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**ALGOMA STEEL  
CORPORATION, LIMITED**

**THIRTEENTH  
ANNUAL REPORT**

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**FOR THE YEAR ENDED  
APRIL 30th, 1948**



# ALGOMA STEEL CORPORATION, LIMITED



## DIRECTORS

SIR JAMES DUNN, Bart.	- - - - -	Bathurst, N.B.
HON. T. A. CRERAR	- - - - -	Winnipeg, Manitoba
J. GORDON FOGO, K.C.	- - - - -	Ottawa, Ontario
HARRY S. HAMILTON, K.C.	- - - - -	Sault Ste. Marie, Ontario
JOHN W. HOBBS	- - - - -	Toronto, Ontario
JOHN L. LANG, B.A.Sc., M.E.I.C.	- - - - -	Sault Ste. Marie, Ontario
E. GORDON McMILLAN, K.C.	- - - - -	Toronto, Ontario
JOHN A. McPHAIL, K.C.	- - - - -	Sault Ste. Marie, Ontario
JOSEPH SIMARD, O.B.E.	- - - - -	Montreal, Quebec
LEO H. TIMMINS, M.E.	- - - - -	Montreal, Quebec

## EXECUTIVE COMMITTEE

SIR JAMES DUNN, Bart.	JOHN A. McPHAIL, K.C.
E. GORDON McMILLAN, K.C.	HARRY S. HAMILTON, K.C.
JOHN L. LANG, B.A.Sc., M.E.I.C.	LEO H. TIMMINS, M.E.

## OFFICERS

SIR JAMES DUNN, Bart.	- - - - -	Chairman and President
JOHN A. McPHAIL, K.C.	- - - - -	Vice-Chairman and Vice-President
E. GORDON McMILLAN, K.C.	- - - - -	Vice-President
J. GORDON FOGO, K.C.	- - - - -	Vice-President
DAVID S. HOLBROOK	- - - - -	Vice-President
TOM GOULD	- - - - -	Executive Assistant to the President
WILLIAM JEFFREY	- - - - -	Secretary
ERNEST W. SHELL	- - - - -	Treasurer
JOHN B. BARBER	- - - - -	Comptroller
LOUIS H. DERRER	- - - - -	General Manager - Steel Works

# PRESIDENT'S REPORT

Sault Ste. Marie, Ontario  
November 22nd, 1948

To the Shareholders,

## ALGOMA STEEL CORPORATION, LIMITED

The Directors herewith submit your Company's audited Balance Sheet and Profit and Loss Account for the year ended April 30th, 1948.

Net Profit for the year amounted to \$2,019,299 as against \$1,255,532 last year, an increase of \$763,767. Profit from operations amounted to \$4,800,513 as against \$3,222,859 last year, an increase of \$1,577,654 and profit before taxes \$3,556,407 as against \$2,066,839, an increase of \$1,489,568.

From the Net Profit of \$2,019,299 the last dividend \$42,880 was paid on Preference Stock since redeemed (July 1st 1947) leaving \$1,976,419 equal to \$4.79 per Common Share which has been transferred to Earned Surplus.

The increase in operating earnings is due to extensions and betterments in the Works paid for out of Net Profits and to the growing efficiency of the whole organization as well as a continuous operation throughout the year.

During our last fiscal year earnings were seriously impaired as a result of prolonged negotiations with C. I. O. during which the Works were idle. Some prices were slightly higher during the year under review but increases were generally offset by increased raw material cost.

The Balance Sheet shows working capital of \$11,094,632 being \$398,902 more than last year. This increase is after providing \$250,000 on account of liability on Plant Extension, \$928,621 on developments in the Works, \$1,715,200 for redemption of outstanding Preference Stock and \$555,000 for acquisition of Windsor Hotel in Sault Ste. Marie, the Bus System of Sault Ste. Marie, Michigan and the Two Cities Transit Company, the latter carrying Passengers, Express and Mail between our City of Sault Ste. Marie and Kinross Airport in Michigan. These items add up to \$3,448,821.

Your Sheet and Tin Plate Mill, inactive since 1943 when closed by directive from Steel Controller, has now been disposed of to a corporation representing the Government of the Republic of Chile, for an amount of American dollars your Directors considered satisfactory.

During the year the Bessemer Converter was put into operation resulting in greater use of hot metal from Blast Furnace smelting of iron ore and lesser demand on scarce scrap supply of Canada, leaving more scrap available to the advantage of other Canadian Steel Companies and rendering an important service to the general steel production of the country.

### WHOLLY OWNED SUBSIDIARIES.

Algoma Ore Properties Limited has continued its successful and profitable Open Pit operation at the Victoria Mine, treating the ore mined where grade required Sink Float concentration before Sintering while at the same time carrying forward the installation of Underground Mining at the Helen. This work is somewhat ahead of schedule and by the end of 1949 is expected to produce 1,000,000 tons of ore which in turn will produce 750,000 tons of Sinter and during the year 1950, 1,500,000 tons of ore and 1,000,000 tons of Sinter by which time the Company expects it will have substantially recovered from operation the \$4,000,000 cost of this Underground Installation, Sintering Plant extensions, Housing and Public Service expenditures at Jamestown. The extension to your Sintering Plant provides adequate increased capacity with ample margin to sinter the 1,500,000 tons of ore and provide therefrom 1,000,000 tons of Sinter per year.

Our first Underground Installation covering two levels aggregating approximately 600 feet of depth is estimated to provide 22,000,000 tons of ore from the Helen and Victoria. As these properties have now been drilled beyond 2,200 feet and the ore remains richer at greatest depth reached than at any higher level, further similar operations will, at lower levels, be conducted in later years.

The development of our Block Cave System from which already ore begins to come to the Sintering Plant is considered a triumph in Block Cave Mining, the first of its kind in Canada in iron ore mining and on the greatest scale ever adopted in iron mining anywhere. The solidity of the native rock and the compactness of the iron deposit make timbering or other support unnecessary. Engineering visitors from important Canadian and American Mining Companies have pronounced it an advance over any mining system established to treat similar ore bodies.

Continuous drilling and trenching operations conducted to the East of the Helen and Victoria have established the existence of similar deposits in such concentration and extent that our country here can be conservatively classed as an Iron Range of very great magnitude.

The price of our Sinter at Lake Erie Ports has risen over previous years and continues to be in demand far in excess of our present capacity.

Earlier in the season considerable work was done in examining the Company's Iron Lake Property. Our operations were carried on with difficulty, encountering unexpected caves and voids, soft red Hematite was found at the bottom of the deepest drilling. In July operations were discontinued for the season and our attention concentrated on trenching and drilling operations above referred to East of the Helen and Victoria.

Within a few miles of the Helen operation your Company has established Jamestown on the shores of WaWa Lake and has about completed the installation there of a modern water supply and sewage disposal, the latter far removed from the Lake. Here the majority of our employees are finding homes which our Company is assisting them in constructing on land supplied by our Company. The present population approaches 1,500. It is the Company's policy to encourage independent development of the Town. Shops, Restaurants, Boarding Houses and one first class Hotel, have already been established there. The Royal Bank of Canada has opened a branch Bank. Modern streets are being laid out and an Air Strip 3,000 feet long is about completed within three miles of Jamestown.

The Cannelton Coal & Coke Company and The Lake Superior Coal Company have continued successful operation. At Cannelton the adjoining property of 9,400 acres has been leased to Cannelton for fifty years or until coal exhaustion, on a favourable Royalty Lease. This property bounds the Cannelton property over a stretch of nine miles and the two properties together have a five mile river frontage on the Kanawha River flowing into the Ohio. The acquisition which has been under negotiation for the past eight years was legally consummated in April last.

Together with Cannelton this new property ensures more than a half century supply of high volatile coal on the scale now being mined in our high volatile properties.

The Lessor of this property is the famous charitable trust in Virginia of the Huntington family known as Mariners' Museum.

Your Company feel very satisfied, after so many years, to have brought the negotiations to a successful conclusion.

The Directors express their appreciation and offer their thanks to all the Officers and Employees of the Corporation and its Subsidiaries for loyal and efficient service.

JAMES DUNN,  
President and Chairman,  
Board of Directors.

# ALGOMA STEEL CORPORATION, LIMITED

BALANCE SHEET as at APRIL 30th, 1948

## ASSETS

### CURRENT

Cash .....	\$ 1,076,382		
Bills and Accounts Receivable:			
Sundry Debtors .....	\$ 6,028,873		
Subsidiary Companies .....	1,236	6,030,109	
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Inventories:			
As determined by the management			
valued at the lower of cost or market:			
Raw materials, semi-finished			
products and supplies .....	8,240,506		
Saleable products .....	530,437		
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Advance Payments on Contracts .....	8,770,943	2,281	8,773,224
			\$15,879,715

### ADVANCES TO SUBSIDIARY COMPANIES

20,039

### INVESTMENTS

Subsidiary Companies .....	1,620,924		
Other .....	40,214	1,661,138	

### PROPERTY AND EQUIPMENT

Land, Buildings and Equipment .....	27,911,290		
Less: Reserve for Depreciation .....	12,998,912		
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Franchise .....	14,912,378	20,000	14,932,378

### PREPAYMENTS AND DEFERRED CHARGES

229,354

\$32,722,624

## LIABILITIES

### CURRENT

Accrued Wages and Salaries .....	\$ 617,462		
Accounts Payable and Accrued Liabilities:			
Sundry Creditors .....	\$ 2,623,238		
Subsidiary Companies .....	375,865	2,999,103	
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Current Liability re Plant Extension .....	250,000		
Income and Excess Profits Taxes .....	918,518	\$ 4,785,083	

### DEFERRED LIABILITY RE PLANT EXTENSION

739,313

### RESERVES

For Rebuilding and Relining Furnaces			
and other Operating Reserves .....		3,975,247	
For Excess Profits Tax .....		205,654	
For Contingencies .....		217,651	4,398,552

### CAPITAL STOCK AND SURPLUS

Common Stock—No par value			
Authorized—1,000,000 shares			
Issued 412,700 "		10,274,500	
Distributable Surplus .....		2,832,722	
Earned Surplus .....		9,692,454	22,799,676

NOTE: Under the provisions of Section 6 (1) (b) of the Excess Profits Tax Act the effect of an inventory reserve has been applied in calculating the current tax liability.

\$32,722,624

Submitted in accordance with attached report dated November 5th, 1948.

BARROW, WADE, GUTHRIE & CO.,

Chartered Accountants.

# ALGOMA STEEL CORPORATION, LIMITED

## Profit and Loss Account

For the Year Ended April 30th, 1948

PROFIT FROM OPERATIONS .....		\$ 4,800,513
OTHER INCOME		
Interest Earned .....		4,000
		<u>4,804,513</u>
Interest on Loans .....	\$ 110,242	
Premium on Bonds Redeemed .....	13,330	123,572
		<u>4,680,941</u>
PROFIT BEFORE DEPRECIATION .....		4,680,941
DEPRECIATION		
Plant and Equipment .....		1,124,534
		<u>3,556,407</u>
PROFIT FOR YEAR before providing for Income and Excess Profits Taxes.....		3,556,407
PROVISION FOR INCOME AND EXCESS PROFITS TAXES		1,537,108
		<u>2,019,299</u>
NET PROFIT FOR THE YEAR .....		<u>\$ 2,019,299</u>

## Earned Surplus Account

Balance at credit April 30th, 1947 .....		\$ 8,375,448
Net Profit for the year ended April 30th, 1948 .....		2,019,299
		<u>\$10,394,747</u>
Deduct:		
Loss on Sale of Tin Mill Equipment and Stores .....	\$ 459,413	
Appropriation for Reserve for Contingencies.....	200,000	
Dividend on Preference Stock.....	42,880	702,293
		<u>\$ 9,692,454</u>
Balance at credit April 30th, 1948 .....		<u>\$ 9,692,454</u>



## AUDITORS' REPORT



To the Shareholders,  
Algoma Steel Corporation, Limited,  
Sault Ste. Marie, Ontario, Canada.

We have examined the books and accounts of Algoma Steel Corporation, Limited for the year ended April 30th, 1948, and report that we have received all the information and explanations which we have required.

In our opinion, the attached Balance Sheet and relative Profit and Loss Account are properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at April 30th, 1948, and the result of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Corporation.

BARROW, WADE, GUTHRIE & CO.,  
Chartered Accountants.

Toronto, Ontario, November 5th, 1948.



# ALGOMA STEEL CORPORATION, LIMITED

## Subsidiary Companies



ALGOMA ORE PROPERTIES, LIMITED (An Ontario Corporation).

ALGOMA STEEL PRODUCTS COMPANY LIMITED (A Manitoba Corporation).

ALGOMA TRAMWAYS LIMITED (An Ontario Corporation).

CANNELTON COAL AND COKE COMPANY (A West Virginia Corporation).

FIBORN LIMESTONE COMPANY (A Michigan Corporation).

LAKE SUPERIOR COAL COMPANY (A West Virginia Corporation).

THE SOUTHERN ALGOMA RAILWAY COMPANY (An Ontario Corporation).

SAULT WINDSOR HOTEL LIMITED (An Ontario Corporation).

SOO TRANSPORTATION COMPANY (A Michigan Corporation).

TWO CITIES TRANSIT CO. LIMITED (An Ontario Corporation).

