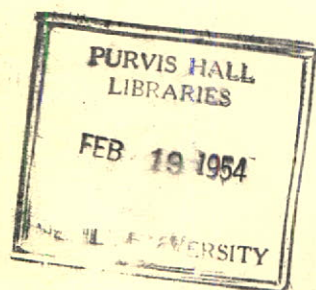


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*Ventures Limited*  
1952  
*Annual Report*





## 24th Annual Report

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# VENTURES LIMITED

HEAD OFFICE: 25 KING STREET WEST, TORONTO, CANADA

## PRESIDENT

T. LINDSLEY

## VICE-PRESIDENTS

A. J. ANDERSON	J. M. CUNNINGHAM-DUNLOP
H. J. FRASER	A. G. FULTON
W. B. MALONE	W. B. MAXWELL
H. S. MCGOWAN	J. P. MILLENBACH

## SECRETARY

A. G. FULTON

## TREASURER

W. B. MALONE

## ASSISTANT SECRETARY AND ASSISTANT TREASURER

G. T. N. WOODROOFE

## DIRECTORS

DR. P. P. ALEXANDER	W. B. MALONE
A. J. ANDERSON	W. B. MAXWELL
DR. CHARLES CAMSELL	H. S. MCGOWAN
J. S. DICKSON	J. P. MILLENBACH
J. M. CUNNINGHAM-DUNLOP	W. S. MORLOCK
H. J. FRASER	J. C. RIX
A. G. FULTON	G. W. TOWER
T. LINDSLEY	

## TRANSFER AGENTS AND REGISTRARS

CROWN TRUST COMPANY  
302 Bay Street, Toronto, Ontario

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 BANK & TRUST COMPANY  
New York, N.Y.

## SOLICITORS

TILLEY, CARSON, MORLOCK & McCRIMMON  
Toronto, Ontario

HERRIDGE, TOLMIE, GRAY & COYNE  
Ottawa, Ontario

WICKES, RIDDELL, BLOOMER, JACOBI & McGUIRE  
New York 4, N.Y.

# VENTURES LIMITED

## MINING ENGINEERS

A. J. ANDERSON	- - - - -	Toronto
J. M. CUNNINGHAM-DUNLOP	- - - - -	Toronto
H. J. FRASER	- - - - -	Toronto
W. B. MAXWELL	- - - - -	Toronto
H. S. MCGOWAN	- - - - -	Nicaragua
J. P. MILLENBACH	- - - - -	Toronto
C. A. MITKE	- - - - -	New York
E. V. NEELANDS	- - - - -	Toronto
N. A. O'DONNELL	- - - - -	New York
WILLIAM SCHMIDT	- - - - -	New York
J. M. THOMPSON	- - - - -	Bourlamaque
W. H. WOODS	- - - - -	Toronto

## GEOLOGISTS

D. R. DERRY, Chief Geologist	- - - - -	Toronto
R. C. BACON	- - - - -	Peru
J. D. BATEMAN	- - - - -	Toronto
A. S. DADSON	- - - - -	Toronto
A. G. DARLING	- - - - -	Toronto
J. A. HARQUAIL	- - - - -	Toronto
W. G. ROBINSON	- - - - -	Noranda
D. C. SHARPSTONE	- - - - -	Southern Rhodesia
ALEXANDER SMITH	- - - - -	Vancouver
D. M. STRANAHAN	- - - - -	New York

## METALLURGISTS

F. R. ARCHIBALD	- - - - -	Toronto
W. G. HUBLER	- - - - -	Toronto
G. M. LEE	- - - - -	Toronto
L. J. LICHTY	- - - - -	Ottawa

## CONSULTANTS

W. DUNN	- - - - -	Toronto
W. F. JAMES	- - - - -	Toronto
I. B. JORALEMON	- - - - -	San Francisco

## *Report of the Directors*

TO THE SHAREHOLDERS:

The activities of your Company continue to expand, and during the past year the chief development has been the permission granted by the Federal Government and British Columbia to survey the waters of the Upper Yukon River. This project offers an opportunity to develop upwards of 5,000,000 h.p. close to an all the year ice-free port, and the implications that this may have on the future growth of *Frobisher Limited* and its subsidiary, *Quebec Metallurgical Industries Limited*, are far reaching.

Owing to the fortunate combination of a number of easily connected watersheds all lying at over 2,000 ft. elevation but situated close to tide water, and a series of natural storage sites retaining practically the entire rainfall, we are able to create a huge power development at a low capital cost, and thereby obtain a unit power cost as low as anywhere on this continent for the treatment and processing of your ores and raw materials.

The activities described in the following series of reports continue to show growth, and the element of diversification that they present is a continued source of strength to your Company. Among the base metal operations the important ore disclosures by the *Falconbridge Company* at *Fecunis Lake* during the past year, are outstanding. As a result of this discovery an important metal contract was made with the D.M.P.A. in Washington which will permit the *Falconbridge Company* to enter into a new era of activity and growth far exceeding anything in the past.

Similarly the important high grade ore developments at the *Giant Yellowknife Mine* in depth have brought a new surge of growth and strength to that Company. The recent favourable drilling results at the *Williston Oil and Gas Company's* property confirm our confidence in that project.

Your Directors again take pleasure in recording their appreciation of the successful efforts of the various members of your associated group of companies during the past year.

On behalf of the Board,

T. LINDSLEY,  
President.

April 30, 1953.



## HOLDING AND EXPLORATION COMPANIES

Consolidated Guayana Mines Limited  
Hoyle Mining Company Limited

Frobisher Limited

The Nipissing Mines Company Limited  
The Tonopah Mining Company of Nevada

## OPERATING AND DEVELOPMENT COMPANIES

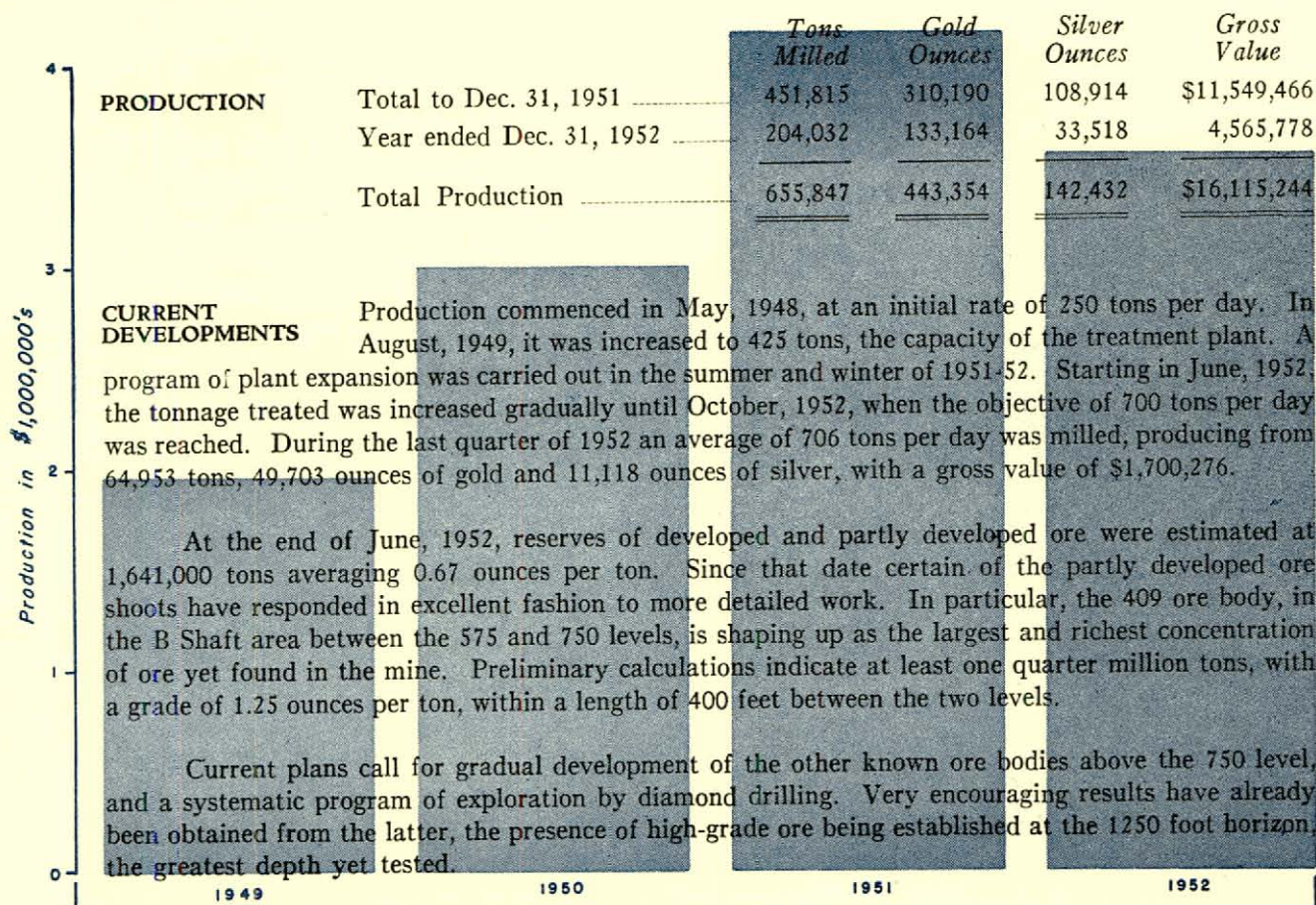
TYPE OF PRODUCT	STAGE OF DEVELOPMENT	COMPANY
<b>GOLD AND SILVER</b>		
Gold.....	Producing.....	Giant Yellowknife Gold Mines Limited
Gold.....	Producing.....	Coniaurum Mines Limited
Gold.....	Producing.....	Canadian Malartic Gold Mines Limited
Gold.....	Producing.....	La Luz Mines Limited, Nicaragua
Gold.....	Producing.....	Connemara Mine, (Frobisher Limited) S. Rhodesia
Gold.....	Underground exploration.....	New Mosher Longlac Mines Limited
Gold.....	Ore blocked out by drilling.....	Akaitcho Yellowknife Gold Mines Limited
Silver, Cobalt.....	Underground exploration.....	Nipissing-O'Brien Mines Limited
<b>BASE METALS</b>		
Nickel, Copper.....	Producing.....	Falconbridge Nickel Mines Limited
Nickel, Copper.....	Prospect.....	Emo Properties, Ontario
Nickel, Copper.....	Prospect.....	New Kelore Mines Limited
Zinc, Lead, Silver.....	Producing.....	New Calumet Mines Limited
Silver, Lead, Zinc.....	Producing.....	United Keno Hill Mines Limited
Copper, Zinc, Gold.....	Producing (through Amulet-Dufault).....	Lake Dufault Mines Limited
Copper, Gold.....	Underground development.....	Joliet-Quebec Mines Limited
Copper, Cobalt.....	Being prepared for production.....	Opemiska Copper Mines (Quebec) Limited
Copper, Lead, Zinc.....	Being prepared for production.....	Ontario Pyrites Company Limited
Copper.....	Underground development.....	Rainville Copper Mines Limited
Copper.....	Producing.....	Vermont Copper Company Incorporated
Copper.....	Prospecting on concessions.....	Frobisher Labrador Concessions
Lead, Zinc, Copper, Silver.....	Underground development.....	Chavin Mines Corporation
Lead, Zinc, Silver, Gold.....	Under development.....	Eureka Corporation Limited
Lead, Zinc.....	Underground development.....	Northern Mining Co.—Greenland
Lead, Zinc, Silver, Gold.....	Surface exploration, former producer.....	St. Eugene Mining Corporation Limited
Tin.....	Preparations for production.....	Associated Tin Mines (South West Africa) Limited
<b>IRON</b>		
	Under exploration.....	Miferma, French Mauritania, Africa
	Drilled.....	Strawhat Lake Lease
	Partly developed properties.....	Canada Iron Mining Limited
	Producing under lease.....	Michipicoten Iron Mines Limited
<b>RARE MINERALS</b>		
Uranium.....	Surface drilling and trenching.....	Charlebois Lake Uranium Limited
Columbium, Uranium.....	Surface exploration.....	Verity Property, B.C.
<b>INDUSTRIAL MINERALS</b>		
Magnesium, Calcium, etc.....	Producing.....	Dominion Magnesium Limited
Nepheline Syenite.....	Producing.....	American Nepheline Limited
Graphite.....	Producing.....	Black Donald Graphite Mine (Frobisher Limited)
Rutile, Zircon.....	Producing.....	Metal Recoveries Pty. Limited, Australia (International Titanium Corporation)
Kyanite.....	Surface exploration.....	Hoyle Mining Company Limited
<b>OIL AND GAS</b>		
	Exploration and development.....	Williston Oil & Gas Company
	Concessions obtained.....	Seaoil Limited
<b>RESEARCH AND METALLURGICAL PRODUCTS</b>		
	Preparing for metallurgical projects.....	Quebec Metallurgical Industries Limited
	Production of metal castings, alloys.....	Fahralloy Canada Limited
	Custom assaying, mill test, research.....	Lakefield Research Limited
	Production of metals and chemicals.....	Metal Hydrides Inc.



## GIANT YELLOWKNIFE GOLD MINES LIMITED

		Outstanding	Ventures	Frobisher
<b>CAPITALIZATION</b>	Common Shares .....	4,000,000	73,042 1.8%	1,162,236 29.1%

**LOCATION** Mine at Yellowknife, Great Slave Lake, N.W.T.

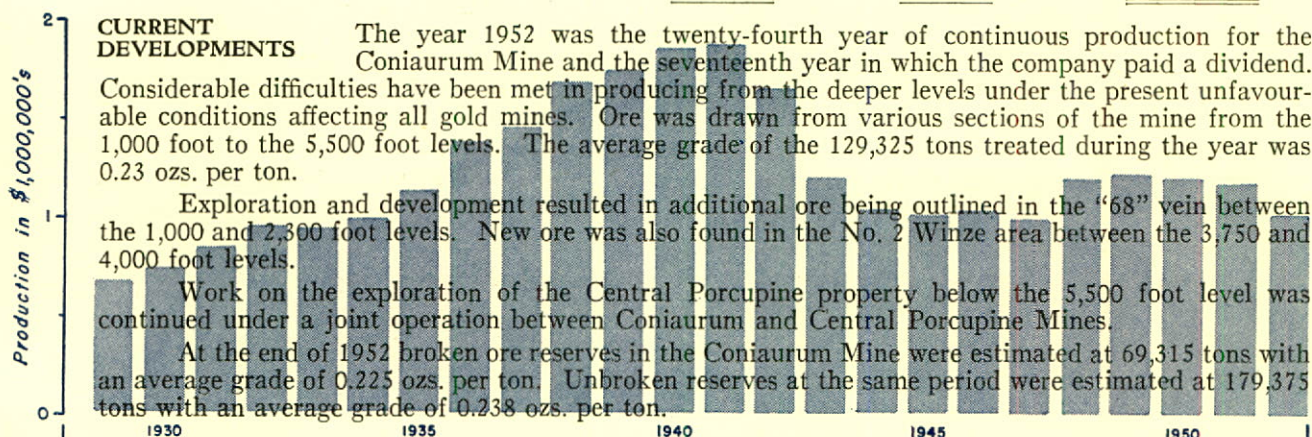


GENERAL MANAGER — P. N. Pitcher



## CONIAURUM MINES LIMITED

CAPITALIZATION	Common Shares .....	Outstanding 2,766,743	Ventures 1,430,800	51.7%
	LOCATION	Mine at Schumacher, Ontario.		
PRODUCTION		Tons Milled	Ounces Gold Recovered	Net Value of Metals Recovered
	By present company			
	1929 to Dec. 31, 1951	3,253,140	807,781	\$27,725,827
	For year ended Dec. 31, 1952 .....	129,325	29,669	1,133,426
	Total production .....	3,382,465	837,450	\$28,859,253

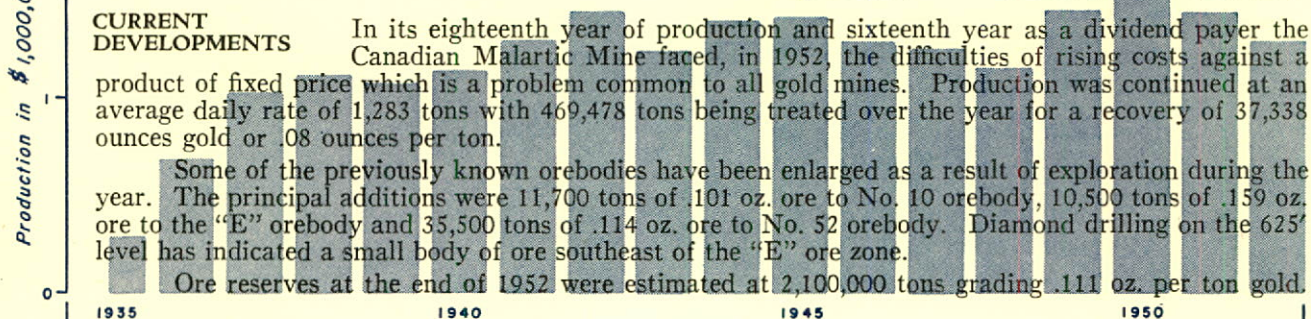


GENERAL MANAGER — J. M. Cunningham-Dunlop

ACTING MANAGER — W. O. Lafontaine

## CANADIAN MALARTIC GOLD MINES LIMITED

CAPITALIZATION	Common Shares .....	Outstanding 3,651,355	Ventures 1,388,685	38.0%
	LOCATION	Mine at Malartic, Quebec.		
PRODUCTION		Tons Milled	Gold Ozs.	Silver Ozs.
	Total to December 31, 1951 .....	5,176,674	550,223	391,633
	For year ended December 31, 1952	469,478	37,338	18,583
	Total production .....	5,646,152	587,561	410,216



GENERAL MANAGER — J. P. Millenbach

MANAGER — H. C. Herz



## LA LUZ MINES LIMITED

<b>CAPITALIZATION</b>	Common Shares .....	<i>Outstanding</i>	<i>Ventures</i>	
		1,504,412	1,051,089	69.8%
<b>LOCATION</b>	Mine at Siuna, Nicaragua.			
<b>PRODUCTION</b>	Total to December 31, 1951 .....		<i>Ore Milled</i>	<i>Gold</i>
			<i>Tons</i>	<i>Ozs.</i>
			5,520,708	761,627
		For year ended December 31, 1952 .....	730,956	73,685
	Total Production .....		<u>6,251,664</u>	<u>835,312</u>

**HISTORY AND CURRENT DEVELOPMENTS** Starting as an open pit operation this mine has now been producing continuously since 1939. Underground stoping was commenced in 1943 and gradually increased in proportion until now it accounts for the greater part of the mill feed. The grade of ore treated in initial stages of production was about 0.2 oz/ton and gradually decreased to 0.1033 in 1951. To counteract this, treatment facilities were extended in 1951 to handle 2,000 tons per day, which, together with improved general efficiency resulted in operating costs of \$3.16 per ton and a net profit of \$195,078 for that year.

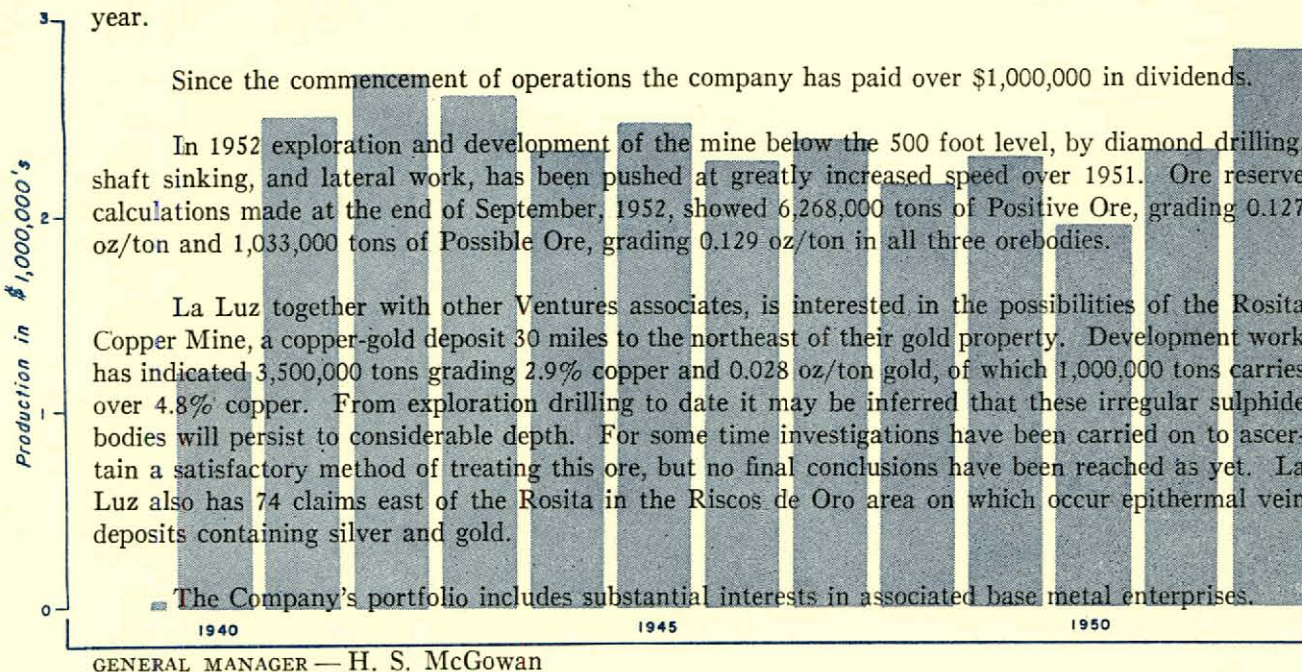
During 1952 production has been maintained at 2,000 tons per day, operating costs have been further reduced to an average of \$2.96 per ton for the year and grade of ore treated has increased to 0.1172 oz/ton. Net profit for the year, including non-operating revenue of \$10,583, and after payment of \$153,450 in dividends, is \$441,886. It is obvious that this record far surpasses that of any previous year.

Since the commencement of operations the company has paid over \$1,000,000 in dividends.

In 1952 exploration and development of the mine below the 500 foot level, by diamond drilling, shaft sinking, and lateral work, has been pushed at greatly increased speed over 1951. Ore reserve calculations made at the end of September, 1952, showed 6,268,000 tons of Positive Ore, grading 0.127 oz/ton and 1,033,000 tons of Possible Ore, grading 0.129 oz/ton in all three orebodies.

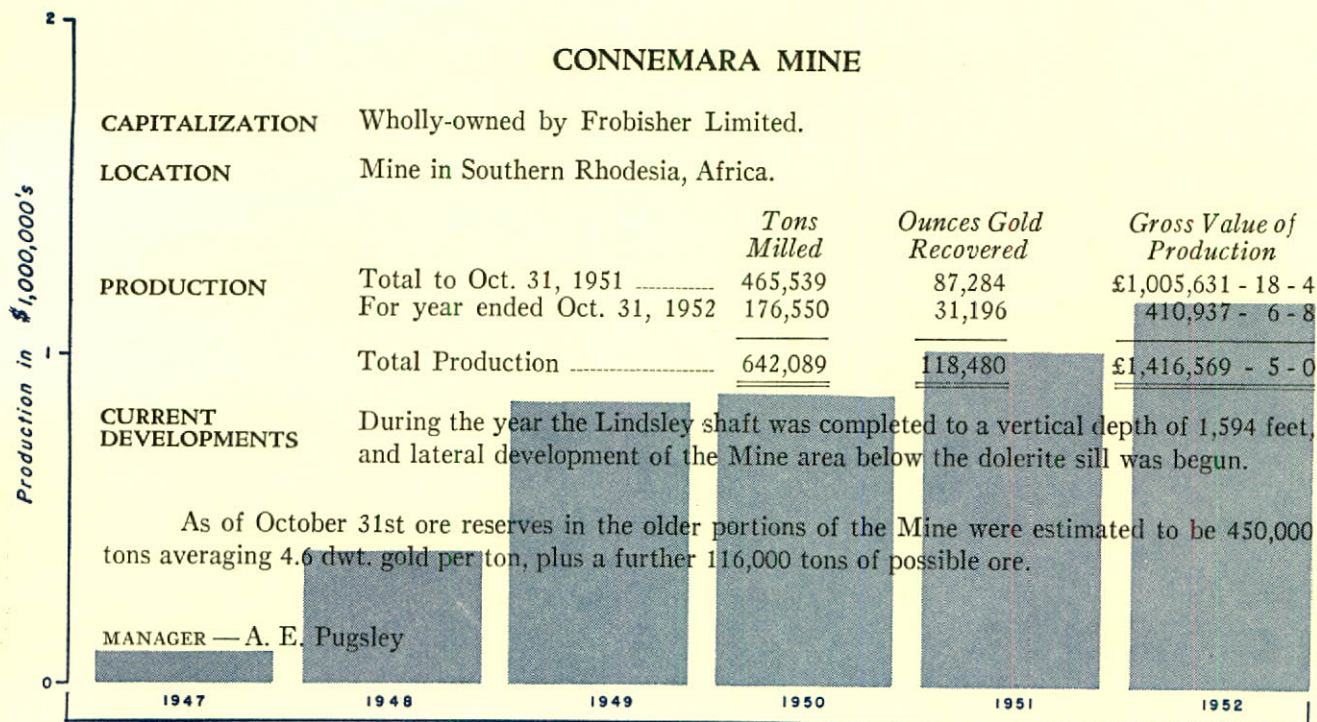
La Luz together with other Ventures associates, is interested in the possibilities of the Rosita Copper Mine, a copper-gold deposit 30 miles to the northeast of their gold property. Development work has indicated 3,500,000 tons grading 2.9% copper and 0.028 oz/ton gold, of which 1,000,000 tons carries over 4.8% copper. From exploration drilling to date it may be inferred that these irregular sulphide bodies will persist to considerable depth. For some time investigations have been carried on to ascertain a satisfactory method of treating this ore, but no final conclusions have been reached as yet. La Luz also has 74 claims east of the Rosita in the Riscos de Oro area on which occur epithermal vein deposits containing silver and gold.

The Company's portfolio includes substantial interests in associated base metal enterprises.

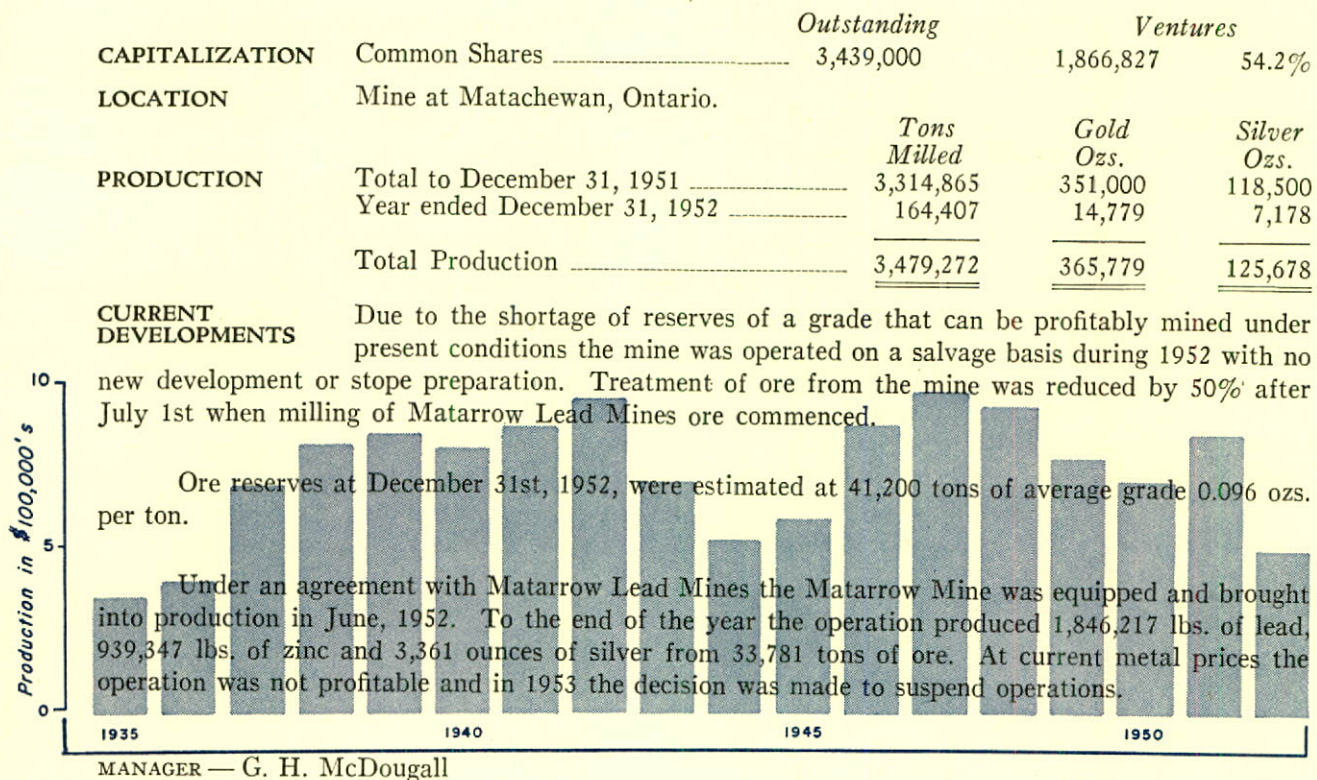




## CONNEMARA MINE



## MATACHEWAN CONSOLIDATED MINES LIMITED





## NEW MOSHER LONGLAC MINES LIMITED

		<i>Outstanding</i>	<i>Ventures</i>	<i>Hoyle</i>
<b>CAPITALIZATION</b>	Common Shares -----	3,808,377	43,335 1.1%	625,047 16.4%
<b>LOCATION</b>	Gold prospect in Little Longlac area, Ontario.			
<b>CURRENT DEVELOPMENTS</b>	At the beginning of 1952 an agreement was reached between Hoyle Mining Company and New Mosher Longlac Mines Limited whereby the former agreed to provide finances and to carry out underground work with the object of testing the downward and westerly projection of the MacLeod-Cockshutt gold-bearing structure into New Mosher ground. Shaft sinking operations were commenced in mid-July, 1952, with an objective of 1,800 feet depth. As of February 28th, 1953, the shaft had reached a depth of 1,550 feet and the decision was reached to establish a level at 1,738 feet for the commencement of lateral operations. It is believed that the MacLeod-Cockshutt structure enters the New Mosher property slightly above this level.			

MANAGER — A. E. Cave

## NIPISSING-O'BRIEN MINES LIMITED

		<i>Outstanding</i>	<i>Nipissing Mines</i>
<b>CAPITALIZATION</b>	Common Shares -----	1,600,005	900,003 56.2%
<b>LOCATION</b>	Mine at Cobalt, Ontario.		
<b>HISTORY AND CURRENT DEVELOPMENTS</b>	Early in 1952 the amalgamation of the holdings of Nipissing Mines in Cobalt and those of O'Brien Mines was completed with the formation of Nipissing-O'Brien Mines Limited.		

The first work was carried out in the No. 2 Shaft zone of O'Brien and the adjoining Nipissing ground. Four new veins were found by underground drilling containing good milling ore with small sections of high-grade silver.

Surface drilling was carried out on the "Boundary Area" in the north part of the O'Brien ground. Two zones not previously developed yielded high-grade silver intersections over narrow widths. Drilling on the O'Brien No. 8 vein showed silver values in eight out of thirteen holes with an average of 36.0 ozs. per ton, silver over an average width of three feet.

The O'Brien Main Shaft, from which all new indications can be reached, has been rehabilitated and equipped with a new headframe and electric hoist.

MANAGER — Basil Jackson

## FALCONBRIDGE NICKEL MINES LIMITED

		Outstanding	Ventures	
<b>CAPITALIZATION</b>	Common Shares .....	3,751,272 *	2,293,945 *	61.1%
	* Includes 75,000 shares subscribed for by Ventures but not issued at December 31, 1952.			

**LOCATION** Mines, mill and smelter in Sudbury District, Ontario.  
Refinery at Kristiansand, Norway.

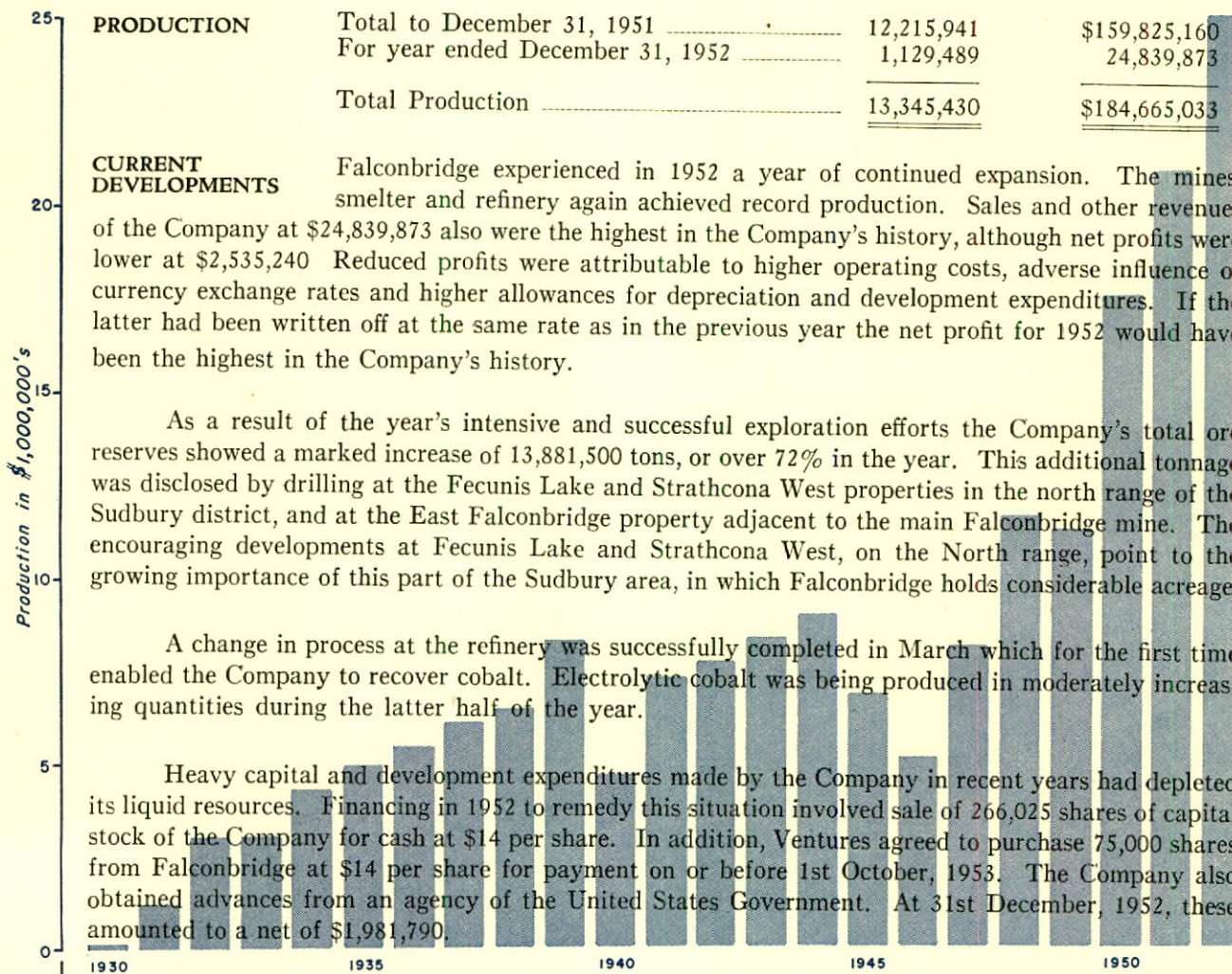
		Tons Treated	Gross Metal Sales and other revenue
<b>PRODUCTION</b>	Total to December 31, 1951 .....	12,215,941	\$159,825,160
	For year ended December 31, 1952 .....	1,129,489	24,839,873
	Total Production .....	13,345,430	\$184,665,033

**CURRENT DEVELOPMENTS** Falconbridge experienced in 1952 a year of continued expansion. The mines, smelter and refinery again achieved record production. Sales and other revenues of the Company at \$24,839,873 also were the highest in the Company's history, although net profits were lower at \$2,535,240. Reduced profits were attributable to higher operating costs, adverse influence of currency exchange rates and higher allowances for depreciation and development expenditures. If the latter had been written off at the same rate as in the previous year the net profit for 1952 would have been the highest in the Company's history.

As a result of the year's intensive and successful exploration efforts the Company's total ore reserves showed a marked increase of 13,881,500 tons, or over 72% in the year. This additional tonnage was disclosed by drilling at the Fecunis Lake and Strathcona West properties in the north range of the Sudbury district, and at the East Falconbridge property adjacent to the main Falconbridge mine. The encouraging developments at Fecunis Lake and Strathcona West, on the North range, point to the growing importance of this part of the Sudbury area, in which Falconbridge holds considerable acreage.

A change in process at the refinery was successfully completed in March which for the first time enabled the Company to recover cobalt. Electrolytic cobalt was being produced in moderately increasing quantities during the latter half of the year.

Heavy capital and development expenditures made by the Company in recent years had depleted its liquid resources. Financing in 1952 to remedy this situation involved sale of 266,025 shares of capital stock of the Company for cash at \$14 per share. In addition, Ventures agreed to purchase 75,000 shares from Falconbridge at \$14 per share for payment on or before 1st October, 1953. The Company also obtained advances from an agency of the United States Government. At 31st December, 1952, these amounted to a net of \$1,981,790.



GENERAL MANAGER — H. J. Fraser

MANAGER — R. C. Mott



## UNITED KENO HILL MINES LIMITED

		<i>Outstanding</i>	<i>Frobisher</i>
<b>CAPITALIZATION</b>	Common Shares .....	2,470,000	820,839    33.2%

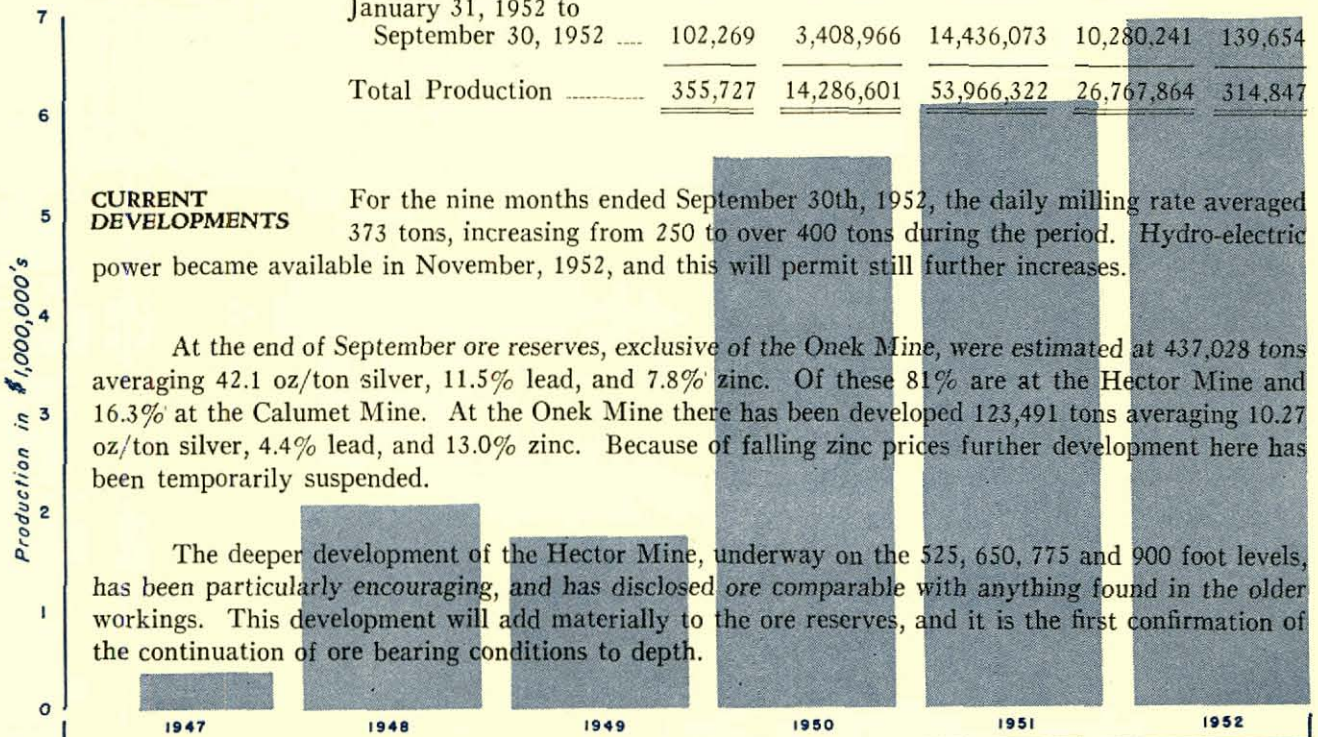
**LOCATION**                      Mines in the Mayo District, Yukon Territory.

		<i>Metals in Concentrate and Crude Ore Form</i>				
		<i>Tons Milled</i>	<i>Silver Ozs.</i>	<i>Lead lbs.</i>	<i>Zinc lbs.</i>	<i>Cadmium lbs.</i>
<b>PRODUCTION</b>	To December 31, 1951....	253,458	10,877,635	39,530,249	16,487,623	175,193
	January 31, 1952 to					
	September 30, 1952 ....	102,269	3,408,966	14,436,073	10,280,241	139,654
	<b>Total Production</b> .....	<u>355,727</u>	<u>14,286,601</u>	<u>53,966,322</u>	<u>26,767,864</u>	<u>314,847</u>

**CURRENT DEVELOPMENTS**      For the nine months ended September 30th, 1952, the daily milling rate averaged 373 tons, increasing from 250 to over 400 tons during the period. Hydro-electric power became available in November, 1952, and this will permit still further increases.

At the end of September ore reserves, exclusive of the Onek Mine, were estimated at 437,028 tons averaging 42.1 oz/ton silver, 11.5% lead, and 7.8% zinc. Of these 81% are at the Hector Mine and 16.3% at the Calumet Mine. At the Onek Mine there has been developed 123,491 tons averaging 10.27 oz/ton silver, 4.4% lead, and 13.0% zinc. Because of falling zinc prices further development here has been temporarily suspended.

The deeper development of the Hector Mine, underway on the 525, 650, 775 and 900 foot levels, has been particularly encouraging, and has disclosed ore comparable with anything found in the older workings. This development will add materially to the ore reserves, and it is the first confirmation of the continuation of ore bearing conditions to depth.



ACTING MINE MANAGER — R. L. Segsworth

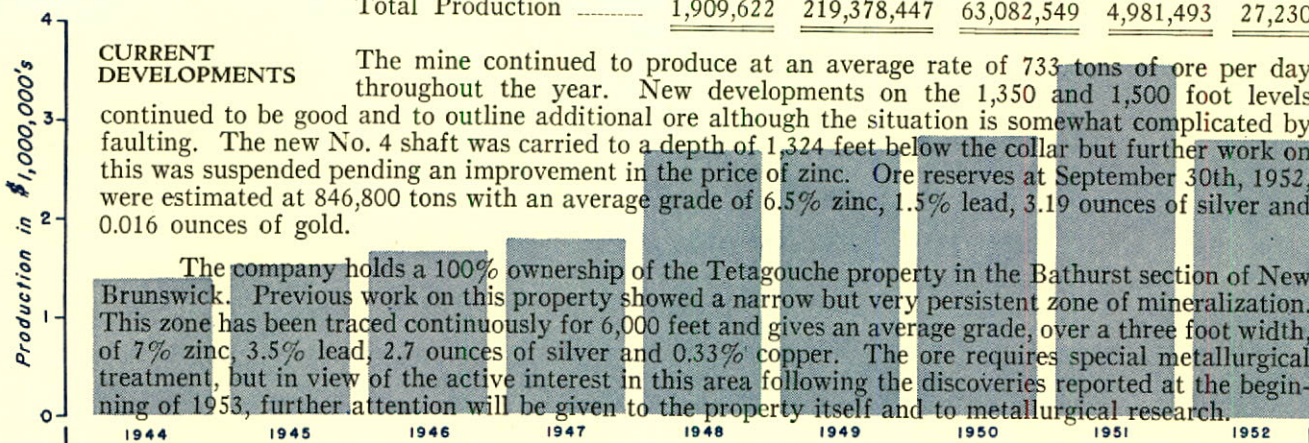


## NEW CALUMET MINES LIMITED

		<i>Outstanding</i>	<i>Ventures</i>		<i>Frobisher</i>	
CAPITALIZATION	Common Shares	3,499,907	168,451	4.8%	1,006,639	28.7%
LOCATION	Mine at Calumet Island, Quebec.					
		<i>Tons Milled</i>	<i>Zinc lbs.</i>	<i>Lead lbs.</i>	<i>Silver Ozs.</i>	<i>Gold Ozs.</i>
PRODUCTION	Total to Sept. 30, 1951	1,642,112	199,621,860	57,350,159	4,495,961	22,880
	For year ended Sept. 30, 1952 -----	267,510	19,756,587	5,732,390	485,532	4,350
	Total Production -----	<u>1,909,622</u>	<u>219,378,447</u>	<u>63,082,549</u>	<u>4,981,493</u>	<u>27,230</u>

**CURRENT DEVELOPMENTS** The mine continued to produce at an average rate of 733 tons of ore per day throughout the year. New developments on the 1,350 and 1,500 foot levels continued to be good and to outline additional ore although the situation is somewhat complicated by faulting. The new No. 4 shaft was carried to a depth of 1,324 feet below the collar but further work on this was suspended pending an improvement in the price of zinc. Ore reserves at September 30th, 1952, were estimated at 846,800 tons with an average grade of 6.5% zinc, 1.5% lead, 3.19 ounces of silver and 0.016 ounces of gold.

The company holds a 100% ownership of the Tetagouche property in the Bathurst section of New Brunswick. Previous work on this property showed a narrow but very persistent zone of mineralization. This zone has been traced continuously for 6,000 feet and gives an average grade, over a three foot width, of 7% zinc, 3.5% lead, 2.7 ounces of silver and 0.33% copper. The ore requires special metallurgical treatment, but in view of the active interest in this area following the discoveries reported at the beginning of 1953, further attention will be given to the property itself and to metallurgical research.



GENERAL MANAGER — J. M. Cunningham-Dunlop

GENERAL SUPERINTENDENT — G. H. Mustard

## LAKE DUFALT MINES LIMITED

		Outstanding	Ventures
CAPITALIZATION	Common Shares	2,547,600	1,237,397 48.5%
LOCATION	Dufresnoy Township, Que.		
PRODUCTION	Through Amulet-Dufault as indicated below.		

**CURRENT DEVELOPMENTS** The "Lower A" orebody, discovered in 1940 on the boundary of Lake Dufault and Waite-Amulet properties, has been developed and mined since 1941 under Amulet-Dufault Mines, a company formed for this purpose and wholly owned by Waite-Amulet Mines and Lake Dufault Mines. The operation and sale of ores is carried out by Waite-Amulet Mines. The Lake Dufault share of dividends to the end of 1952 amount to \$2,266,000 with \$198,000 being received in 1952.

Exploration for new ore by diamond drilling and from underground has been continued throughout the year. Drilling from the 1,200 foot level at the bottom of the Amulet-Dufault block outlined a few small extensions of ore into Lake Dufault ground. It also indicated an interesting area of alteration between the Lake Dufault west boundary and the Powell diabase dike. This area is now (March '53) being explored by the extension of a drift from the Waite-Amulet 1,600 foot level into Lake Dufault ground for 250 feet with the object of providing a drilling base.

CONSULTING ENGINEER — J. P. Millenbach



## VERMONT COPPER COMPANY INC.

<b>CAPITALIZATION</b>	Common Shares	<i>Outstanding</i> 130,000	<i>Nipissing Mines</i> 33,150	25.5%
<b>LOCATION</b>	South Stratford, Vermont.			
<b>HISTORY AND CURRENT DEVELOPMENTS</b>	Nipissing Mines holds a substantial position in this company which has large holdings of mineral lands in Orange County, Vt., including the Elizabeth Mine. This mine has one of the longest histories of any copper mine in North America. It is currently operating at 800 tons daily and producing, besides a copper concentrate, a pyrrhotite concentrate which is disposed of to a nearby paper company.			

The orebody is a narrow but very persistent structure. Ore reserves are estimated at 1,068,000 tons with a grade of 1.83% copper.

MANAGER — C. Benson

## ONTARIO PYRITES COMPANY LIMITED

<b>CAPITALIZATION</b>	Common Shares	<i>Outstanding</i> 5,029,477	<i>Ventures</i> 159,852	3.1%	<i>Hoyle</i> 1,076,389	21.4%
<b>LOCATION</b>	Mine and properties in the Sudbury Basin, Ontario.					
<b>HISTORY AND CURRENT DEVELOPMENTS</b>	The property owned by the company includes the original Errington Mine developed underground in a former operation, and the Vermillion Lake property on which ore had been outlined by diamond drilling. The ore consists of a mixture of sulphides of copper, lead and zinc, together with a high pyrite content, and containing appreciable amounts of silver and gold. It forms replacement bodies in the vicinity of a folded slate-tuff contact that extends throughout the length of the property.					

Since the start of the present operation the Errington Mine has been re-opened and rehabilitated and extensive underground drilling carried out. A complete mining plant suitable for production and serviced by Hydro-electric power has been installed at No. 2 Shaft on the property. At the Vermillion Lake portion of the property a shaft has been sunk to a depth of 800 feet, on its way to 900 feet, and the ore picture expanded by new surface drilling. New mine buildings and staff houses have been built.

Drilling from underground at the Errington Mine and from surface at Vermillion Lake has resulted in a large increase in ore reserves. At the end of 1952 ore reserves, including assured and possible ore at the Errington Mine and probable ore at Vermillion Lake, were estimated as follows:—

	<i>Copper</i> %	<i>Lead</i> %	<i>Zinc</i> %	<i>Gold</i> Ozs.	<i>Silver</i> Ozs.	<i>Overall</i> Tonnage
Errington Mine	1.21	0.72	3.18	0.018	1.63	2,814,317
Vermillion Mine	1.58	1.08	4.73	0.022	1.68	1,498,800
Combined grade and tonnage	1.34	0.84	3.71	0.020	1.65	4,313,117

Since the above estimate further drilling has been carried out with the object of determining ore potentialities rather than blocking out ore. This has shown considerable extension of the orebodies and a rough estimate in March, 1953, suggests that the overall tonnage may be between 6,000,000 and 6,500,000 tons. The objective is to indicate between 8,000,000 and 10,000,000 by the Fall of 1953 in order to decide the scale of operations and method of treatment.

Flotation tests have shown that good recoveries can be obtained in producing a 50% zinc concentrate, and a combined copper-lead concentrate containing 22% copper and 13% lead. Tests on a roast-leach process, whereby metals would be recovered directly instead of concentrates, are being conducted. Such a process would require a large scale operation and it is for this reason that stress is being placed on showing the maximum tonnage potentialities.

GENERAL MANAGER — J. M. Cunningham-Dunlop

RESIDENT MANAGER — J. Kirkland



**OPEMISKA COPPER MINES (QUEBEC) LIMITED**

		<i>Outstanding</i>	<i>Hoyle</i>	
<b>CAPITALIZATION</b>	Common Shares .....	5,000,000	2,414,046	48.2%

**LOCATION**                      Mine in Chibougamau District, Que.

**CURRENT DEVELOPMENTS**      These copper deposits, discovered by Leo Springer in 1929 and acquired by Ventures the following year, were developed by surface drilling and underground work until 1936 when operations were suspended due to the low price of copper and the then inaccessibility of the property. At that time reserves were estimated at 283,000 tons grading 7.4% copper, 0.13 oz/ton gold and 1 oz/ton silver.

The present phase of work was instituted in the Fall of 1951 and in 1952 a program of new work was carried out including surface drilling, construction of new buildings and de-watering of the underground workings.

The new surface drilling was successful in locating a new important vein (No. 3) which, while somewhat lower grade than the previous reserves, appears to be a more persistent structure than any of the three previously known veins. Drill holes have traced the vein structure for a length of 2,000 feet. Excluding the easterly 600 feet that are lower grade No. 3 vein gives an estimated tonnage of 563,000 tons of average grade 4.4% copper. In addition to this structure another vein, No. 4, was located further south, as well as, several other intersections of commercial grade material that require further work before they can be assumed to be of mineable continuity.

Current reserves, including the ore previously developed and the new No. 3 and 4 veins, are tentatively estimated as 1,054,000 tons of average grade 4.82% copper. Gold and silver assays have not been run on some of the later intersections so an overall average in precious metal values is not possible. The above figures do not include any ore below 350 feet depth in No. 3 vein discovered by drilling in 1952.

Construction of the 400 ton concentrating plant is underway, together with ancillary buildings, and the road spanning the 21 miles from the mine to the Chibougamau - Roberval highway is also under construction. The mine has been de-watered and is being put in shape for production. A crosscut to open up No. 3 vein on the 275 ft. level is currently being driven.

Subject to completion of the road and delivery of equipment for the concentrator it is hoped that production may commence about the end of 1953.

GENERAL MANAGER — J. P. Millenbach

GENERAL SUPERINTENDENT — F. G. Cooke

### **EMO NICKEL PROJECT** (NORTHWESTERN ONTARIO)

In the summer of 1951 the attention of prospecting parties of Ventures Limited was drawn to scattered low-grade nickel-bearing mineralization in the vicinity of Emo in the Rainy River district of northwestern Ontario. The geology of the area was thought to be of interest and when a new discovery was made in the Fall of 1952 Ventures and Falconbridge together acquired a group of properties. Airborne and ground geophysical surveys were carried out under Falconbridge direction and showed some interesting anomalies. Diamond drilling has been started and by March, 1953, several holes had cut nickel and copper-bearing sulphides. It will be some time before enough work can be accomplished to know whether the occurrences have economic importance.

### **NEW KELORE MINES LIMITED**

<b>LOCATION</b>	Hawk Junction, Algoma District, Ontario.
<b>HISTORY AND CURRENT DEVELOPMENTS</b>	Late in 1952 Ventures and Associates obtained an option on the shares of New Kelore which holds claims embracing known large low-grade nickel-copper deposits which had previously been partially developed to shallow depths by diamond drilling.

Further diamond drilling is under way with the object of outlining sufficient additional ore to warrant production.

Tests have shown that the ore is amenable to simple concentration, with good recovery of both base and precious metal contents.

### **LABRADOR CONCESSIONS**

Frobisher Limited holds two Concession areas in Labrador under an Act of the Newfoundland Legislature. One is in the vicinity of Seal Lake, northwest of Goose Bay, and the other on the eastern part of the Mealy Mountains, east of Goose Bay. Recent work has been concentrated on the Seal Lake Concession where numerous occurrences of native copper and gray copper sulphides have been found over a wide area. None have yet been found in commercial orebodies but the widespread nature of the mineralization is encouraging enough to justify further vigorous prospecting. Several of the more promising showings will receive detailed exploration, including some diamond drilling, in the 1953 season.



## KILEMBE MINES LIMITED

**LOCATION** Mine in Uganda, British East Africa.

**CURRENT DEVELOPMENTS** During the year work at Kilembe Mine, Uganda, was executed at an accelerated pace and was directed primarily toward the preparation of the mine for production and in providing surface facilities ancillary thereto. Surface construction included the erection of a brick and tile plant, lime kilns, general offices, 19 permanent European houses and 30 blocks of African quarters. Work was also started on a 1,500 kilowatt stand-by hydro-electric power plant, intended to provide necessary power during the construction period.

Diamond drilling of the Bukangama showing, located a mile to the west of present development, has established geological conditions identical to those at Kilembe. Preliminary results from widely spaced drill holes are considered most encouraging and have now proven the ore formation over a strike length of 2,100 feet. Drilling continues.

The total development work and diamond drill footage, that has been completed to the end of 1952, is as follows:—

Main Haulages .....	1,478 feet
Drifts and Crosscuts .....	36,430
Raises .....	5,075
Total Development Footage .....	<u>42,983 feet</u>
Surface Diamond Drilling .....	51,044 feet
Underground Diamond Drilling .....	40,607
Total Diamond Drilling .....	<u>91,651 feet</u>

Ore reserves as of January, 1953, are reported by Ira B. Joralemon as follows:—

<i>Class of Ore</i>	<i>Tons</i>	<i>% Copper</i>	<i>% Cobalt</i>
Proven Ore .....	4,804,000	2.10	0.17
Indicated Ore (Probable) .....	5,987,000	2.08	0.18
Proven Plus Indicated Ore .....	10,791,000	2.09	0.18
Inferred Ore .....	3,964,000	1.44	0.19
Total Ore .....	<u>14,755,000</u>	<u>1.92</u>	<u>0.18</u>

The following closing sentence from Mr. Joralemon's report expresses his view as to the possibilities for additional ore at Kilembe — "It seems likely that many million additional tons of ore may be found at greater depth and along the strike of the ore to the westward."

The original plans for production have been modified with a view to an annual treatment of 500,000 tons from which it is expected that approximately 18,000,000 lbs. of copper and 900,000 lbs. of cobalt would be produced. Plans to arrange the necessary financing to put the property into production on this scale are proceeding with encouragement.

MANAGING DIRECTOR — D. C. Sharpstone

GENERAL MANAGER — A. E. Pugsley



**NORTHERN MINING COMPANY (Nordisk Minselskab)**

		<i>Outstanding</i>	<i>Frobisher</i>
<b>CAPITALIZATION</b>	Common Shares .....	15,000	2,250 15%
<b>LOCATION</b>	Mine at Blyklippen, Mesters Vig, Eastern Greenland.		
<b>CURRENT DEVELOPMENTS</b>	The lead-zinc deposits, discovered a few years ago by a Danish party under Dr. Lauge Koch and explored by adits in 1950 and 1951, are now under active development in an attempt to establish a sufficient tonnage of high grade ore to justify production. In the summer of 1952 a mining crew was sent to Mesters Vig, together with construction crews and equipment. A complete camp of wooden buildings was erected, a landing strip built, the seven miles of road from the dock to the mine was improved, and a new adit started some 325 feet below the elevation of the exploration tunnel. The Resident Manager is W. J. Tough, of the Ventures staff, who took over the work at the request of the Danish group that holds 55% of the shares of the company. Frobisher and two Swedish companies each hold 15% interest.		

A crew of approximately 30 men under Mr. Tough remained through the winter of 1952-53. The adit was driven into the hill until the ore zone was struck and drifting is now proceeding in the zone itself and is in ore. It will be some months before it is known whether the width and grade of the upper levels is maintained on the new level and below it. On the upper level a tunnel and surface diamond drilling indicated a length of 900 feet with a grade of approximately 20% combined lead and zinc over a width of about 30 feet.

MANAGER — W. J. Tough

**CHAVIN MINES CORPORATION**

		<i>Outstanding</i>	<i>Consolidated Guayana</i>
<b>CAPITALIZATION</b>	Common Shares .....	2,000	500 25% *
<b>LOCATION</b>	Central Peru.		
<b>HISTORY AND CURRENT DEVELOPMENTS</b>	The Chavin Mine is a high-grade deposit of lead-zinc ore, with some values in copper and silver, lying about 190 air kilometers southeast of Lima, just north of the Chincha valley. It was found some years ago and preliminary work was done by the former owner. It was acquired by Mr. Victor Kravchenko who brought it to the attention of Frobisher interests. The mine is in the mountains and was, until recently, very difficult of access. A road has recently been built from Turpo, to the northeast, and a road connecting it with Chincha, on the coastal highway, is being considered.		

The main vein has been opened up on two levels and 270,000 tons of ore have been blocked out which is estimated, on preliminary sampling, to carry about 30% combined lead and zinc, 2% copper and 4 ounces per ton silver. A second vein has been cut in underground work which will be investigated further. Plans for building a concentrator and putting the mine into production are now being studied.

\* NOTE: Since December 31, 1952, Frobisher Limited and Associated Companies have acquired the remaining 75% of the outstanding capital.

MANAGER — R. C. Bacon



**ASSOCIATED TIN MINES (SOUTH WEST AFRICA) LIMITED**

		<i>Outstanding</i>	<i>Frobisher</i>	
<b>CAPITALIZATION</b>	Common Shares .....	1,200,000	720,000	60%
<b>LOCATION</b>	Uis Mine and other properties, South West Africa.			

**HISTORY** In 1952 Frobisher acquired controlling interest in this company which, in turn, holds a 64% interest in the Uis Mine, besides various other tin properties.

The Uis Mine, in the Brandberg area of South West Africa, has a pilot plant operating on it at present and a mill with a daily capacity of 1,000 tons under construction. The ore is in the form of cassiterite distributed through pegmatites that appear to be very extensive and to have an unusual uniformity in tin content. Ore reserves, from geological mapping and bulk sampling, appear to run into several million tons with a grade that is reported to yield 5 to 6 lbs. of tin per ton.

If production on the 1,000 ton per day basis comes up to expectations it is probable that further expansion will be undertaken and some of the other tin properties held or controlled by the company will also be considered for production.

An appreciable content of columbium-tantalum has been reported on the Uis Mine and other controlled properties and its commercial possibilities are being investigated.

MANAGING DIRECTOR — Dr. J. C. Dunne

**MIFERMA (SOCIETE ANONYME DES MINES DE FER DE MAURITANIE)**

		<i>Outstanding</i>	<i>Frobisher</i>	
<b>CAPITALIZATION</b>	Common Shares .....	25,000	8,500	34 %
	Founders Shares .....	37,037	6,778	18.3%
<b>LOCATION</b>	Deposits at Fort Gouraud, Mauritania, French West Africa.			

**CURRENT DEVELOPMENTS** The high-grade iron deposits of Fort Gouraud have been under active exploration during 1952 in a program financed by French, British and Canadian (Frobisher) interests. The program was aimed at proving that the extensive surface outcrops of high-grade hematite persist to sufficient depth to give a tonnage that would justify the construction of a railway and port. The work has included diamond drilling and tunnelling and, in spite of the considerable difficulties of climate and shortage of water, has been successful in showing that, in the first place tested, the orebodies persist to a depth of over 700 feet vertically below the highest outcrops without appreciable change in character or grade of ore. A tunnel, started at the end of 1952, was reported at the beginning of March, 1953, to have struck the ore approximately 600 feet east of the drill section mentioned previously. The drills have been moved to test two other locations in the same general ore zone. Preparations are being made to test a second large orebody about 12 miles east of the first.

If the results of the drilling and tunnelling to date are representative of the conditions, at least in the larger deposits, there will be little difficulty in outlining sufficient ore for a large-scale operation. The minimum reserve tonnage for such an operation is considered to be 100,000,000 tons. The grade of the individual ore lenses drilled on the main F'Derik orebody is approximately 68% iron, 1% silica and .02 to 0.5% phosphorus. The lenses and steeply-dipping sheets of iron ore are included in a zone of iron formation between 50 and 350 feet wide. All this material would have to be broken in open pit mining but much of the siliceous iron formation could, it is believed, be discarded. Even including all such siliceous material the average grade of the whole zone in the section drilled is between 60% and 65% iron.

Concurrently with the exploration of the orebodies investigations are being carried out on the most suitable rail route and port.

The ore in this deposit ranks among the highest grade hematite ore known in quantity and it should command a ready market, particularly in Europe where there is a shortage of high-grade lump ore. For this reason the efforts to overcome the difficulties of climate and geography in order to exploit it appear to be justified.

MANAGER — A. Choubersky



**DOMINION MAGNESIUM LIMITED**

		<i>Outstanding</i>	<i>Ventures</i>	
<b>CAPITALIZATION</b>	Common Shares .....	400,040	106,057	26.5%
	5% Convertible Sinking Fund Bonds due 1962 .....	\$999,500	\$150,000	15%

**LOCATION** Deposits and Plant at Haley, Ontario.

**CURRENT DEVELOPMENTS** This has been one of the most active years in the history of the company and its subsidiaries. Continued demand for defence requirements caused production and sales of magnesium and calcium to reach an all-time high, and the extrusion plant operated continuously throughout the year. Research and technical development with a view to reducing costs has also been continuous.

Net income of the company and its wholly-owned subsidiaries, after payment of all charges and provisions, has for the year ended December 31, 1952, amounted to \$498,849 equal to \$1.24 per share, as compared with 51¢ per share in 1951.

Light Alloys Limited completed construction of the Government-financed foundry at Haley, and at year end it was well on the way to capacity production.

Electro-Reagents (Quebec) Limited has had under construction since May, 1952, a new ferro-silicon plant at Beauharnois, Quebec. Operation of the plant is scheduled to commence on April 1, 1953, and this source of raw material is expected to contribute substantially to overall lower costs.

GENERAL MANAGER — L. G. White

**AMERICAN NEPHELINE LIMITED**

		<i>Outstanding</i>	<i>Ventures</i>	
<b>CAPITALIZATION</b>	Common Shares .....	3,000,000	1,479,060	49.3%

**LOCATION** Mine at Nephton, near Lakefield, Ontario.

		<i>Finished material</i>	<i>Value</i>
		<i>All grades</i>	<i>Sales</i>
		<i>Tons</i>	
<b>PRODUCTION</b>	From 1946 to December 31st, 1951 .....	393,512	\$5,621,535
	Year ended December 31st, 1952 .....	108,142	1,121,493
	Total Production .....	<u>501,654</u>	<u>\$6,743,028</u>

**CURRENT DEVELOPMENTS** The nepheline syenite produced by this company supplies the glass and pottery industry in Canada and U.S.A. as well as some overseas markets. In spite of a slackening in the glass and other ceramic industries in the early part of 1952, sales throughout the year showed a 2.3% greater tonnage than in the previous year. An increasing number of glass and pottery consumers show preference for nepheline syenite over feldspar. Research is being carried out on other uses for the product.

All ore in 1952 was drawn from the Cabin Ridge quarries where ample reserves exist for over fourteen years at the present rate of production. No. 2 ridge lying  $\frac{3}{4}$  mile further east, where an equal or greater tonnage of ore was proved by drilling in 1951, has not yet been opened up by quarries. Reconnaissance mapping of the continuation of the nepheline-bearing formation shows possibilities of large tonnages of additional ore for the future.

Actual reserves of commercial grade material proved by diamond drilling and available by open pit mining were estimated at December 31st, 1952, as 2,737,680 tons.

GENERAL MANAGER — E. Craig

GENERAL SUPERINTENDENT — E. B. Wright



## BLACK DONALD GRAPHITE

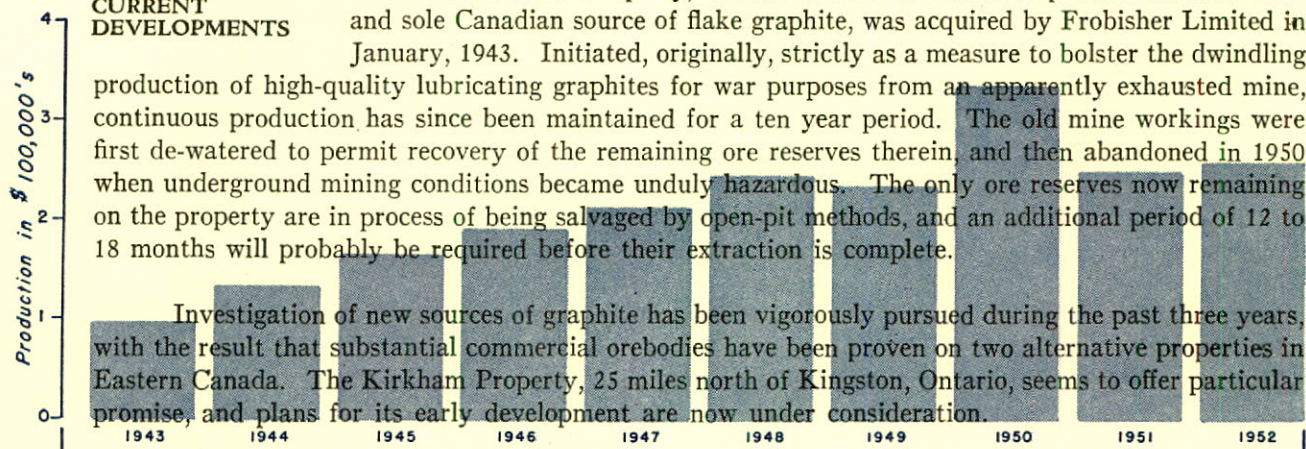
**CAPITALIZATION** Wholly owned by Frobisher Limited.

**LOCATION** Mine and Refinery at Calabogie, Ontario.

		<i>Raw Graphite Produced—lbs.</i>	<i>Finished Products Sold—lbs.</i>	<i>Net Sales</i>
<b>PRODUCTION</b>	To October 31, 1951 .....	35,464,600	36,187,330	\$1,894,330.41
	For year ended October 31, 1952 .....	4,557,120	4,135,079	262,129.20
	Total Production .....	<u>40,021,720</u>	<u>40,322,409</u>	<u>\$2,156,459.61</u>

### HISTORY AND CURRENT DEVELOPMENTS

The Black Donald Property, with a continuous record of production since 1906 and sole Canadian source of flake graphite, was acquired by Frobisher Limited in January, 1943. Initiated, originally, strictly as a measure to bolster the dwindling production of high-quality lubricating graphites for war purposes from an apparently exhausted mine, continuous production has since been maintained for a ten year period. The old mine workings were first de-watered to permit recovery of the remaining ore reserves therein, and then abandoned in 1950 when underground mining conditions became unduly hazardous. The only ore reserves now remaining on the property are in process of being salvaged by open-pit methods, and an additional period of 12 to 18 months will probably be required before their extraction is complete.



MANAGER — B. G. Edwards

## INTERNATIONAL TITANIUM CORPORATION

		<i>Outstanding</i>	<i>Ventures</i>	
<b>CAPITALIZATION</b>	Common Shares .....	131,250	53,275	40.6%
	Preferred Shares .....	95,500	47,750	50.0%

**LOCATION** In New South Wales, Australia.

**HISTORY** This company, through an Australian subsidiary, managed by Geo. H. Barnes, produces concentrates of rutile and zircon from beach sands on the east coast about 40 miles south of Brisbane. During 1952 the operation produced 668 tons of granular and pulverized rutile and 1,534 tons of finished zircon. Net profit for the year was \$30,738, and dividends paid and declared totalled \$37,000.



**WILLISTON OIL AND GAS COMPANY**

		<i>Outstanding</i>	<i>Frobisher</i>	
<b>CAPITALIZATION</b>	Common Shares .....	1,090,910	303,030	27.8%
<b>LOCATION</b>	Montana, North Dakota, South Dakota and Saskatchewan.			
<b>HISTORY AND CURRENT DEVELOPMENTS</b>	<p>This company was formed in March, 1952, under an agreement between Frobisher Limited and Federated Petroleum Limited, to explore and develop lands held formerly by Federated Petroleum in Montana, North Dakota and South Dakota. Two areas in Saskatchewan were also included in the agreement to be jointly explored by the two companies.</p>			

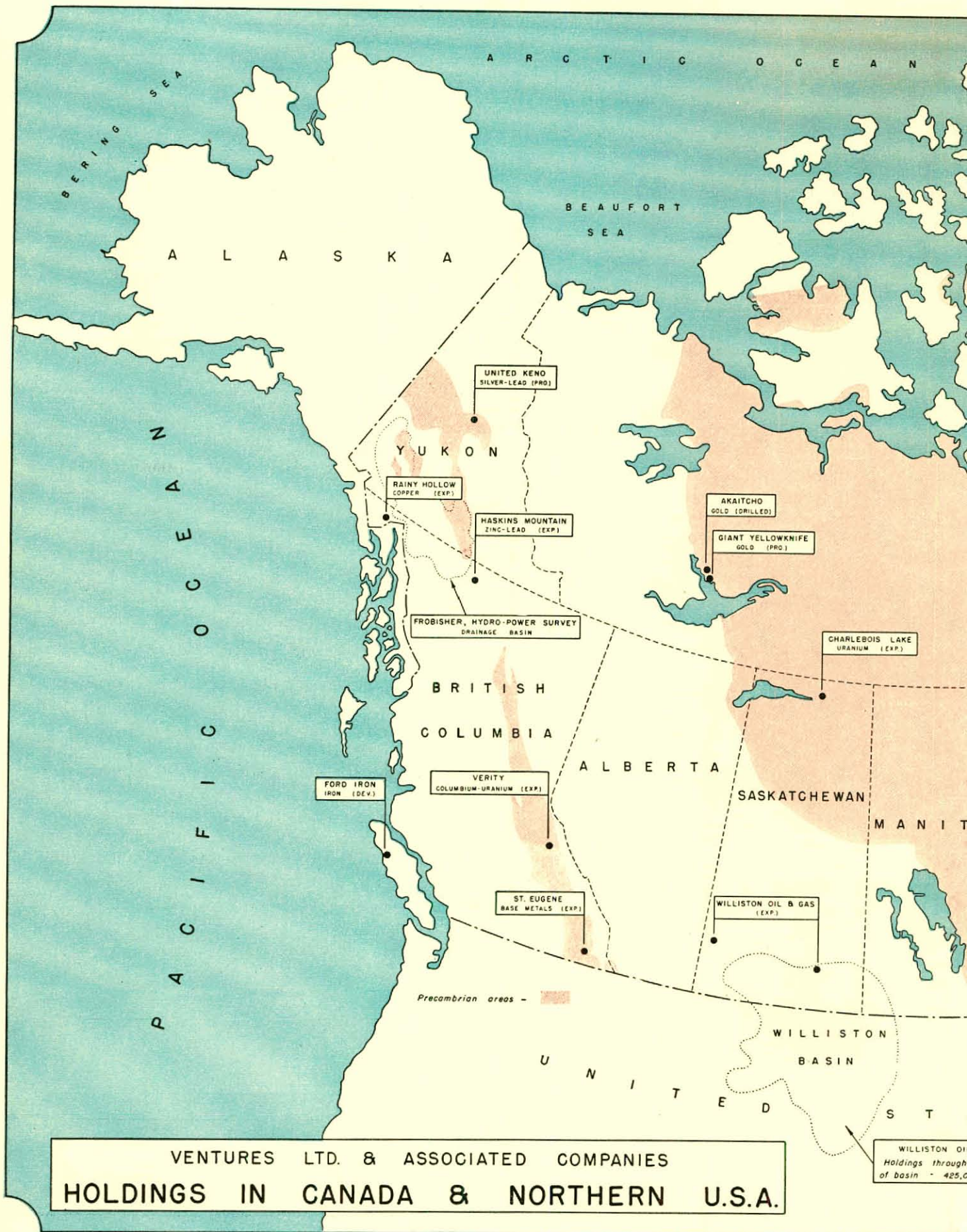
Work during 1952 consisted of geophysical surveys, core drilling for structure, and four exploratory wells. Much of the first work was concentrated in the Glendive area of eastern Montana following successful wells on this structure by the Texas and Shell companies. The first well drilled on Williston Oil and Gas ground Trammoe No. 1 was under a "farm-out" arrangement, at the cost of Delta Drilling Company, and did not get production. The second well, Government No. 1, was also drilled in the Glendive area and, while obtaining some indication of oil, was not considered promising enough to justify completion by the company. A third well, Entzel No. 1, located 4 miles southeast along the Cedar Creek anticline from the original Glendive discovery made by the Texas Company, has just finished drilling into the Ordovician producing horizon at a depth of 8,827 feet. Recovery of 2,700 feet of clean oil was made on drillstem test of the interval 8764-8812. It is anticipated that production tests now under way on the interval 8722-8827 will prove this well to be a commercial producer, and in addition, the opener of a new Ordovician oil field.

Seismic work has been carried out on several of the concentrations of land held by the company in Montana and North Dakota. This has served to eliminate some ground, which will be dropped, and to show that structures exist on other lands that will be explored further.

In Saskatchewan favourable farm-out agreements were reached with two major oil companies on the 88,640 acres held northwest of Roseray and the 148,600 acres southeast of Regina respectively. Two wells will be drilled on each of the two blocks in 1953 at no cost to Williston Oil and Gas. A third group of lands was acquired in Saskatchewan in 1952 in the vicinity of Swift Current. Seismic work and core drilling have shown structures of interest and it is intended to drill a well in this area by June, 1953. An agreement has recently been negotiated with the City of Swift Current, thereby increasing substantially Williston's acreage on the favourable structures.

MANAGING DIRECTOR — Alexander Clark





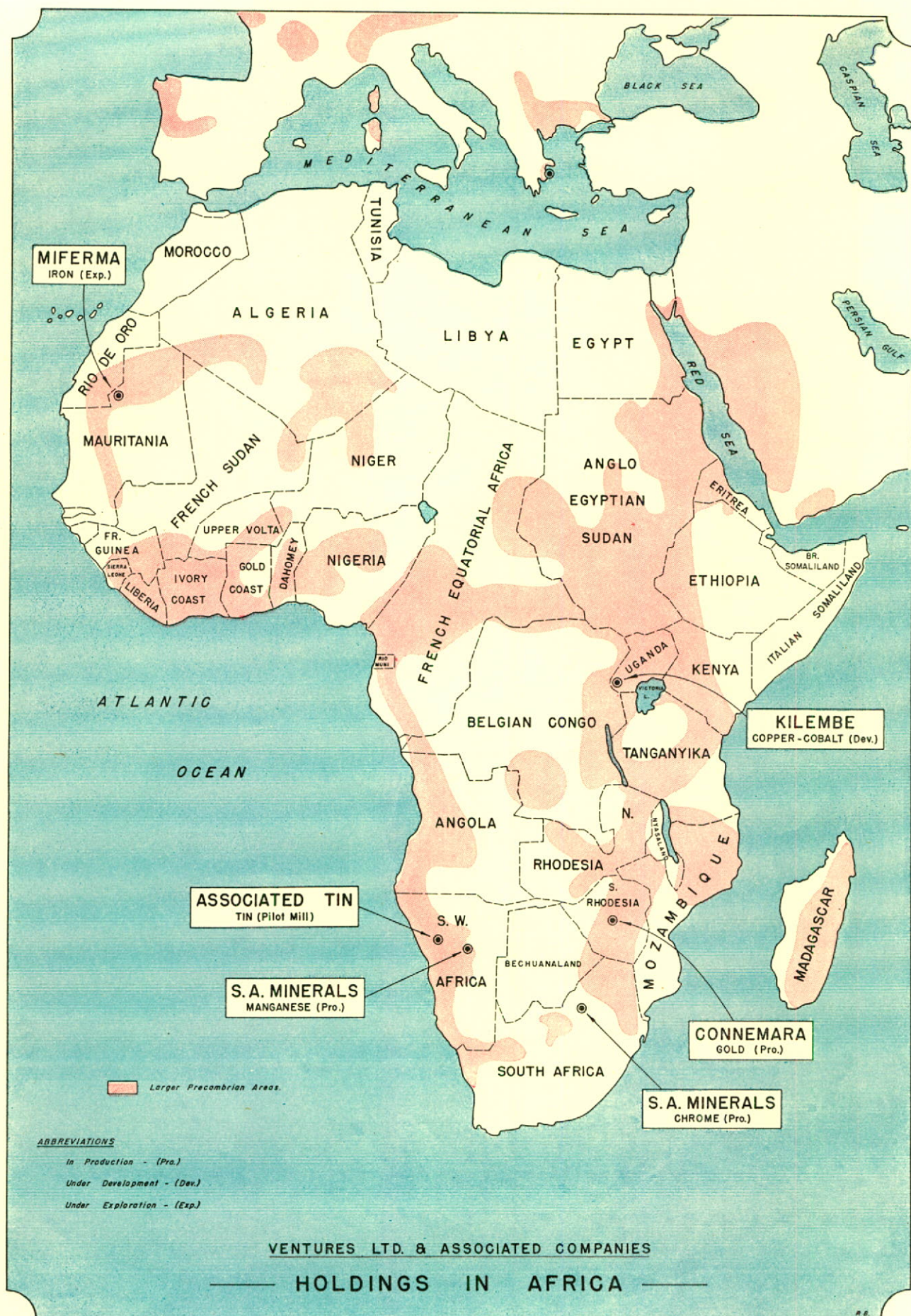
VENTURES LTD. & ASSOCIATED COMPANIES  
HOLDINGS IN CANADA & NORTHERN U.S.A.

WILLISTON OIL  
Holdings through  
of basin - 425,000

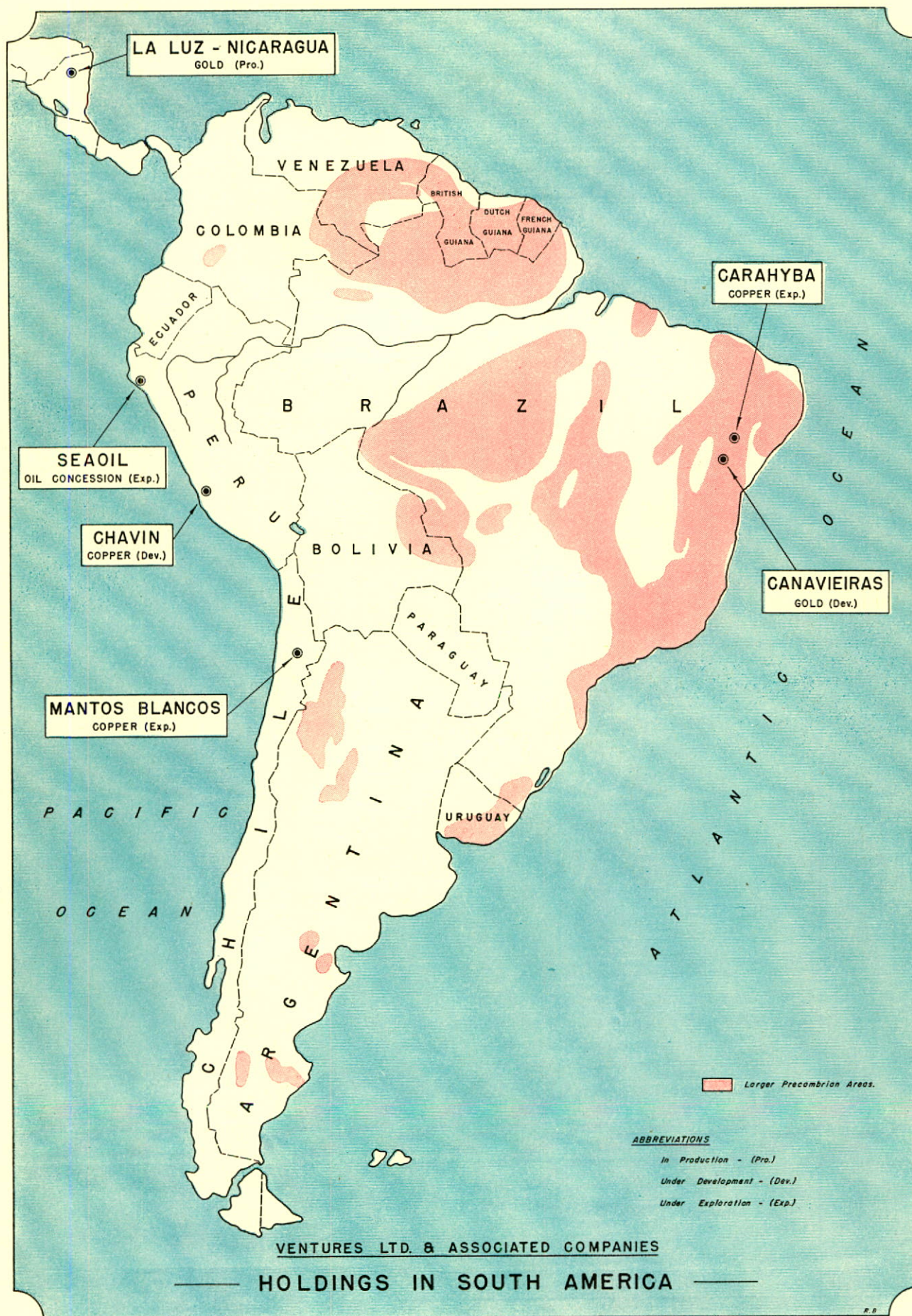














## SEAOIL LIMITED

**LOCATION** Sechura Desert, Coastal Zone, Peru.

**HISTORY AND CURRENT DEVELOPMENTS** The Ventures organization has been active in mining exploration in Peru since 1950 but had not previously taken part in petroleum developments there.

On October 27, 1952, a petroleum law became effective in Peru for the operation of foreign companies. Under the terms of the petroleum regulations, applications for concessions were received on that date and interest was centered in the Sechura desert, where the petroleum rights had previously been withheld from applicants. In anticipation of these events Seaoil Limited was formed and qualified under the petroleum law, and applications for concessions were submitted covering a geologically favourable belt of the Sechura desert.

The Sechura desert is underlain by a broad sedimentary basin of Tertiary formations. Oil seepages occur in the Western part of the basin and structures favourable for oil accumulations are believed to be present. In the Piura basin immediately north of the Sechura, along the West Coast of Peru, more than 400,000,000 barrels of oil have been recovered since 1896 from Tertiary formations and present production is in excess of 38,000 barrels daily. As the Sechura is a thicker and larger sedimentary basin than the Piura the oil prospects are considered promising.

Applications for petroleum rights in the Sechura basin were made simultaneously by several major and independent oil companies. The area applied for by Seaoil Limited that was free from overlap by simultaneous applications of other companies amounted to 254,000 acres. According to the terms of the petroleum law the areas overlapped were subject to auction by the interested companies. In January, 1953, Seaoil Limited acquired 257,000 additional acres by competitive bidding to bring the total area under application to 511,000 acres, being the third largest holdings among the foreign companies making application.

Arrangements have been made to undertake a geophysical investigation of the lands acquired and it is anticipated that drilling will be started early in 1954. Finances for Seaoil Limited are being provided by Ventures Limited and some of the associated companies.

## QUEBEC METALLURGICAL INDUSTRIES LTD.

	<i>Outstanding</i>	<i>Ventures</i>	<i>Frobisher</i>
<b>CAPITALIZATION</b> Common Shares .....	625,000	81,883	13.1%
			341,978 54.7%
<b>LOCATION</b>	Laboratories at Ottawa. Interests in various mining properties.		
<b>CURRENT DEVELOPMENTS</b>	Quebec Metallurgical Industries Ltd. has developed an organization experienced in the treatment of the ores of iron, cobalt, manganese, and other metals, in the electric furnace. In 1951, pilot plants were erected at Billings Bridge on the southern outskirts of Ottawa for the testing of ores produced at various properties held by itself, as well as by the parent Company, Frobisher Limited.		

These properties include:

1. An interest in a company that is producing high-grade manganese ore in Southwest Africa.
2. The Stevenson cobalt prospect in Idaho.
3. An option on an extensive deposit of rare metals in British Columbia.
4. A molybdenum prospect in Quebec near Ottawa.
5. Miscellaneous tungsten discoveries.

An important recent development is the participation of Q. M. I. in the formation of Northwest Power Corporation. Permits have been granted by the Dominion Government and the Government of British Columbia to carry out hydro-electric power surveys in southern Yukon Territory and the adjoining part of British Columbia. The development of a large source of low-cost power would be of particular interest to Q. M. I. as a means of producing finished products from its own raw materials, as well as those of its parent Company, Frobisher Limited.

GENERAL MANAGER — L. J. Lichty



### FAHRALLOY CANADA LIMITED

**LOCATION** Plant at Orillia, Ontario.

**CURRENT DEVELOPMENTS** This company, a wholly-owned subsidiary of Falconbridge Nickel Mines Limited, manufactures High Alloy Castings and High Manganese Castings. During 1952 production set a new record for the company, with dollar value showing a 16% and tonnage showing a 6½% increase over 1951. Gross profits were lower during the year on account of increases in wages and materials which were not compensated for by higher selling prices.

Plant expansion commenced in April, 1952, and has progressed as rapidly as could be expected considering steps that had to be taken to avoid interfering with production. It is expected that full utilization of new plant and equipment should start in the second quarter of 1953. The new plant and equipment should permit a considerable increase in production during 1953 and following years.

MANAGING DIRECTOR — T. G. Beament

### LAKEFIELD RESEARCH LIMITED

		<i>Outstanding</i>	<i>Ventures</i>	<i>Frobisher</i>
<b>CAPITALIZATION</b>	Common Shares .....	724,985	287,500 39.7%	204,963 28.3%
<b>LOCATION</b>	Laboratories at Lakefield, Ontario.			
<b>CURRENT DEVELOPMENTS</b>	This company, formerly under the name of Nepheline Products Limited, owns a laboratory at Lakefield, Ontario, for carrying out research and analytical work on a custom basis as well as for the various activities of Ventures and Associated Companies.			

During 1952 the laboratory was kept busy on a wide variety of ore treatment tests and assay work.

Lakefield Research holds controlling interest in LaCorne Lithium Mines Limited which holds claims containing lithium deposits in LaCorne and La Motte Townships, north of Val d'Or, Quebec. Preliminary drilling in 1946 on the LaCorne group of claims indicated 300,000 tons of ore in pegmatite dikes containing better than 20% spodumene. In view of the marked increase of interest in lithium over the past year consideration is being given to putting the property into production.

MANAGER — W. G. Hubler

ASSISTANT-MANAGER — E. O. Foster

### METAL HYDRIDES INCORPORATED

		<i>Outstanding</i>	<i>Ventures</i>	<i>Hoyle</i>
<b>CAPITALIZATION</b>	Common Shares .....	239,715	95,473 39.8%	20,000 8.3%
<b>LOCATION</b>	Plant at Beverly, Mass., U.S.A.			
<b>CURRENT DEVELOPMENTS</b>	The year 1952 was one of rapid growth for Metal Hydrides both in sales and in additions to plant and equipment. The company operates a plant in Beverly, Mass., for the production of certain of the less-common metals and their products and for research on, and development of, new processes. Up to the present titanium metal (a metal acquiring a steadily greater importance) has formed the largest part of the company's output, the sales for 1952 being over \$1,277,000. Zirconium metal, and its alloys and products, form the second largest item produced, followed by lithium products. Sodium products, particularly sodium boro-hydride, are also produced and plant additions have been made in preparation for a large expansion in output for this and related compounds.			

Total sales for 1952 amounted to \$2,266,160 being an increase of 57% over the previous year. Additions to the staff and new buildings and equipment form a foundation for further increases in production in the near future.

GENERAL MANAGER — L. W. Davis

# VENTURES LIMITED

(Incorporated under The Companies Act, Canada)

## ASSETS

### Current:

Cash in banks .....	\$	346,939.01	
Accounts receivable—			
Subsidiary and associated companies .....		68,830.44	
Sundry .....		6,335.99	\$ 422,105.44

### Interest in Subsidiary, Associated and Other Companies at not more than cost:

Subsidiary companies—			
Shareholdings .....	\$	8,803,131.25	
Advances .....		188,596.85	\$ 8,991,728.10
Associated companies—			
Shareholdings .....	\$	10,655,806.25	
Advances .....		4,820,483.32	15,476,289.57
Other companies—			
Shareholdings .....		317,178.38	24,785,196.05

NOTE: Shares having a book value of \$80,460 and a market value of \$1,051,930 have been hypothecated as security for the bank loan of a subsidiary company.

### Other:

Mining claims .....	\$	71,477.17	
Expenditures on sundry projects, explorations, etc., carried forward .....		24,450.84	
49% interest in Ile Perrot refinery site .....		93,904.21	
Equipment and furniture less accumulated depreciation .....		36,450.96	226,283.18

\$ 25,433,584.67

To the Shareholders of  
Ventures Limited.

**AUDITORS'**

We have examined the balance sheet of Ventures Limited as at December 31, 1952, 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 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, 1952, 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.



*Balance Sheet as at December 31, 1952***LIABILITIES****Current:**

Accounts payable and accrued charges .....	\$ 52,867.32	
Instalment on note payable due December 15, 1953 (U.S. \$250,000) ..	242,500.00	
Liability for treasury shares purchased from Falconbridge Nickel Mines Limited .....	1,050,000.00	\$ 1,345,367.32

**Long Term:**

Note payable in annual instalments of U.S. \$250,000 each on December 15, 1953 to 1960 bearing interest at 3½%—secured (U.S. \$2,000,000) .....	\$ 2,128,022.43	
Less instalment due December 15, 1953, included in current liabilities (U.S. \$250,000) .....	242,500.00	1,885,522.43

Reserve for Depletion on Shares of Subsidiary, Associated and Other Companies (Statement 3) .....	4,533,588.00
---	--------------

**Capital and Surplus:**

Capital:		
Authorized—2,000,000 shares of no par value		
Issued —1,787,416 shares .....	\$ 9,343,347.59	
Earned surplus (Statement 2) .....	\$ 6,045,936.62	
Special surplus (Statement 3) .....	2,279,822.71	8,325,759.33
		17,669,106.92

**Contingent Liabilities:**

- (1) Guarantee of the bank loan of an associated company which amounted to U.S. \$200,000 at December 31, 1952.
- (2) Guarantee of the credit of an associated company to the extent of \$200,000.

Approved on behalf of the Board:

T. LINDSLEY, Director.

W. S. MORLOCK, Director.

\$ 25,433,584.67

**REPORT**

The interest of Ventures Limited in the profits of those subsidiary companies which made a profit during the year amounted to \$2,016,794 which is \$732,359 greater than the dividends received from such subsidiaries and included in the accounts of Ventures Limited for the year. The interest of Ventures Limited in the losses sustained by those subsidiary companies which made a loss during the year and which were not provided for in the accounts of Ventures Limited amounted to \$25,662. The aggregate of accumulated surpluses less deficits of subsidiary companies as shown by their 1952 balance sheets amounted to \$13,227,407 of which the interest of Ventures Limited therein was \$8,735,119.

CLARKSON, GORDON & CO.,

Chartered Accountants.

Toronto, Canada, April 20, 1953.

## STATEMENT OF PROFIT AND LOSS

### For the Year Ended December 31, 1952

Dividends received from:		
Subsidiary companies .....	\$ 1,313,051.15	
Other companies .....	162,787.18	\$ 1,475,838.33
Interest paid less received .....	\$ 92,087.76	
Executive salaries .....	\$28,000.00	
Directors' fees .....	700.00	
Legal fees and expenses .....	7,094.43	
Other administrative expenses less amounts recovered from associated companies .....	54,760.81	90,555.24
Income tax deducted at source from dividends received .....	5,208.70	
Transfer to reserve for depletion on shares of subsidiary, associated and other companies .....	300,000.00	487,851.70
Net profit for the year (excluding items in special surplus) .....		<u>\$ 987,986.63</u>

NOTE: Fees paid to directors of Ventures Limited by subsidiary companies during the year amounted to \$1,865.

## STATEMENT OF EARNED SURPLUS

### For the Year Ended December 31, 1952

Balance December 31, 1951 .....		\$ 5,594,174.79
Net profit for the year .....		987,986.63
		<u>\$ 6,582,161.42</u>
Deduct dividends paid:		
No. 29—15¢ per share paid February 7, 1952 .....	\$268,112.40	
No. 30—15¢ per share paid July 28, 1952 .....	268,112.40	536,224.80
Balance December 31, 1952 .....		<u>\$ 6,045,936.62</u>



**STATEMENT OF SPECIAL SURPLUS**

*(Consisting of the profit (net) on security transactions 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, 1952**

Balance December 31, 1951 .....	\$ 653,759.66
Net gain on security transactions during the year .....	1,887,710.56
	<u>\$ 2,541,470.22</u>
Less amounts written off:	
Exploration expenses and payments on lapsed options .....	\$105,267.67
Advances to subsidiary and associated companies .....	156,379.84
	<u>261,647.51</u>
Balance December 31, 1952 .....	<u>\$ 2,279,822.71</u>

**RESERVE FOR DEPLETION ON SHARES OF SUBSIDIARY, ASSOCIATED  
AND OTHER COMPANIES**

**For the Year Ended December 31, 1952**

Balance December 31, 1951 .....	\$ 4,233,588.00
Add transfer from statement of profit and loss during the year .....	300,000.00
Balance December 31, 1952 .....	<u>\$ 4,533,588.00</u>

## STATEMENT OF INTEREST IN SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES as at December 31, 1952

	Shareholdings			
	Number of shares or par value	% of outstanding capital	Cost less amounts written off	Advances
SUBSIDIARY COMPANIES:				
American Nepheline Limited .....	1,479,060	* 49.3%	\$ 483,710.59	
Avenue Realty Company Limited .....	39,100	55.6	3,750.00	\$ 20,000.00
Coniaurum Mines Limited .....	1,430,800	51.7	554,476.04	
Devonian Limited .....	80,005	* 43.2	80,005.00	4,800.00
Falconbridge Nickel Mines Limited .....	2,293,945	61.1	2,400,847.05	
Hoyle Mining Company Limited .....	1,726,404	91.0	1,494,778.86	
La Luz Mines Limited .....	1,051,089	69.8	2,289,904.58	
Matachewan Consolidated Mines Limited .....	1,866,827	54.2	503,816.00	
Pelletier Lake Gold Mines Limited .....	2,135,103	78.7	305,843.13	
Seaoil Limited .....	6,700	* *	670,000.00	1,235.60
Toronto Mines Finance Limited .....	12,500	100.0	12,500.00	162,561.25
Miscellaneous participations of less than \$10,000 each .....			3,500.00	
			<u>\$ 8,803,131.25</u>	<u>\$ 188,596.85</u>
* Controlled through Subsidiary Companies.				
ASSOCIATED COMPANIES:				
Canadian Malartic Gold Mines Limited .....	1,388,685	38.0	\$ 513,411.01	
Consolidated Guayana Mines Limited .....	261,636½	10.2	192,132.95	\$ 747,522.82
Dominion Magnesium Limited .....	106,057	26.5	679,229.57	
Dominion Magnesium Limited 5% bonds March 1, 1962 .....	\$ 150,000		150,000.00	
Duport Mining Company Limited .....	553,262	39.5	82,235.97	
Dupresnoy Mines Limited .....	1,138,078	41.2	10,880.53	1,955.00
Eureka Corporation Limited .....	1,172,664	14.2	2,049,249.76	202,781.90
Frobisher Limited .....	2,195,984	39.8	3,806,574.94	3,260,649.28
Giant Yellowknife Gold Mines Limited .....	73,042	1.8	168,914.39	
Lake Dufault Mines Limited .....	1,237,397	48.5	191,773.30	
Metal Hydrides Incorporated .....	95,473	39.8	765,709.25	
New Calumet Mines Limited .....	168,451	4.8	2,914.00	
Nipissing Mines Company Limited .....	242,840	20.2	562,115.09	
Ontario Pyrites Company Limited .....	159,852	3.1	37,201.68	
Osisko Lake Mines Limited .....	241,581	9.4	157,252.40	
Pascal's Gold Mines Limited .....	1,462,837	48.7	244,468.09	
Pine Point Mines Limited .....	80,000	2.6	60,914.65	
Quebec Metallurgical Industries Limited .....	81,883	13.1	79,120.64	508,618.80
St. Eugene Mining Corporation Limited .....	1,079,593	44.7	289,348.38	98,339.58
Tonopah Mining Company of Nevada .....	228,360	26.2	472,271.64	
West Wasa Mines Limited .....	100,000	3.4	25,000.00	
Miscellaneous participations of less than \$25,000 each .....			115,088.01	615.94
			<u>\$ 10,655,806.25</u>	<u>\$ 4,820,483.32</u>

\*\* This company was incorporated in the latter part of 1952 and its financing had not been finalized at December 31, 1952.



## COMPARATIVE SUMMARY OF PROFIT AND LOSS ACCOUNT

### 1928 – 1952

	Income from shareholdings and bonds and sundry credits	Administrative expenses and sundry debits	Transfer to Reserve for Depletion	Provision for Taxes	Net Profit (or Loss) for the year	Dividends Paid
1928.....	\$ 812.38	\$ 55,705.72	\$ -----	\$ 23,193.48	\$ 78,086.82	\$ -----
1929.....	36,006.40	133,676.62	-----	1,767.89	99,438.11	-----
1930.....	27,635.53	73,866.10	12,592.04	121.70	58,944.31	-----
1931.....	13,193.59	56,087.51	6,528.99	82.48	49,505.39	-----
1932.....	128,390.31	61,695.19	23,818.14	-----	42,876.98	-----
1933.....	466,954.68	55,521.19	192,625.96	-----	218,807.53	-----
1934.....	450,838.75	32,299.85	208,022.87	-----	210,516.03	-----
1935.....	448,200.41	32,537.54	270,000.00	80,000.00	65,662.87	-----
1936.....	584,241.99	57,373.78	100,000.00	146,152.77	280,715.44	590,235.45
1937.....	874,939.59	67,302.92	170,000.00	12,208.40	625,428.27	590,235.27
1938.....	1,117,996.64	68,875.31	200,000.00	2,500.00	846,621.33	354,142.86
1939.....	1,060,319.08	54,347.78	350,000.00	15,000.00	640,971.30	78,697.55
1940.....	869,818.60	52,099.72	250,000.00	47,000.00	520,718.88	236,092.65
1941.....	1,005,991.88	50,849.00	300,000.00	15,620.00	639,522.88	314,790.20
1942.....	824,709.60	47,665.52	200,000.00	10,993.47	566,050.61	393,487.75
1943.....	797,928.75	69,040.91	200,000.00	55,000.00	473,887.84	357,483.20
1944.....	904,731.17	62,864.77	200,000.00	811.88	641,054.52	357,483.20
1945.....	863,257.27	88,948.43	200,000.00	63,264.89	511,043.95	357,483.20
1946.....	408,886.85	97,717.53	100,000.00	1,155.79	210,013.53	357,483.20
1947.....	882,924.80	93,268.84	200,000.00	43.45	589,612.51	89,370.80
1948.....	1,187,907.22	105,971.33	250,000.00	614.53	831,321.36	-----
1949.....	1,240,935.35	128,096.56	250,000.00	749.12	862,089.67	89,370.80
1950.....	1,305,538.09	146,880.43	250,000.00	2,344.61	906,313.05	89,370.80
1951.....	1,569,054.98	147,802.37	300,000.00	3,448.55	1,117,804.06	536,224.80
1952.....	1,475,838.33	182,643.00	300,000.00	5,208.70	987,986.63	536,224.80

**AMERICAN NEPHELINE LIMITED**

**CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1952**

**ASSETS**

**CURRENT:**

Cash on hand and in banks.....	\$ 158,615	
Accounts receivable.....	132,934	
Inventories of crude ore and finished products—as determined and certified by the management and valued at the lower of average cost or market.....	108,885	\$ 400,434

**DEFERRED:**

Inventory of mine and mill supplies—at cost.....	134,204	
Deferred charges and sundry receivables.....	10,266	144,470

**FIXED:**

Mining properties—at cost.....	75,499	
Land, buildings, machinery, equipment, automobile and trucks—based upon the values at which such assets were acquired from the predecessor company, Canadian Nepheline Limited, in 1940 with subsequent additions at cost—less depreciation provided of \$754,771.....	721,305	
Staff dwellings—at cost, less depreciation provided of \$18,192.....	\$ 77,556	
Less: C.M.H.C. loan thereon.....	51,110	26,446
		823,250

**OTHER:**

Deferred development expenditures, less amounts written off of \$231,761.....	54,969	
Interest in outside mining claims.....	2,181	
Marine and other equipment not presently in use, less depreciation provided of \$11,609.....	11,179	68,329
		<u>\$1,436,483</u>

**LIABILITIES**

**CURRENT:**

Accounts payable and accrued charges.....	\$ 21,905	
Estimated corporation taxes, less amounts paid thereon.....	9,588	\$ 31,493

**CAPITAL:**

Capital stock		
—authorized and issued 3,000,000 shares of no par value.....	\$1,524,964	
Less: Deficit.....	119,974	1,404,990
		<u>\$1,436,483</u>

- NOTES: 1. The net value of the fixed assets of the subsidiary company upon consolidation has been increased, as in prior years, by \$47,169 representing the excess of the value placed upon the capital stock issued at acquisition over the net book value of the assets of the subsidiary company.
2. The subsidiary company's plant, which is taken into this balance sheet at a net book value of \$190,000 approximately, is currently being offered for sale.
3. The charges to operations with respect to depreciation of plant and deferred development expenditures in 1952 are \$70,000 less than the maximum amounts permitted by the regulations under The Income Tax Act.



**CONIAURUM MINES LIMITED**

**BALANCE SHEET AS AT DECEMBER 31, 1952**

**ASSETS**

**CURRENT:**

Cash on hand and in banks.....	\$ 38,662.07		
Bullion settlements outstanding.....	67,759.11		
Accounts receivable and accrued interest.....	4,255.92		
Estimated amount receivable from the Government of Canada under The Emergency Gold Mining Assistance Act.....	63,654.26		
Marketable securities at cost—			
Frobisher Limited—122,815 shares.....	\$ 242,796.26		
Other marketable securities (approximate market value \$762,489.....)	362,535.15	605,331.41	\$ 779,662.77

**SUPPLIES AND PREPAID EXPENSES:**

Inventory of supplies as determined and certified by the manage- ment and valued at cost.....	\$ 178,327.42		
Prepaid expenses.....	7,532.03		185,859.45

**FIXED:**

Mining properties.....		\$2,243,709.14	
Buildings, machinery and equipment.....	\$1,378,440.10		
Less: Accumulated depreciation.....	1,360,343.58	18,096.52	2,261,805.66

**OTHER:**

Government of Canada bonds on deposit with Hydro-Electric Power Commission of Ontario at cost (market value \$14,062)	\$ 15,037.50		
Shares in and advances to other companies at cost.....	411,807.32		426,844.82
			<u>\$3,654,172.70</u>

**LIABILITIES**

**CURRENT:**

Wages payable.....	\$ 28,687.64		
Accounts payable and accrued charges.....	40,099.05		
Estimated taxes payable.....	2,439.24		\$ 71,225.93

**CAPITAL:**

Authorized—3,000,000 shares of no par value			
Issued —2,766,743 shares of no par value.....	\$4,456,337.30		
Less: adjustment of book values of deferred development, buildings, machinery, etc., taken over from predecessor company.....	708,842.30		
	\$3,747,495.00		
DEFICIT.....	164,548.23		3,582,946.77
			<u>\$3,654,172.70</u>

NOTE: Under an agreement dated March 1, 1951, the company arranged with Central Porcupine Mines Limited to expend up to \$300,000 on a joint effort to sink a shaft near the boundary line of the Coniaurum and the Central Porcupine properties. Of this amount \$217,751.36 remains unexpended at December 31, 1952 and constitutes a firm commitment on the part of the company.

## FALCONBRIDGE NICKEL MINES LIMITED

### CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1952

ASSETS		1952	1951
<b>CURRENT:</b>			
Cash on hand and in banks.....		\$ 602,023.86	\$ 651,495.07
Government securities at cost (quoted market value \$2,888,000).....		2,886,165.99	1,412,931.87
Accounts receivable—			
Trade.....	\$2,389,511.03		
Sundry.....	342,373.90	2,731,884.93	2,224,390.70
Inventories as determined and certified by responsible officials and valued at the lower of cost or market, cost being determined on a "last-in, first-out" basis—			
Refined metals.....	\$ 797,316.75		
Matte and metals in process.....	2,946,648.80		
Accumulated costs in connection with purchased ores in process	131,315.47	3,875,281.02	4,363,347.45
		<u>\$10,095,355.80</u>	<u>\$ 8,652,165.09</u>
<b>INVESTMENT IN SUBSIDIARIES, not consolidated, at cost (Note 2):</b>			
Shareholdings.....	\$ 933,819.13		
Advances.....	193,084.67	\$ 1,126,903.80	\$ 326,994.00
<b>FIXED:</b>			
Plant and equipment at cost.....		\$21,871,815.56	\$17,374,344.32
Less: Accumulated allowance for depreciation.....		12,839,108.90	11,172,554.24
		<u>\$ 9,032,706.66</u>	<u>\$ 6,201,790.08</u>
Mining property and claims at cost.....		3,410,277.67	3,407,105.72
		<u>\$12,442,984.33</u>	<u>\$ 9,608,895.80</u>
<b>OTHER:</b>			
Supplies, at average cost.....		\$ 2,363,861.21	\$ 2,000,043.01
Prepaid expenses and deferred charges.....		287,479.31	85,604.41
Sundry security investments at cost less amounts written off (quoted market value \$324,231).....		365,161.60	257,383.29
Guarantee deposit with the Hydro-Electric Power Commission of Ontario.....		298,284.85	52,850.00
Mine development and preproduction expenditures less amounts written off.....		881,302.58	335,429.10
		<u>\$ 4,196,089.55</u>	<u>\$ 2,731,309.81</u>
		<u>\$27,861,333.48</u>	<u>\$21,319,364.70</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Overdraft in Norwegian bank.....			\$ 44,513.26
Accounts payable and accrued charges.....		\$ 2,074,840.20	1,512,682.49
Portion of long-term liabilities maturing within one year.....		191,855.29	91,855.29
Income taxes payable (estimated).....		939,245.96	1,567,817.69
		<u>\$ 3,205,941.45</u>	<u>\$ 3,216,868.73</u>
<b>LONG-TERM:</b>			
3% mortgage payable in equal semi-annual instalments from June 30, 1953 to December 30, 1961 inclusive (secured by refinery land and plant) (N.Kr. 4,950,000).....		\$ 826,697.61	\$ 918,552.90
Amount due on purchase of shares of wholly-owned subsidiary company payable in annual instalments to September 30, 1955 (secured).....		275,000.00	
Net advance from the Government of the United States, including accrued interest thereon at 4%, repayable on or before March 31, 1957 (U.S. \$2,046,574.20) (Note 5).....		1,981,790.48	
		<u>\$ 3,083,488.09</u>	<u>\$ 918,552.90</u>
Less: Instalments maturing within one year included under current liabilities.....		191,855.29	91,855.29
		<u>\$ 2,891,632.80</u>	<u>\$ 826,697.61</u>
<b>SHAREHOLDERS' EQUITY:</b>			
Capital—			
Authorized—5,000,000 shares of no par value			
Issued—3,676,272 shares of no par value (Note 6).....		\$11,030,375.19	\$ 7,306,025.19
Earned surplus.....		10,733,384.04	9,969,773.17
		<u>\$21,763,759.23</u>	<u>\$17,275,798.36</u>
		<u>\$27,861,333.48</u>	<u>\$21,319,364.70</u>

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

#### NOTES TO FINANCIAL STATEMENTS

- Assets and liabilities and revenues and expenses in currencies other than Canadian dollars are converted into Canadian funds on the following bases:  
 All assets other than fixed assets and all liabilities other than long-term liabilities at the current quoted rates of exchange at December 31, 1952.  
 Fixed assets and the relative reserves for depreciation at the rates of exchange prevailing when the expenditures on the fixed assets were made.  
 Long-term liabilities at the rates of exchange prevailing when the debts were incurred.  
 Revenues and expenses at approximately the average monthly quoted rates of exchange.



# **FALCONBRIDGE NICKEL MINES LIMITED**

## **STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1952**

	1952	1951
Metal sales and other operating revenues.....	\$24,839,873.07	\$20,782,808.24
Cost of sales and operating expenses other than the undermentioned items.....	\$16,080,160.09	\$11,903,700.61
Selling, general and administrative expenses.....	1,018,576.31	840,376.52
	<u>\$17,098,736.40</u>	<u>\$12,744,077.13</u>
Operating profit before providing for development and preproduction expenditures, depreciation and income taxes.....	\$ 7,741,136.67	\$ 8,038,731.11
Development and preproduction expenditures written off (Note 4).....	\$ 1,678,281.00	\$ 1,083,670.00
Allowance for depreciation.....	1,672,399.78	1,087,032.16
	<u>\$ 3,350,680.78</u>	<u>\$ 2,170,702.16</u>
Operating profit before income taxes.....	\$ 4,390,455.89	\$ 5,868,028.95
Other income:		
Dividend from Fahlralloy Canada Limited, a wholly-owned subsidiary, not consolidated (Note 2).....	35,050.00	35,050.00
Income from investments.....	33,005.08	52,189.32
Miscellaneous income.....	562.70	8,714.82
	<u>\$ 4,459,073.67</u>	<u>\$ 5,963,983.09</u>
Other deductions from income:		
Interest on long-term liabilities.....	\$ 85,196.98	
Outside exploration and development expenditures.....	467,674.47	\$ 474,052.00
Net loss on foreign exchange.....	9,043.23	26,524.84
Net loss on sale of securities.....	7,918.37	52,430.63
	<u>\$ 569,833.05</u>	<u>\$ 553,007.47</u>
Profit before income taxes.....	\$ 3,889,240.62	\$ 5,410,975.62
Income taxes (estimated).....	1,354,000.00	2,400,000.00
Profit for the year transferred to consolidated earned surplus.....	<u>\$ 2,535,240.62</u>	<u>\$ 3,010,975.62</u>

## **STATEMENT OF CONSOLIDATED EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1952**

	1952	1951
Balance at beginning of year.....	\$ 9,969,773.17	\$ 8,663,921.05
Profit for the year.....	2,535,240.62	3,010,975.62
	<u>\$12,505,013.79</u>	<u>\$11,674,896.67</u>
Dividends paid.....	1,771,629.75	1,705,123.50
Balance at end of year.....	<u>\$10,733,384.04</u>	<u>\$ 9,969,773.17</u>

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

- The accompanying consolidated balance sheet and statements of consolidated profit and loss and earned surplus represent the consolidation of the accounts of Falconbridge Nickel Mines Limited and two of its wholly-owned subsidiaries, Falconbridge Nikkelverk Aktieselskap and Falconbridge Realty Limited. The accounts of one wholly-owned subsidiary and one majority-owned subsidiary, whose operations are not integrated with those of the Company, have not been consolidated nor have the accounts of one wholly-owned subsidiary acquired in October, 1952. The Company's equity in the net assets of the unconsolidated subsidiaries is \$473,811.84 in excess of the Company's investment in such subsidiaries. The Company's equity of \$109,737.96 in the net income of the unconsolidated subsidiaries for the year is included in the statement of consolidated profit and loss only to the extent of the dividends of \$35,050 received. No subsidiary sustained a loss during the year.
- There are commitments outstanding under contracts for construction in progress and for additional equipment amounting to approximately \$955,000.
- In 1952 the Company wrote off development and preproduction expenditures at the rate of \$1.50 per ton of ore processed instead of \$1.00 per ton as was done in the previous year. If these expenditures had been written off in 1952 on the same basis as in the previous year the net profit for the year would have been increased \$559,427.
- The contract under which advances are received from the United States Government provides for liquidation of such advances in whole or in part from the credits that will be earned if certain production requirements are met.
- During the year 266,025 shares were issued for cash at \$14.00 per share. At December 31, 1952, there was a commitment outstanding to sell an additional 75,000 shares at \$14.00 per share on or before October 1, 1953.
- Subsequent to December 31, 1952, the Company entered into an agreement to issue 5,000 shares and to expend \$500,000 during the next five years on the exploration and development of outside properties.

**FROBISHER LIMITED**

**CONSOLIDATED BALANCE SHEET AS AT OCTOBER 31, 1952**

**ASSETS**

Cash on hand and in banks.....		\$	64,775.84	
Bullion in transit.....			76,928.62	
Accounts receivable—trade.....	\$	18,083.86		
—sundry.....		45,677.25	63,761.11	
Inventory of graphite valued at 50% of selling price.....			36,723.24	\$ 242,188.81
Interest in subsidiary companies:				
Shareholdings at cost less amounts written off.....	\$4,279,031.31			
Advances.....	1,346,764.19	\$	5,625,795.50	
Interest in associated and other companies:				
Shareholdings at cost less amounts written off.....	\$8,541,833.55			
Advances.....	849,529.09		9,391,362.64	15,017,158.14
Exploration expenditures carried forward.....				1,084,746.39
Mining properties at cost.....		\$	374,863.05	
Buildings, plant and equipment, at cost.....	\$1,699,683.61			
Less: Reserve for depreciation.....	1,071,723.77		627,959.84	1,002,822.89
Deferred development expenses less amounts written off.....		\$	55,011.06	
Supplies and spare parts at cost.....			323,070.43	
Sundry prepayments and deferred charges.....			47,480.20	425,561.69
				<u>\$17,772,477.92</u>

**LIABILITIES**

Bank loan (secured).....	\$1,500,000.00			
Bank overdraft.....	24,094.52	\$	1,524,094.52	
Accounts payable.....			214,113.93	
Amounts owing to associated companies.....			51,160.28	
Provision for taxes on income.....			2,711.25	\$ 1,792,079.98
Advances from Ventures Limited.....				2,418,606.03
Reserve for depletion on shares of associated companies.....				181,000.00
<b>CAPITAL:</b>				
Authorized—6,000,000 shares of no par value				
Issued at October 31, 1951.....	4,638,956 shares	\$	9,496,256.99	
Issued during the year—				
For cash.....	745,527 shares		4,223,182.00	
For 1,080,000 shares of				
Kilembe Copper Limited.....	120,000 shares		1,020,000.00	
Issued at October 31, 1952.....	5,504,483 shares		\$14,739,438.99	
Less:				
Deficit.....	\$ 373,759.20			
Special deficit.....	984,887.88		1,358,647.08	13,380,791.91
				<u>\$17,772,477.92</u>

NOTES: (1) Current assets and liabilities in foreign currencies have been converted at the closing rates of exchange at October 31, 1952.

(2) The Company has agreed to make expenditures subsequent to October 31, 1952, which it is estimated may amount to \$6,150,000. This amount includes the following purchase of shares of Williston Oil and Gas Company—

Prior to July 2, 1953.....	303,030 shares	\$2,499,997.50
Prior to July 2, 1954.....	393,940 shares	3,250,005.00
	696,970 shares	\$5,750,002.50

(3) There are share purchase warrants outstanding which, if exercised in full, will require the issue prior to June 27, 1953, of 495,517 shares for \$4,955,170.



**FROBISHER LIMITED**
**CONSOLIDATED STATEMENT OF INTEREST IN SUBSIDIARY, ASSOCIATED AND  
OTHER COMPANIES AS AT OCTOBER 31, 1952**

<u>Indicated Market Values</u>	<u>Number of shares or par value</u>	<u>Company</u>	<u>Cost less amounts written off</u>	<u>Advances</u>
Subsidiary companies:				
	720,000	Associated Tin Mines (South West Africa) Limited....	\$ 577,858.35	
	2,922,312	Kilembe Copper Limited.....	2,609,672.20	\$ 999,937.01
	1,733,185	Mediterranean Mines Inc.....	381,516.61	8,576.23
	344,478	Quebec Metallurgical Industries Limited.....	439,535.11	336,279.45
	750,000	Tonopah Nicaragua Company.....	205,626.57	
		Miscellaneous participation of less than \$40,000 each..	64,822.47	1,971.50
			<u>\$4,279,031.31</u>	<u>\$1,346,764.19</u>
Associated and other companies:				
\$ 1,272,286.90	1,235,230	Akaiitcho Yellowknife Gold Mines Limited.....	\$ 450,242.59	
	200,000	Anyox Metals Limited.....		\$ 74,654.50
	947,055	Charlebois Lake Uranium Limited.....	192,775.27	
400,032.36	714,343	Consolidated Guayana Mines Limited.....	538,047.90	99,301.35
83,340.00	8,334	Dominion Magnesium Limited.....	66,672.00	
	746,802	Dupresnoy Mines Limited.....	78,580.10	
173,992.50	156,750	Eureka Corporation Limited.....	184,800.00	63,167.63
	26,265	Ferrum Limited—		
	\$ 111,667.50	shares.....	105,693.00	
	1,500,005	5% debentures due 1957/1960.....	5.00	82,816.89
10,518,235.80	1,162,236	Fort Chimo Mines Limited.....	907,731.95	
70,530.72	881,634	Giant Yellowknife Gold Mines Limited.....	84,900.10	
350,812.00	1,031,800	Horne Fault Mines Limited.....	134,601.77	
	204,963	Joliet-Quebec Mines Limited.....	81,985.20	
	874,111	Lakefield Research Limited.....	304,819.49	85,513.58
1,157,634.85	1,006,639	Michipicoten Iron Mines Limited.....	155,567.18	
	20,003	New Calumet Mines Limited.....	90,003.00	
73,260.00	222,000	Northfield Canada Limited.....	133,920.00	
	600,000	Pershcourt Goldfields Limited.....	125,000.00	
479,986.92	1,333,297	Pilley's Island Copper Pyrite Limited.....	258,133.22	
	841,185	Rainville Copper Mines Limited.....	319,988.54	360,442.45
	6,800	St. Eugene Mining Corporation Limited.....		
	5,422	Societe Anonyme des Mines de Fer de Mauritanie—		
		ordinary shares.....	195,387.95	55,524.73
7,305,467.10	820,839	founders shares.....	587,738.82	
	303,030	United Keno Hill Mines Limited.....	2,499,997.50	
450,236.56		Williston Oil and Gas Company.....	1,045,242.97	28,107.96
		Miscellaneous participations of less than \$60,000 each		
<u>\$22,335,815.71</u>			<u>\$8,541,833.55</u>	<u>\$ 849,529.09</u>

## HOYLE MINING COMPANY LIMITED

### BALANCE SHEET AS AT DECEMBER 31, 1952

#### ASSETS

<b>CURRENT:</b>			
Province of Ontario Bonds on Deposit with Hydro-Electric Power Commission (at cost).....	\$ 4,000.00		
Accounts Receivable.....	14,921.83		
Due from Participators in Option Agreement.....	18,510.19	\$ 37,432.02	
<b>INVESTMENTS IN AND ADVANCES TO SUBSIDIARY COMPANIES</b>			
Shares at Cost.....	\$ 44,340.89		
Advances.....	6,552.23	\$ 50,893.12	
<b>INVESTMENTS IN AND ADVANCES TO ASSOCIATED AND OTHER COMPANIES</b>			
Investments—at cost (Market Value \$7,035,804.86 including \$279,817.83 of Unlisted Securities).....	\$2,572,810.80		
Advances.....	63,094.50	\$2,635,905.30	2,686,798.42
<b>SUPPLIES</b> .....			39,478.78
<b>FIXED ASSETS:</b>			
Mining Property.....		399,266.02	
Haileybury Land.....		2,208.81	
Buildings, Machinery and Equipment.....	\$ 370,627.21		
Less: Reserve for Depreciation.....	143,995.14	226,632.07	628,106.90
<b>EXPENDITURES ON OUTSIDE PROPERTIES:</b>			
Expenditure to date.....	\$ 166,918.45		
Less: Amounts Written Off.....	95,491.74		71,426.71
<b>DEFERRED CHARGES:</b>			
Deferred Development.....	\$ 711,740.85		
Less: Amounts Written Off.....	507,528.79	\$ 204,212.06	
Incorporation Expense.....		8,923.01	
Prepaid Insurance and Unemployment Insurance Stamps.....		433.53	213,568.60
			<u>\$ 3,676,811.43</u>

#### LIABILITIES

<b>CURRENT:</b>			
Bank Overdraft (Secured).....	\$ 489,062.78		
Accounts Payable.....	978.23		
Convertible Notes Payable.....	5,234.00		
Accrued Workmen's Compensation and Silicosis.....	599.63	\$ 495,874.64	
<b>MORTGAGE PAYABLE</b> .....			5,803.45
<b>CAPITAL AND DEFICIT:</b>			
Capital			
Authorized:			
1,500,000 Non-Voting Cumulative Preference Shares of No Par Value			
3,500,000 Common Shares of No Par Value			
Issued:			
272,298 Preference Shares.....	\$ 272,298.00		
1,897,078 Common Shares.....	3,716,955.00		
	\$3,989,253.00		
<b>DEDUCT: DEFICIT ACCOUNT</b>			
Balance, 1st January, 1952.....	\$1,668,595.08		
Less: Net Profit for Year.....	253,372.70		
Reversal of Provision for Adjustment of Net Book Value of Investments no longer considered to be required	601,102.72	814,119.66	3,175,133.34
			<u>\$ 3,676,811.43</u>

Note: Dividends in arrears on Preference Shares at .05c. per share per annum from 1st September, 1946.



## HOYLE MINING COMPANY LIMITED

### INVESTMENTS IN AND ADVANCES TO SUBSIDIARY,

ASSOCIATED AND OTHER COMPANIES AS AT DECEMBER 31, 1952

INVESTMENTS					
	No. of Shares	MARKET VALUE		Cost	Advances
		Per Share	Amount		
SUBSIDIARY COMPANIES:					
Beaver River Silver Lead Mines Limited.....	1,050,000	---	.....	\$ 44,340.89	\$ 4,179.84
South Porcupine Mines Limited.....	1,273,753	---	.....	.....	2,372.39
				<u>\$ 44,340.89</u>	<u>\$ 6,552.23</u>
ASSOCIATED AND OTHER COMPANIES:					
Falconbridge Nickel Mines Limited.....	5,390	22.50	121,275.00	34,981.14	
Metal Hydrides Incorporated.....	20,000	16.50	330,000.00	156,970.06	
New Mosher Longlac Mines Limited.....	625,047	.55	343,775.85	308,835.66	
Ontario Pyrites Company Limited.....	1,076,389	1.86	2,002,083.54	246,571.21	
Ontario Pyrites Company Limited Rights "A".....	53,123	.13	6,905.99	.....	
Ontario Pyrites Company Limited Rights "B".....	53,123	.37	19,655.51	.....	
Opemiska Copper Mines (Quebec) Limited.....	2,414,046	1.60	3,862,473.60	421,096.64	
Silver Standard Mines Limited.....	140,444	1.54	216,283.76	21,220.80	
Thompson Lundmark Gold Mines Limited.....	594,196	.13	77,245.48	336,207.76	
Sundry Shareholdings having a market value of less than \$40,000.....	.....	---	258,054.99	1,046,927.53	63,094.50
			<u>\$7,581,529.57</u>	<u>\$2,281,646.46</u>	<u>\$63,094.50</u>

## LA LUZ MINES LIMITED

### BALANCE SHEET AS AT SEPTEMBER 30, 1952

#### ASSETS

##### CURRENT ASSETS:

Cash on hand and in banks.....		\$	55,903.27
Bullion in transit and at refineries at estimated realizable value.....			244,388.08
Sundry accounts receivable.....			58,618.62
		\$	358,909.97

##### INVESTMENTS:

###### INVESTMENTS, AT COST—

Frobisher Limited—292,710 shares.....	\$	342,278.80	
Giant Yellowknife Gold Mines Limited—14,841 shares.....		71,423.64	
Falconbridge Nickel Mines Limited—19,735 shares.....		51,860.00	\$ 465,562.44

###### INVESTMENTS AND ADVANCES, AT COST LESS RESERVE—

Eureka Corporation Limited—454,303 shares.....	\$	553,244.26	
Consolidated Guayana Mines Limited—272,000 shares.....		204,000.00	
—Advance.....		75,000.00	

Panaminas Incorporated—wholly-owned subsidiary (nominal value).....		1.00	
--	--	------	--

Less: Reserve.....	\$	832,245.26	
		200,000.00	632,245.26

##### INVENTORIES OF SUPPLIES valued at average cost which is less than current replacement cost:

Mining and milling supplies and spare parts.....	\$	959,946.86	
Commissary supplies.....		115,642.81	1,075,589.67

##### FIXED ASSETS:

Siuna mining claims, at cost.....	\$1,550,000.00		
Potosi property.....	570,130.16		

Less: Accumulated depletion.....	\$2,120,130.16		
	1,027,160.00		

Riscos De Oro property.....	\$1,092,970.16		
	113,558.04		

##### Mine buildings, machinery, equipment, roads, airports, and Yy

##### River power development completed or in course of construction at cost.....

	\$4,338,650.17		
Less: Accumulated depreciation.....	433,865.02	3,904,785.15	5,111,313.35

##### DEFERRED EXPENDITURE:

Prepaid fire insurance and taxes, etc.....	\$	23,280.38	
Shaft sinking deferred.....		54,257.33	
Native housing project (less written off).....		11,904.00	89,441.71
			\$7,733,062.40

#### LIABILITIES

##### CURRENT LIABILITIES:

###### Chemical Bank and Trust Company, New York—

Demand loan payable—secured.....	\$	75,000.00	
Accrued wages payable.....		9,899.01	
Accounts payable and accrued charges.....		148,777.46	
	\$	233,676.47	

##### CAPITAL STOCK:

###### Authorized—2,000,000 shares of no par value

Issued —1,504,412 shares.....	\$3,139,191.10		
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(Options are outstanding on 5,250 shares)

General reserve (see note).....	2,403,802.53		
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Earned surplus (per statement attached).....	1,956,392.30	7,499,385.93	
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\$7,733,062.40

- NOTES: 1. The company's transactions arise for the most part in United States and Nicaraguan currencies and to a limited extent in Canadian currency. The financial statements are presented in terms of U.S. dollars with the exception of share capital and the expenditures therefrom for mining claims, plant and development, which are recorded in Canadian dollars. Conversion during the year from cordobas to U.S. dollars has been made at the official rate of 6.6 cordobas to \$1 U.S. Conversion during the year from Canadian to U.S. dollars has been made at various rates prevailing from time to time.
2. As of October 1, 1951 the fixed assets were restored to original cost by reversing to general reserve the depreciation accumulated to that date.



**MATACHEWAN CONSOLIDATED MINES LIMITED**

**BALANCE SHEET AS AT DECEMBER 31, 1952**

**ASSETS**

**CURRENT:**

Bullion settlements outstanding.....	\$	32,613.08	
Accounts receivable and accrued interest.....		10,379.51	
Current account receivable from the Matachewan-Matarrow operation.....		42,962.89	
Estimated amount receivable from the Government of Canada under The Emergency Gold Mining Assistance Act.....		9,777.70	
Marketable securities at cost (approximate market value \$497,879).....		294,642.97	\$ 390,376.15

**SUPPLIES AND PREPAID EXPENSES:**

Inventory of supplies as determined and certified by the management and valued at cost.....	\$	135,577.31	
Prepaid expenses.....		7,871.30	143,448.61

**FIXED:**

Mining leases acquired for a consideration of 1,200,000 shares of capital stock of the company and \$44,100 in cash.....	\$	335,700.00	
Buildings, machinery and equipment at cost.....	\$1,017,967.84		
Less: Accumulated depreciation.....	979,827.62	38,140.22	373,840.22

**OTHER:**

Government of Canada bonds on deposit with Hydro-Electric Power Commission of Ontario at cost (market value \$14,126)	\$	15,288.75	
Shares in and advances to other companies at cost.....		225,360.66	
Advances made in the participation for the development and operation of properties owned by—			
Dupont Mining Company Limited (note 1).....	\$	131,526.19	
Matarrow Lead Mines Limited (note 2).....	655,936.61	787,462.80	1,028,112.21
			<u>\$1,935,777.19</u>

**LIABILITIES**

**CURRENT:**

Bank overdraft—secured.....	\$	150,297.20	
Wages payable.....		21,199.78	
Accounts payable and accrued charges.....		21,313.93	
Estimated taxes payable.....		6,172.92	\$ 198,983.83

**CAPITAL:**

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

EARNED SURPLUS.....		822,293.36	1,736,793.36
			<u>\$1,935,777.19</u>

NOTE 1: Under the terms of an agreement, the company and certain of its associates are committed to make further advances for the development of property owned by Dupont Mining Company Limited in the amount of \$230,974. On completion of such payments the company and its associates will be entitled to receive shares of Dupont Mining Company Limited.

NOTE 2: The expenditure on the Matarrow operation of \$655,936.61 is secured under an agreement with Matarrow Lead Mines Limited and Matachewan Consolidated Mines Limited to the extent that in the event of Matarrow deciding to operate the mine, then Matarrow shall repay Matachewan all of its expenditures in full forthwith. At the end of five years, if Matarrow has not so decided to operate the mine, Matachewan may then dispose of its equipment on the Matarrow property and other equipment thereon subject to a charge under the agreement, and the funds applied against payment to the company for its expenditures.

**METAL HYDRIDES INCORPORATED**

**BALANCE SHEET AS AT DECEMBER 31, 1952**

**ASSETS**

**CURRENT ASSETS:**

Cash.....			\$ 113,035.25
Accounts receivable (including \$105,461.17 assigned to secure note payable):			
Customers.....	\$ 130,930.32		
United States Government.....	56,146.15		
Others.....	11,436.65		198,513.12
Chargeable services on special contracts.....			34,831.67
Inventories, at the lower of cost or market:			
Finished goods.....	\$ 324,878.23		
Work in process.....	48,369.90		
Raw materials:			
On hand.....	\$183,852.00		
In transit.....	6,892.00	190,744.00	
Supplies.....		13,454.50	577,446.63
Deferred costs on Government contracts.....			20,084.91
Advances and prepaid expense.....			9,398.19
Total current assets.....			\$ 953,309.77
Property, plant, and equipment, subject in part to real estate mortgages, see contra (Note 1):			

	Cost	Reserve for Depreciation	Net Book Value	
Land.....	\$ 40,830.97		\$ 40,830.97	
Buildings and improvements.....	122,507.70	\$ 34,899.91	87,607.79	
Manufacturing and laboratory facilities and equipment.....	474,082.07	83,576.33	390,505.74	
Office equipment.....	19,553.52	5,719.35	13,834.17	
Motor vehicles.....	7,988.00	1,497.78	6,490.22	
Totals.....	\$664,962.26	\$125,693.37	\$ 539,268.89	
Construction in progress.....			571,893.54	1,111,162.43

**OTHER ASSETS:**

Deferred charges.....	\$ 10,364.25		
Research, development, and patent costs (Note 2).....	1.00		10,365.25
			<u>\$2,074,837.45</u>

**LIABILITIES AND CAPITAL**

**CURRENT LIABILITIES:**

Installments due within one year on mortgage notes payable (see below).....		\$ 7,000.00
Notes payable, bank:		
Secured by assigned accounts receivable, see contra.....	\$ 80,000.00	
Secured by assignment of all amounts to become due in 1953 under a Government contract.....	100,000.00	180,000.00
Accounts payable:		
Trade.....	\$ 325,805.52	
Construction in progress.....	46,864.99	372,670.51
Accrued pay roll, interest, royalties, and other expense.....		21,289.51
Withheld from employees for taxes, bonds, and other items.....		10,180.50
Provision for price redetermination of Government contracts (Note 3).....		13,116.83
Provision for state excise and pay roll taxes.....		15,817.77
Total current liabilities (Notes 4 and 5).....		\$ 620,075.12
Mortgage notes payable at various dates through 1960, secured by real estate mortgages, see contra.....	\$ 53,500.00	
Less: Installments due within one year (see above).....	7,000.00	46,500.00

**CAPITAL:**

Capital stock, par value \$5:		
Authorized—400,000 shares		
Issued —239,815 shares.....	\$1,199,075.00	
Capital surplus (Note 6).....	210,137.33	
Total.....	\$1,409,212.33	
Deduct: Treasury stock, at cost, 100 shares.....	950.00	1,408,262.33
		<u>\$2,074,837.45</u>

The accompanying "Notes to Financial Statements" to which references are made above are an integral part of this statement.



**METAL HYDRIDES INCORPORATED**

**Notes to Financial Statements**

NOTE 1—PROPERTY, PLANT, AND EQUIPMENT—During the 1952 year the company commenced a program of plant expansion involving an outlay in excess of \$1,000,000. A major portion of the additions was required by the increased demands for the company's products by agencies of the United States Government. Certificates of Necessity have been applied for covering emergency facilities in the approximate amount of \$1,000,000. Under the Internal Revenue Code that portion of the cost of facilities certified by the Defense Production Administration as essential to the defense effort may be covered by a Certificate of Necessity and written off for federal income tax purposes over a period of five years.

NOTE 2—RESEARCH, DEVELOPMENT, AND PATENT COSTS—Research, development, and patent costs were recorded at the amounts paid for patents, formulae, and processes purchased, and salaries and expenses incurred in the development of formulae and processes for which patent applications were made. All charges to this account on or before December 31, 1952, were subject to amortization over a seventeen-year period. Additions to the deferred development cost account represented amounts expended for development, research, and improvements to processes in the development stage. The policy of the company provided for amortization of all these costs over a ten-year period. During the year ended December 31, 1952, amortization on these accounts totaling \$22,316.62 was charged to cost of goods sold. By vote of the Board of Directors the net book value of the intangible assets as of December 31, 1952, was reduced to the nominal amount of \$1 by the following write-off to surplus:

Research, development, and patent costs.....	\$ 96,590.51
Deferred development costs.....	93,403.74
Undistributed patent costs.....	1,889.77
Total.....	<u>\$191,884.02</u>

NOTE 3—STATUTORY RENEGOTIATION AND PRICE REDETERMINATION—Sales and research contract income for the year ended December 31, 1952, included substantial billings subject to statutory renegotiation and price redetermination. With respect to statutory renegotiation, company officials are of the opinion that no portion of the profits realized may be deemed excessive, and accordingly no provision for any renegotiation refund has been made. In connection with price redetermination clauses in certain contracts, provision has been made for a refund of \$13,116.83 based upon conferences held with government officials.

NOTE 4—FEDERAL TAXES ON INCOME—No provision has been made for federal income or excess profits taxes on the net income for the year ended December 31, 1952, as none were due because of a carry-over loss deduction from the 1950 year.

NOTE 5—COMMITMENTS—The company had outstanding at December 31, 1952, commitments for the purchase of new machinery and equipment and for construction of plant facilities aggregating \$132,000.

NOTE 6—SURPLUS—As set forth in Note 2 hereof, by vote of the Board of Directors on November 15, 1952, as amended on January 24, 1953, the net book values of certain intangible assets, less the nominal amount of \$1, were charged to surplus (deficit) by a charge of \$191,884.02 as of December 31, 1952. The balance of earned surplus (deficit) after the transfer of net income for the year ended December 31, 1952, and after the charge noted in the preceding paragraph, amounted to a deficit of \$313,936.59 which, by vote of the Board of Directors on November 15, 1952, as amended on January 24, 1953, was then charged against capital surplus. The net income on and after January 1, 1953, will be transferred to an earned surplus account to be entitled "Earned Surplus since January 1, 1953."

NOTE 7—EXPERIMENTAL COSTS—It had been the policy of the company, as outlined in Note 2, to capitalize certain expenditures for research, development, patents, and related items. This policy was changed, however, to provide that such costs be charged to cost of goods sold or to expense, as incurred, on and after January 1, 1952.

*Annual Meeting of Shareholders*

Wednesday, June 3rd, 1953, 10.30 A.M. (Toronto Time)

Private Dining Room No. 10

ROYAL YORK HOTEL

TORONTO





