

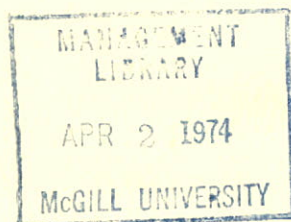
MATTAGAMI LAKE MINES

L I M I T E D

(NO PERSONAL LIABILITY)

second annual report

FOR THE PERIOD ENDED DECEMBER 31, 1960



MATTAGAMI LAKE MINES LIMITED

(NO PERSONAL LIABILITY)

HEAD OFFICE

100 d'Youville, Quebec City, Quebec

EXECUTIVE OFFICE

11 Jordan Street, Toronto, Ont.

DIRECTORS

J. D. BARRINGTON	- - - - -	Toronto
J. M. R. CORBET	- - - - -	Toronto
G. A. GORDON	- - - - -	Vancouver
T. H. McCLELLAND	- - - - -	Vancouver
R. V. PORRITT	- - - - -	Toronto
J. B. REDPATH	- - - - -	Toronto
W. S. ROW	- - - - -	Toronto
K. J. SPRINGER	- - - - -	Toronto
M. L. URQUHART	- - - - -	Toronto

OFFICERS

J. D. BARRINGTON	- - - - -	President
J. B. REDPATH	- - - - -	Vice-President
P. N. PITCHER	- - - - -	General Manager
R. C. ASHENHURST	- - - - -	Secretary and Treasurer

REGISTRAR AND TRANSFER AGENT

CHARTERED TRUST COMPANY	- - - - -	Toronto
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BANKERS

THE BANK OF NOVA SCOTIA
THE CANADIAN BANK OF COMMERCE
IMPERIAL BANK OF CANADA

ANNUAL MEETING

Ritz-Carlton Hotel, Montreal
Wednesday, June 21, 1961 at 10:30 A.M. Montreal Time

MATTAGAMI LAKE MINES LIMITED

(NO PERSONAL LIABILITY)

REPORT OF THE DIRECTORS

To the Shareholders:

The Second Annual Report of your Company, together with the Financial Statements and Auditors' Report thereon, for the year ended December 31, 1960, and a review of operations by your General Manager, is submitted for your approval.

During the period under review substantial progress was made towards the objective of placing your property in production. Following a decision to develop the orebody by underground methods, equipment and material for a shaft sinking operation were purchased and transported to the property over the winter road. Shaft collaring started in mid-February 1960 and regular sinking operations got under way during the last week in May. The shaft was completed to a depth of 1,185 feet by the last week in October, well ahead of schedule. Since that time an aggressive programme of underground development has been under way on four levels. Preliminary underground definition drilling of the orebody is now under way.

In the last Annual Report mention was made of an arrangement negotiated with the Quebec Department of Mines for the construction of an all-weather road to Mattagami with your Company making a financial contribution. The road reached the property late in February 1961, thus assuring year-round ground transportation to the mine site. The excellent progress made on this very important project was due to the efforts of the Quebec Department of Mines.

At year's end the Canadian National Railways were awaiting Parliamentary approval of a bill authorizing the construction of a 65-mile branch line of the railway to Mattagami Lake Mines. Approval of this bill was obtained and construction of the line has started.

Discussions with the Quebec Hydro-Electric Power Commission regarding power supply to the mine site are still in progress. Unfortunately, at the present time it has not been possible to arrange a satisfactory agreement.

The Quebec Department of Mines has undertaken to develop the Mattagami townsite. An attractive site has been selected on the Bell River, some six miles to the east of the mine site.

Many complex economic and other factors remain to be resolved before your Company can make a firm decision regarding a zinc refinery. Mill and plant design are practically completed, with only minor details to be worked out.

Funds for the current programme have been provided by the sale of treasury shares to Canadian Exploration Limited, McIntyre Porcupine Mines, Limited and Noranda Mines, Limited. Senior financing is under active discussion but to date arrangements have not been concluded.

Although zinc consumption in the United States in 1960 declined from that of the previous year, European and other markets improved substantially and more than offset the American decline. Attracted by the large ore reserves, European consumers have offered long term contracts for large quantities of Mattagami zinc concentrates. These proposals are under study.

On behalf of the Directors I thank Mr. P. N. Pitcher, our General Manager, and his staff for their splendid efforts during the year.

On behalf of the Directors,

A handwritten signature in cursive script that reads "J. S. Bannington". The signature is written in dark ink and is positioned above the printed name "President.".

President.

Toronto, Ontario,
April 18, 1961.

MATTAGAMI LAKE MINES LIMITED

(NO PERSONAL LIABILITY)

REPORT OF THE GENERAL MANAGER

The President and Directors,
MATTAGAMI LAKE MINES LIMITED.

Dear Sirs:

Operations at the property during the fiscal year ended December 31, 1960, are reviewed in the following report.

The decision to develop the orebody initially from underground was made in December of 1959. Between the middle of January 1960, and the end of March, when haulage over the winter road came to an end, all of the necessary equipment and supplies for the shaft sinking operation were transported to the property.

Shaft collaring started during the latter part of February 1960, regular sinking operations on May 25th, and the shaft was completed to a depth of 1,185 feet by October 22nd. Lateral work started by the end of October and was in full swing on the 150, 350, 550 and 750 foot levels by year's end.

A few temporary buildings were constructed at the mine site.

Surface Diamond Drilling

Surface diamond drilling was terminated in February 1960. Two holes were drilled totalling 1,700 feet. Of this amount, 1,505 feet was devoted to an investigation of rock conditions at the shaft site. Bedrock testing for the plant site involved casing 98 holes to bedrock for a total of 4,092 feet.

Underground Operations

The following table summarizes the underground development accomplished during the year:

Shaft Sinking and Collaring	1,185 Ft.
Stations and Pockets	103,061 Cu. Ft.
Drifts and Crosscuts	1,496 Ft.
Raising	561 Ft.
Slashing	22,353 Cu. Ft.
Underground Diamond Drilling	4,579 Ft.

Shaft Collar

There was approximately 28 ft. of overburden and 25 ft. of rock excavated to allow placing of the concrete collar. The concrete collar has a depth of 47 feet, being 8 feet thick at the bottom and 5 feet for the top 20 feet. This collar was made of sufficient size to allow the construction of a concrete headframe, at a later date, without the necessity of additional foundations.

Shaft

The outside dimensions of this six compartment opening are 19'-2" by 14'-6". The shaft is divided into two skip compartments, a large cage compartment, a manway, counter weight and pipe compartment.

Stations are established at the following horizons: 150, 350, 550, 750, 870 (crusher level) and 1,000 feet.

Lateral Work

By year's end the following levels were under development simultaneously through station lip pockets: 150, 350, 550 and 750.

Inclined Work

A start was made on the ore and waste pass system.

Underground Diamond Drilling

Six holes were drilled from the 350 and 550 level stations during shaft sinking to obtain a composite cross-sectional ore sample for metallurgical test purposes.

Ore Reserves

There has been no change in the indicated ore reserves as published in the last Annual Report. At that time, these reserves were stated to be as follows, before dilution:

	<u>Tons</u>	<u>Zinc</u>	<u>Copper</u>	<u>Gold</u>	<u>Silver</u>
No. 1 Ore-body	21,000,000	12.76%	0.68%	.018 oz.	1.31 oz.
No. 2 Ore-body	2,000,000	12.86%	0.86%	.013 oz.	0.99 oz.

Construction

Five prefabricated steel buildings were erected to serve as temporary shops, power house, warehouses, etc.

Minor additions were made to the office building and cookhouse.

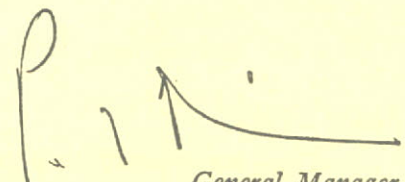
General

Engineering design for the concentrator and the necessary auxiliary surface plant buildings got under way towards the end of the year.

Negotiations are being continued with Hydro Quebec regarding power requirements for the mine plant.

I wish to thank the Mine Manager, Mr. M. W. Airth, his staff and the general roll employees of Mattagami for their loyal cooperation.

Yours very truly,



General Manager.

Toronto, Ontario,
April 18, 1961.

MATTAGAMI LAK

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BALANCE SHEET -

ASSETS

CURRENT —

Cash on hand and in banks.....	\$	95,695.10	
Accounts receivable		2,901.11	
Short term notes, secured, and accrued interest		100,020.55	\$ 198,616.76
		<u> </u>	

DEFERRED —

Pre-production development expenditure per statement annexed			2,946,662.65
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FIXED —

Mining property and rights		2,500,000.00	
Buildings, plant and equipment at cost		453,189.87	2,953,189.87
		<u> </u>	

OTHER —

Mine stores and supplies		218,595.98	
Prepaid expense and deposits		7,065.97	
Shares in subsidiaries — at cost		141,500.00	
Organization expense		6,950.00	374,111.95
		<u> </u>	
			<u>\$ 6,472,581.23</u>

MINES LIMITED

(LIABILITY)

(the laws of Quebec)

1 DECEMBER 1960

LIABILITIES

CURRENT —

Accounts and payrolls payable and accrued \$ 153,822.23

CAPITAL STOCK —

Authorized —

6,000,000 shares of a par value of \$1.00 each \$ 6,000,000.00

Issued and fully paid —

5,055,009 shares \$ 5,055,009.00

Premium on shares 1,263,750.00 6,318,759.00

See note to financial statement attached.

Signed on behalf of the Board:

“J. D. BARRINGTON,” Director.

“J. B. REDPATH,” Director.

\$ 6,472,581.23

MATTAGAMI LAKE MINES LIMITED
(NO PERSONAL LIABILITY)

**STATEMENT OF PRE-PRODUCTION DEVELOPMENT EXPENDITURE
TO 31 DECEMBER 1960**

	To 31 December, 1959	For 1960	Total to 31 December, 1960
Contract diamond drilling	\$ 528,527.16	\$ 7,911.48	\$ 536,438.64
Geological and site expense	56,875.76	26,013.11	82,888.87
Analysis sampling, testing and research	60,811.01	4,395.61	65,206.62
Road to property	136,203.20	515,571.01	651,774.21
General expenses at property	260,109.59	212,997.55	473,107.14
Engineering and professional fees	—	74,278.58	74,278.58
Underground development including shaft sinking and collaring	—	889,591.78	889,591.78
Administrative expenses	40,007.63	138,588.29	178,595.92
	1,082,534.35	1,869,347.41	2,951,881.76
<i>Less:</i>			
Interest earned	—	5,219.11	5,219.11
	\$ 1,082,534.35	\$ 1,864,128.30	\$ 2,946,662.65

MATTAGAMI LAKE MINES LIMITED
(NO PERSONAL LIABILITY)

Auditors' Report

To the Shareholders,
MATTAGAMI LAKE MINES LIMITED.

We have examined the balance sheet of Mattagami Lake Mines Limited as at 31 December 1960, and the statement of pre-production development expenditure to that date and have obtained all the information and explanations required by us. 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 statement of pre-production development expenditure, when read in conjunction with the note thereto, are drawn up so as to exhibit a true and correct view of the state of the company's affairs and the said expenditures 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.

EDWARDS, BROWNE & CO.,

Chartered Accountants.

Toronto, Ontario,
1 May 1960.

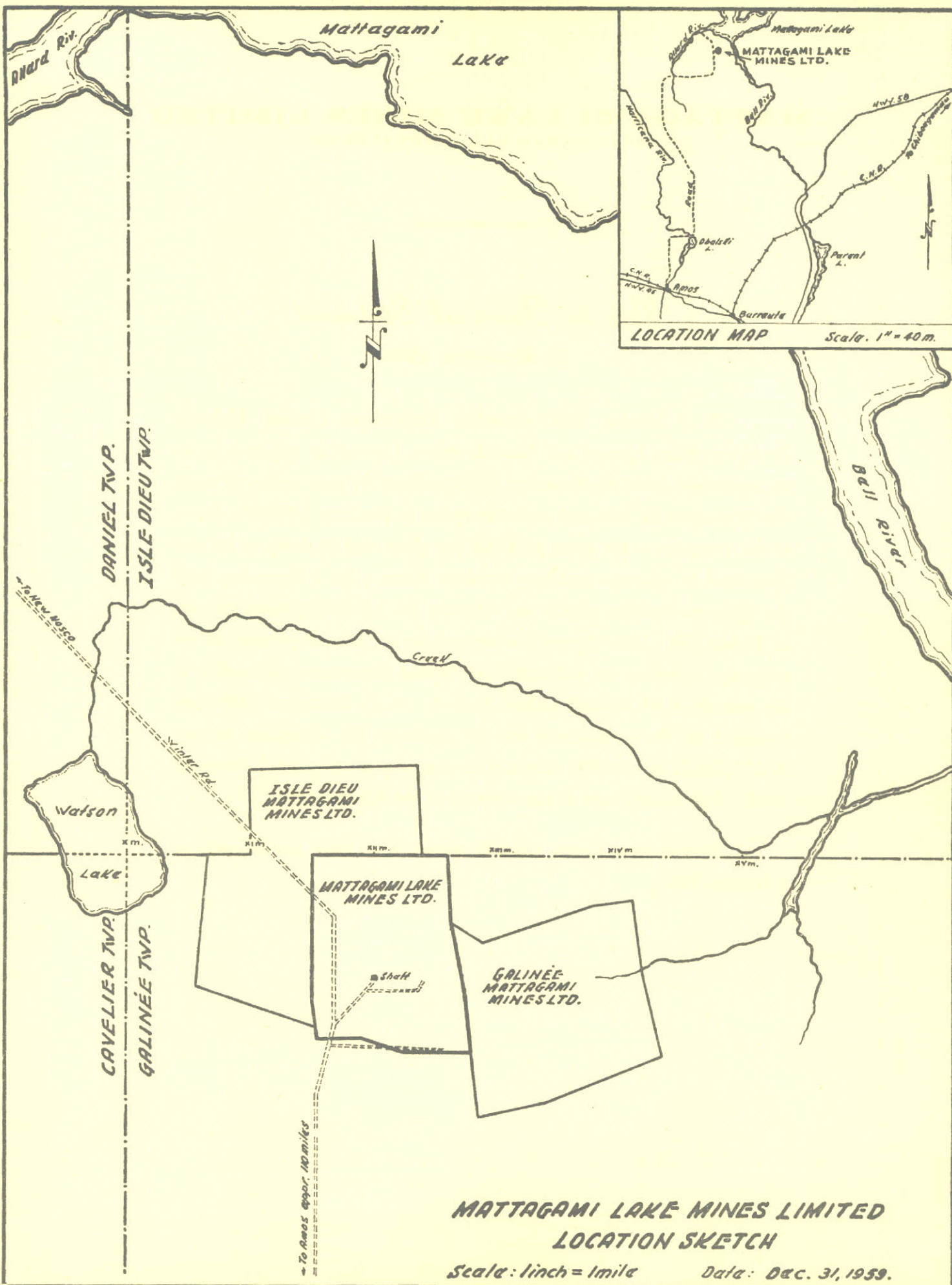
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Note to Financial Statement

31 December 1960

On 3 October 1960 Canadian Exploration Limited, McIntyre Porcupine Mines Limited and Noranda Mines, Limited, as optionees under an agreement dated 26 November 1958, collectively gave notice of intention to exercise the sole and exclusive option to purchase 2,879,991 shares of the company at the price of \$1.25 per share and in doing so became committed to subscribe and pay for these shares. On 1 November 1960 the optionees together paid to the company for 1,935,000 shares the sum of \$2,418,750. These proceeds were used for the general purposes of the company, including the redemption of Income Debentures outstanding in the amount of \$1,575,000 without interest. At 31 December 1960 there remained of the commitment by the optionees the obligation to pay \$1,181,238.75 for 944,991 shares of the company on or before 1 December 1962. This commitment is not reflected in the balance sheet.

Of this commitment 750,000 shares were paid for in cash on 4 January 1961.



LOCATION MAP Scale: 1" = 40 m.

**MATTAGAMI LAKE MINES LIMITED
LOCATION SKETCH**

Scale: 1 inch = 1 mile Date: Dec. 31, 1959.

→ To Amos approx. 100 miles

