| Quebec Metallurgical Industries Ltd. | 1,143,696 | 24.0 | 4,460,414 | 2,236,337 | |
| Rainville Mines Limited | 612,143 | 25.1 | 673,357 | 404,894 | |
| St. Eugene Mining Corporation Limited | 841,185 | 34.8 | | 319,989 | 492,201 |
| Societe Anonyme des Mines de Fer de Mauritanie — Ordinary shares | 21,250 } | | | | |
| Founders shares | 6,778 } | 34.0 | | 602,638 | 59,205 |
| United Keno Hill Mines Limited (Note 3) | 729,276 | 29.5 | 5,433,106 | 453,426 | |
| Miscellaneous participations of less than \$60,000 each — Those with market value | | | 999,019 | 463,219 | |
| Those without market value | | | | 522,002 | 47,404 |
| | | | \$25,574,670 | \$ 9,347,963 | \$ 1,469,761 |
| | | | \$31,934,596 | \$21,370,379 | \$ 1,500,917 |

NOTES: (1) The market values shown above are based on closing market prices at December 31, 1955. 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 Seacoil Limited and Trans-Border Oils Ltd. were exchanged for shares of Geoil Limited.

(3) See note (3) to 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, 1955 the outstanding share capital of Northwest Power Industries Limited consisted of 7 directors' qualifying shares.

NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 1955 (Continued)

- 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.
- The company has agreed to make expenditures subsequent to December 31, 1955 which it is estimated will cost it approximately \$4,265,000. This includes \$3,765,000 in connection with a commitment made by Frobisher Limited to make available to Kilembe Mines Limited sufficient funds to enable it to bring the Kilembe mine into production in commercial quantities on or before December 31, 1956, and to provide Kilembe Copper Cobalt Ltd. with sufficient funds to pay the costs of its own operations and the interest on its debentures to October 1, 1957.
- During 1955, 400,000 shares of capital stock were issued for \$1,600,000 cash.
- Share purchase warrants outstanding at December 31, 1955 entitle the holders to purchase 495,512 shares at \$10 per share on or before June 26, 1956. Ventures Limited has agreed to purchase at \$10 per share any shares not taken up by the holders of share warrants. Advances from Ventures Limited at December 31, 1955 were in excess of the minimum amount which might be received from that company under the agreement.
- There are outstanding options to sell shares of the company's capital stock as follows:
 - 200,000 shares at \$4.25 per share exercisable on or before January 4, 1956 (since exercised).
 - 163,333 shares at \$4.50 per share exercisable on or before April 4, 1956 (since exercised).
 - 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.
 - 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.
 In addition 666,667 unissued shares are reserved for possible issuance upon conversion of 4% convertible debentures.

HOYLE MINING COMPANY LIMITED

BALANCE SHEET AS AT DECEMBER 31, 1955

ASSETS

| | | | |
|--|----------------|-----------------|------------------------|
| Current: | | | |
| Cash in bank and on deposit | | \$ 2,602,983.51 | |
| Accounts receivable | | 19,494.39 | |
| Accrued interest receivable | | 12,318.49 | |
| Bonds and short term notes (Market value \$1,997,000) | | 1,997,500.00 | |
| | | | \$ 4,632,296.39 |
| Investments In and Advances To Subsidiary Companies | | | |
| Shares at cost (Note 1) | \$ 44,340.89 | | |
| Advances | 20,830.03 | | |
| | | \$ 65,170.92 | |
| Investments In and Advances To Other Companies | | | |
| Investments at cost | \$5,148,692.37 | | |
| Advances | 113,016.12 | | |
| | | 5,261,708.49 | |
| | | | 5,326,879.41 |
| Supplies, at cost | | | 19,480.63 |
| Fixed Assets (at cost) | | | |
| Mining property | | \$ 399,266.02 | |
| Haileybury land | | 1,051.77 | |
| Buildings, machinery and equipment | \$ 261,798.38 | | |
| Less: Accumulated depreciation | 117,757.56 | | |
| | | 144,040.82 | |
| | | | 544,358.61 |
| Expenditures on Outside Properties: | | | 89,957.50 |
| Deferred Charges: | | | |
| Deferred development | \$ 711,740.85 | | |
| Less: Amounts written off | 507,528.79 | | |
| | | \$ 204,212.06 | |
| Incorporation expense | | 8,923.01 | |
| Prepaid expense | | 270.30 | |
| | | | 213,405.37 |
| | | | <u>\$10,826,377.91</u> |

LIABILITIES

| | | | |
|--|---------------|-----------------|------------------------|
| Current: | | | |
| Accounts payable | | \$ 3,877.60 | |
| Convertible notes payable | | 1,445.00 | |
| | | | 5,322.60 |
| Capital and Deficit | | | |
| Capital: | | | |
| Authorized: | | | |
| 39,500 5¼ % Non-Voting Cumulative Preference Shares of \$100.00 Par Value (Note 2) | | | |
| 3,500,000 Common Shares of No Par Value (Note 3) | | | |
| Issued: | | | |
| 39,500 Preference shares (issued during year for cash) | | \$ 3,950,000.00 | |
| 2,972,580 Common shares (Note 3) | | 7,439,329.00 | |
| | | \$11,389,329.00 | |
| Deduct: | | | |
| Operating deficit | \$ 834,441.98 | | |
| Less: Special Surplus | 266,168.29 | | |
| | | 568,273.69 | |
| | | | 10,821,055.31 |
| | | | <u>\$10,826,377.91</u> |

HOYLE MINING COMPANY LIMITED

INVESTMENTS IN AND ADVANCES TO SUBSIDIARY AND OTHER COMPANIES AS AT DECEMBER 31, 1955

| | No. of Shares | Indicated Per Share | Market Value Amount | Cost | Advances |
|---|---------------|------------------------|------------------------|-----------------|---------------|
| Subsidiary Companies: | | | | | |
| Beaver River Silver-Lead Mines Limited | 1,050,000 | | | \$ 44,340.89 | \$ 16,901.79 |
| South Porcupine Mines Limited | 1,273,753 | | | | 3,928.24 |
| | | | | <hr/> | <hr/> |
| | | | | \$ 44,340.89 | \$ 20,830.03 |
| Associated and Other Companies: | | | | | |
| Bobjo Mines Limited | 165,689 | \$.48 | \$ 79,530.72 | \$ 41,187.95 | |
| Consolidated Sudbury Basin Mines Limited | 1,257,665 | 5.15 | 6,476,974.75 | 2,177,040.84 | |
| Consolidated Mosher Mines Limited | 632,625 | .73 | 461,816.25 | 743,888.09 | |
| Falconbridge Nickel Mines Limited | 5,390 | 31.00 | 167,090.00 | 34,981.14 | |
| Giant Yellowknife Gold Mines Limited | 12,500 | 5.60 | 70,000.00 | 100,000.00 | |
| Metal Hydrides Limited | 20,666 | 21.12 | 436,463.92 | 166,136.72 | |
| Opemiska Copper Mines (Quebec) Limited | 1,966,913 | 9.80 | 19,275,747.40 | 343,116.64 | |
| Pine Point Mines Limited | 108,185 | 15.00 | 1,622,775.00 | 41,779.99 | |
| Quebec Metallurgical Industries Ltd. | 33,333 | 4.00 | 133,332.00 | 100,000.00 | |
| Silver Standard Mines Limited | 135,944 | .50 | 67,972.00 | 20,540.85 | |
| Thompson Lundmark Gold Mines Limited | 627,529 | 2.35 | 1,474,693.15 | 341,207.76 | |
| Sundry shareholdings having a market value of less than \$40,000 | | | 248,220.62 | 1,038,812.39 | 113,016.12 |
| | | | <hr/> | <hr/> | <hr/> |
| | | | \$30,514,615.81 | \$ 5,148,692.37 | \$ 113,016.12 |
| | | | <hr/> | <hr/> | <hr/> |

NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 1955

- (1) The two subsidiary companies, investments which are shown on schedule 2 attached to this report, are inactive mining companies which have not incurred profits or losses to date.
- (2) The Preference Shares, all of which are issued, may be redeemed in whole or in part by the Company giving 90 days notice, commencing two years from date of issue, September 8th, 1955, at a premium of \$5.00 per share if redeemed on a date before three years of issue and a reduction of \$1.00 per share for each year thereafter, with no premium if redeemed after seven years from date of issue.
- 39,500 Preference Shares may be converted into common shares on the basis of thirteen and one-third common shares for each preference share at the option of the holders of the Preference Shares within ten years from the date of issue of the Preference Shares.
- (3) During the year 1,074,920 common shares were issued, of which 1,073,790 shares were issued for cash and 1,130 shares in payment of convertible notes payable.
- (4) During the year the previous issue of 272,298 Preference Shares was redeemed in total for \$272,298.00. Cumulative dividends paid on these shares to the date of redemption, including arrears, amounted to \$134,696.05. This amount is reflected in Statement of Operating Deficit.

INDEX

| | | | |
|---|-------|--|----|
| OFFICERS, DIRECTORS and TECHNICAL STAFF | 1 | Associated Tin Mines (South West Africa) Limited | 21 |
| REPORT OF THE DIRECTORS | 3-4 | Canadian Malartic Gold Mines Limited | 12 |
| FINANCIAL STATEMENTS OF VENTURES LTD: | | Chavin Mines Corporation | 21 |
| Auditors' Report | 24 | Coniaurum Mines Limited | 12 |
| Balance Sheet | 26-27 | Connemara Mine | 21 |
| Comparative Summary of Profit and Loss | 33 | Consolidated Guayana Mines Limited | 21 |
| Earned Surplus and Special Surplus | 29 | Consolidated Mosher Mines Limited | 21 |
| Interest in Subsidiary and Associated Companies | 30-31 | Consolidated Sudbury Basin Mines Limited | 18 |
| Profit and Loss | 28 | Dominion Magnesium Limited | 13 |
| Source and Application of Funds | 32 | Eureka Corporation Limited | 18 |
| FINANCIAL STATEMENTS OF ASSOCIATES: | | Falconbridge Nickel Mines Limited | 6 |
| American Nepheline Limited | 34 | Geoil Limited | 15 |
| Coniaurum Mines Limited | 35 | Giant Yellowknife Gold Mines Limited | 9 |
| Falconbridge Nickel Mines Limited | 38-39 | International Ranwick Limited | 21 |
| Frobisher Limited | 40-41 | Kilembe Copper Cobalt Ltd. | 20 |
| Hoyle Mining Company Limited | 42-43 | Kilembe Mines Limited | 20 |
| La Luz Mines Limited | 36 | Labrador Concessions (Seal Lake) | 21 |
| Matachewan Consolidated Mines Limited | 37 | Lake Dufault Mines Limited | 16 |
| MAP: | | La Luz Mines Limited | 14 |
| Holdings in Canada | 22-23 | Metal Hydrides Inc. | 16 |
| REPORTS ON OPERATIONS: | | Miferma | 21 |
| List of properties | 5 | New Calumet Mines Limited | 17 |
| American Nepheline Limited | 11 | Nipissing Mines Company Limited | 17 |
| | | Northern Mining Company | 21 |
| | | Northwest Power Industries Limited | 20 |
| | | Opemiska Copper Mines (Quebec) Limited | 10 |
| | | Quebec Metallurgical Industries Ltd. | 19 |
| | | Rainville Mines Limited | 19 |
| | | Tororo Exploration Company Limited | 21 |
| | | United Keno Hill Mines Limited | 8 |

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

Private Dining Room No. 10, Royal York Hotel, Toronto, Tuesday, June 12, 1956, 10:30 a.m. (Toronto Time).

