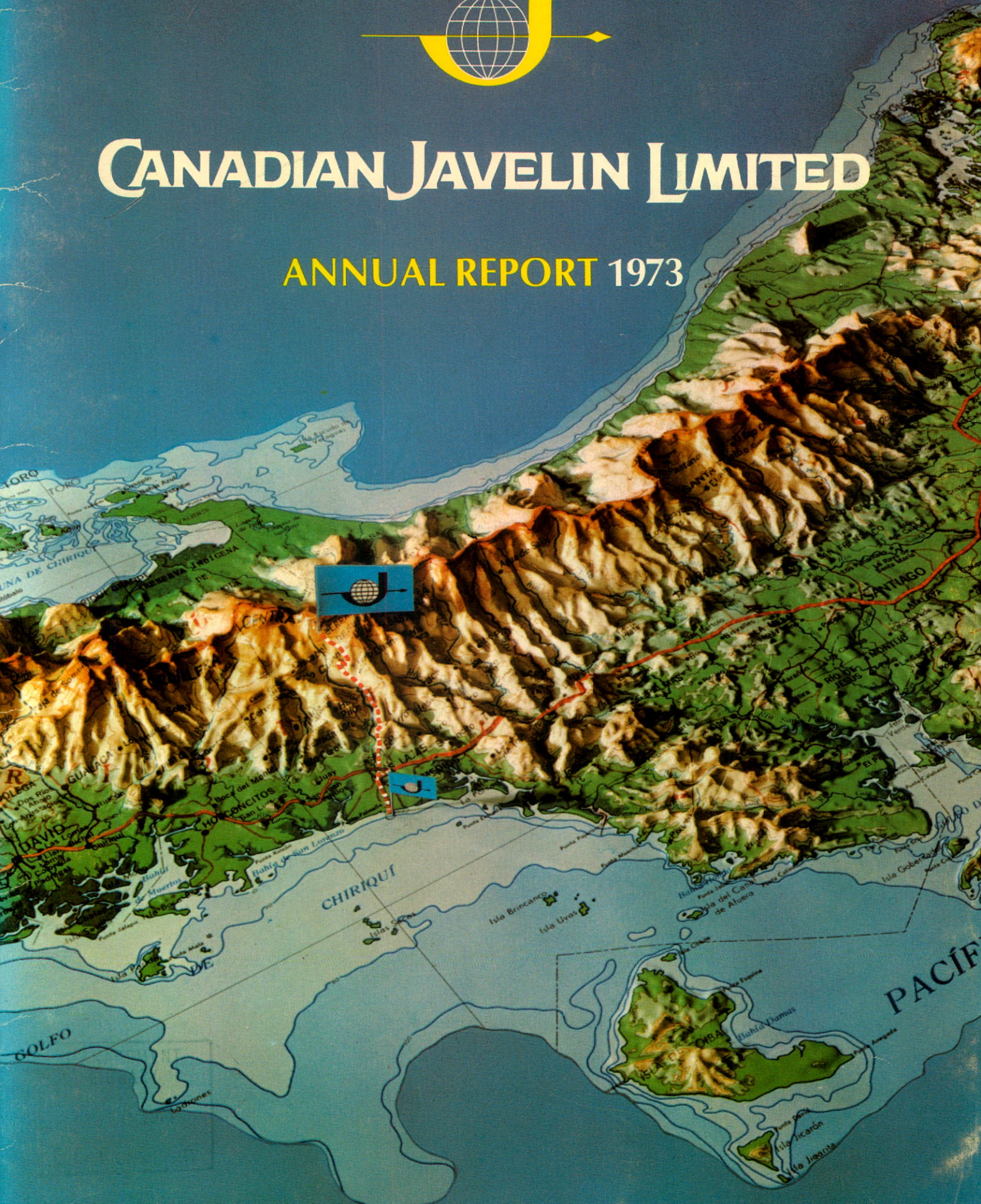




CANADIAN JAVELIN LIMITED





ANNUAL REPORT 1973



THE AZIMUTHAL EQUIDISTANT PROJECTION

This projection takes its name from the fact that straight lines radiating from the center of the map represent great circles in their true azimuth from it, and the distances along these lines are true to scale. No projection can be devised which will give all distances to the correct scale, but this projection gives the distances correct from one point, the center of the map; and for a limited area, even one as large as the United States which has arc distances of 21°, the maximum error in distance is much less on this than on many other projections, not excepting the polyconic.

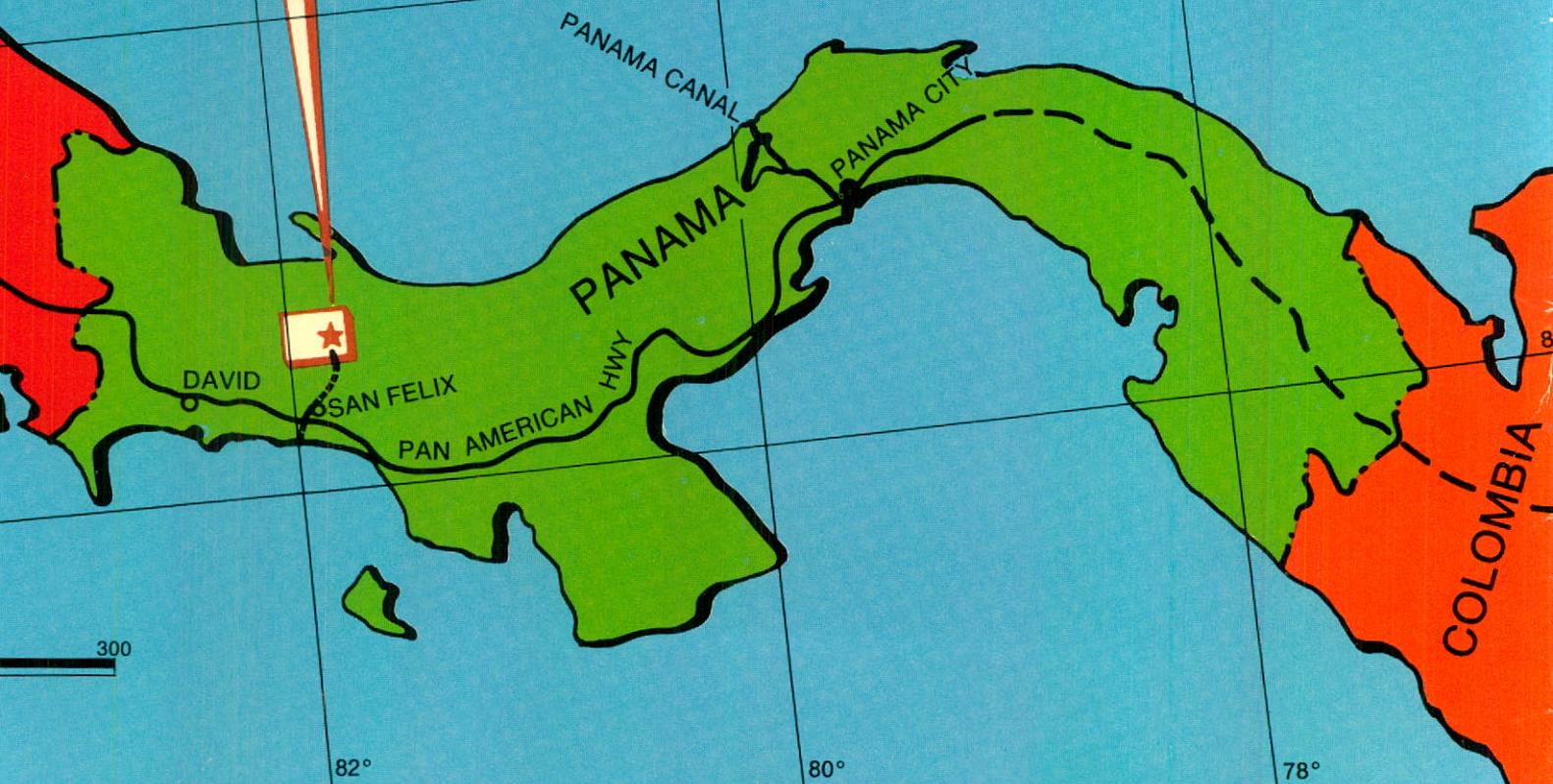
LEGEND

-  SHIPPING ROUTES IN MILES FROM PANAMA
 -  OTHER COPPER SHIPPING ROUTES
 -  MAJOR COPPER PRODUCING AREAS
- Scale: 1 in. = 1000 miles
- 



Caribbean Sea

**CERRO COLORADO
COPPER PROJECT**



HONDURAS

● TEGUCIGALPA

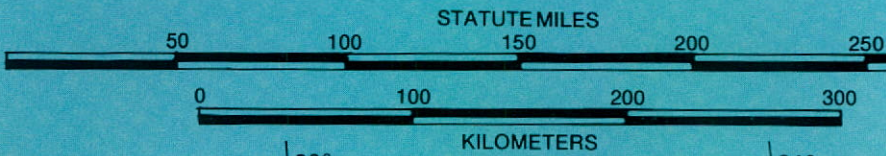
NICARAGUA

MANAGUA

COSTA RICA

SAN JOSE

Pacific Ocean

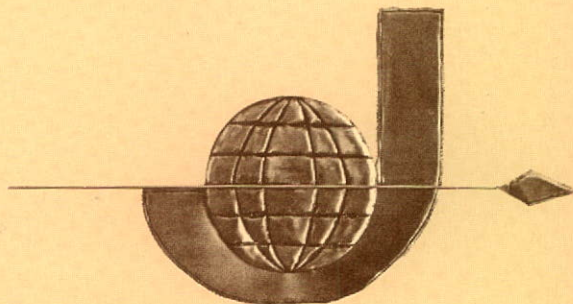


86°

84°



CANADIAN JAVELIN LIMITED



ANNUAL REPORT 1973

FOR THE YEAR ENDED DECEMBER 31,



Approximately 150,000 feet of drill core are stored in the core buildings located in the base camp of the Cerro Colorado Copper Project. These storage areas hold an accumulation of three and one half (3½) years of diamond drilling.

TO OUR SHAREHOLDERS

We are pleased to transmit the consolidated financial statements of your Company for the year ended December 31, 1973. The Company regrets the delay in the preparation and distribution of these statements. However, it was the decision of the Company and the auditors to make further enquiries concerning certain of the cost aspects of the Cerro Colorado Project, which were not completed until recently. (See notes to the financial statement.) The Company is now in the process of obtaining audited financial statements for the first six months of 1974. As soon as these statements are completed, the Company can proceed with its annual meeting.

Your Company's consolidated net income has increased from \$13,293 for 1972 to \$273,032 for the year ended December 31, 1973. This year's earnings figures have been reduced by \$700,000 as a result of setting up a reserve against the collection of the amount claimed from the Government of Newfoundland under the contract by

which that Government acquired the Company's Linerboard Project in 1972. They are also subject to the collection of the net balance of the claim after the special reserve.

Your Company looks forward to better earnings for the year 1974 for two reasons. First, during the first six months of 1974, the base royalty payment to the Company from the Wabush Mines Limited iron ore operation has increased from 79.39¢ per ton to 96.75¢ per ton, a 21% increase. This royalty is presently the Company's principal source of income. In addition, the Company should expect reduced expenditures related to exploration in Panama since the Company has now completed its diamond drilling and testing program on the Cerro Colorado Project in Panama. Such expenditures in connection with this project have had the effect of reducing earnings during the past several years. Pavonia, S.A., your Company's wholly-owned subsidiary, has now completed the drilling of 162 holes totalling approximately 150,000 feet of diamond core drilling. In the near

future we will report to you further in detail on all aspects of the Project at Cerro Colorado, as well as upon other matters which will be of interest to you.

With respect to the Julienne Lake Project (See Note 6B to the financial statements), the Company has encountered unexpected delays in obtaining the necessary land areas from the Government of Newfoundland. Consequently, the completion of this Project will not occur as soon as originally anticipated. In the meantime, the Company will pursue the development of the O'Keefe-Star Lake deposit in Quebec, which is held by an affiliate of the Company, Dominion Jubilee. Because it does not appear that there will be any impediment to obtaining surface areas from the Government of Quebec, the development of the O'Keefe-Star Lake property, if completed, could predate the development of the Julienne deposit.

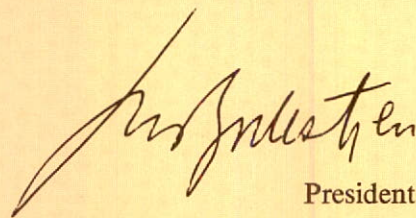
As you are undoubtedly aware, the Company has settled the suit brought against it by the Securities and Exchange Commission, without admitting or denying any of the allegations of the complaint. In accordance with the consent judgment, the Company has adopted new procedures governing its disclosures to the public and problems of the sort which gave rise to the suit should not recur.

Your Company is also pleased to note that its silver and gold mine in the Republic of El Salvador is now operating profitably as a result of increased market prices for silver and gold. Net profits for the year 1974 to May 31, 1974 from this small

operation which processes 100 to 120 tons of ore per day total \$254,836. The Company intends to expand the production of this mine to approximately 300 tons per day and has already acquired a substantial part of the material necessary to carry out this expansion of capacity.

In conclusion, despite the difficulties that the Company has encountered this year with litigation and other matters which impeded its ability to go forward at a rate commensurate with its expectations, the Company has progressed. It has, as has been noted, successfully completed its exploration program at Cerro Colorado and made significant progress with the necessary arrangements for bringing this property into production. A great deal remains to be done but the Company is optimistic as to its ultimate success. As we shall detail in future reports, the Company has continued to discover new mineral deposits itself and in company with partners. As you already know, the Company controls significant iron ore deposits and the increase in the price of iron ore indicates the importance of controlling large iron ore deposits. The Company expects to and will move forward towards the development and production from its extensive mineral holdings.

For The Board Of Directors



President

August 26, 1974

Consolidated Balance Sheet
Consolidated Statement of Surplus
Consolidated Statement of Income
Consolidated Statement of Source and
Application of Funds
Notes

CONSOLIDATED BALANCE SHEET DECEMBER 31, 1973

ASSETS

Current:

	1973	1972
Cash on hand and in banks	\$ 848,164	\$ 160,202
Bank deposit receipts and securities	290,322	3,119,770
Accounts receivable, royalties and other	2,139,625	2,225,395
Loans and advances, employees	5,738	2,461
Inventories, at lower of cost or market	135,900	121,335
Balance due — sale of linerboard project (note 7)	—	4,263,405
Deposits and prepaid expenses	357,267	65,793
	<u>3,777,016</u>	<u>9,958,361</u>

Non-current:

Receivable under Javelin-Wabush Iron Contract (contra)	24,089,946	24,655,393
Advances, associated companies	462,715	474,138
Balance due — sale of linerboard project (Note 7)	3,172,134	—
	<u>27,724,795</u>	<u>25,129,531</u>

Investments, at cost:

Associated companies (Note 3)	2,281,001	2,351,943
Non-consolidated subsidiaries, including advances	1,398,043	1,353,500
Other	66,703	218,457
	<u>3,745,747</u>	<u>3,923,900</u>

Fixed, at cost:

Property, plant and equipment	9,201,719	1,507,143
Less accumulated depreciation and depletion	1,283,493	1,258,773
	<u>7,918,226</u>	<u>248,370</u>
Mineral and oil rights, leases, permits and concessions including development costs	19,114,001	14,686,853
Unamortized preproduction and development expenses	236,887	201,318
	<u>27,269,114</u>	<u>15,136,541</u>

Other:

Deferred and other charges	214,658	293,386
Unamortized accumulated expenses	13,847,517	14,352,461
Unrealized loss on conversion of foreign currency	4,819	323
Excess of cost over book value of investment in subsidiaries	4,924,598	4,485,045
	<u>18,991,592</u>	<u>19,131,215</u>
	<u>\$81,508,264</u>	<u>\$73,279,548</u>

St. John's, Newfoundland

August 14, 1974

CANADIAN JAVELIN LIMITED AND SUBSIDIARY COMPANIES

LIABILITIES AND SHAREHOLDERS' EQUITY

	1973	1972
Current:		
Bank overdraft and loans	\$ 163,850	\$ 267,435
Loans, bank and other (\$300,000 secured by royalties)	873,000	919,459
Liability arising from litigation settlement	2,500	122,500
Accounts payable and accrued liabilities	2,508,072	1,709,461
7% Debenture payable	—	700,000
Due to directors and employees	24,300	31,339
Foreign corporation taxes payable	160,800	157,450
Current portion of long-term liabilities	1,749,402	1,068,511
	<u>5,481,924</u>	<u>4,976,155</u>
Long-term:		
Loans, bank and other (Note 4(a))	5,429,632	6,275,926
Mortgages and other	178,674	60,520
Due to director and shareholder	520,334	526,251
Notes payable, secured (Note 4(b))	1,100,000	—
7½% Debentures payable (Note 4(c) and Note 8)	7,500,000	—
	<u>14,728,640</u>	<u>6,862,697</u>
Less current portion (above)	1,749,402	1,068,511
	<u>12,979,238</u>	<u>5,794,186</u>
Deferred credits:		
Advance royalties	13,000	12,000
Credit arising from Javelin-Wabush Iron Contract (contra)	24,089,946	24,655,393
	<u>24,102,946</u>	<u>24,667,393</u>
Minority interest	1,111,293	425,555
Shareholders' equity:		
Capital stock —		
Authorized — 12,000,000 common shares of no par value. Maximum consideration not to exceed \$99,801,418.		
— 6,000,000 redeemable, non-participating, non dividend bearing, voting preferred shares of a par value of 10¢ each.		
Issued and fully paid —		
6,419,706 common shares (Note 5) (6,456,475 — 1972)	35,092,787	35,497,311
Less 50,470 shares in trust (1972)	—	548,096
	<u>35,092,787</u>	<u>34,949,215</u>
Capital surplus arising from redemption of preferred shares	588,860	588,860
Retained earnings (Statement 2)	2,151,216	1,878,184
	<u>37,832,863</u>	<u>37,416,259</u>
	<u>\$81,508,264</u>	<u>\$73,279,548</u>

Approved on behalf of the Board:

RAYMOND BALESTRERI, Director.

SARTO FOURNIER, Director.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1973

	1973	1972
Balance, January 1	\$1,878,184	\$3,489,950
Add: Net income (Statement 3)	273,032	13,293
Less: Deferred legal cost re: litigation	—	6,734
Capital surplus arising from redemption of preferred shares	—	588,860
Stock dividend	—	1,029,465
	<u>—</u>	<u>1,625,059</u>
Balance, December 31 (to Statement 1)	<u>\$2,151,216</u>	<u>\$1,878,184</u>

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1973

	1973	1972
Income:		
Royalties earned	\$4,352,557	\$4,090,927
Sales	837,454	705,991
Interest and other	272,677	403,633
Annual receipt under Javelin-Wabush Iron Contract	565,448	531,251
	<u>6,028,136</u>	<u>5,731,802</u>
Costs and expenses:		
Royalty expense	1,814,463	1,717,670
Recovery of royalty expense	(377,956)	(423,000)
Cost of sales	558,315	501,516
Engineering and technical services	43,721	63,308
Administrative and general	1,996,183	1,631,983
Marketing and public relations	363,292	376,180
	<u>4,398,018</u>	<u>3,867,657</u>
Operating income for the period	<u>1,630,118</u>	<u>1,864,145</u>
Other expenses:		
Depreciation and depletion	24,720	47,580
Amortization	664,026	637,173
Cost of mining claims — abandoned and written down	12,011	490,101
Loss on non-consolidated subsidiaries	98,225	669,939
Other	17,867	41,632
	<u>816,849</u>	<u>1,886,425</u>
Net income (loss) before minority interest and special items	813,269	(22,280)
Add minority interests' share of subsidiaries losses	29,520	459,978
Net income before special items	<u>842,789</u>	<u>437,698</u>
Special items:		
Advances, investments and expenses written off	(289,107)	(424,405)
Gain on issue of subsidiaries capital stock	419,350	—
Provision for uncollectible portion of balance due — sale of linerboard project (Note 7)	(700,000)	—
	<u>(569,757)</u>	<u>(424,405)</u>
Net income for the year (to Statement 2)	<u>\$ 273,032</u>	<u>\$ 13,293</u>
Earnings per share:		
Basic earnings per share —		
Income before extraordinary items	\$ 0.131	\$ 0.068
Net income for the year	<u>\$ 0.042</u>	<u>\$ 0.002</u>
Fully diluted earnings per share —		
Income before extraordinary items	\$ 0.110	\$ 0.063
Net income for the year	<u>\$ 0.036</u>	<u>\$ 0.002</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1973

Working capital was provided by:	1973	1972
Operations:		
Net income (Statement 3)	\$ 273,032	\$ 13,293
Add items not requiring an outlay of funds —		
Depreciation, depletion and amortization	688,746	746,706
Mining claims and oil rights written off	12,011	490,101
Provision for and write-off of uncollectible portion of balance due — sale of linerboard project	1,091,271	—
Other (net)	194,004	26,355
	2,259,064	1,276,455
Deduct non-cash gains —		
Minority interests' share of subsidiaries' losses	29,520	459,978
Gain on issue of subsidiary's capital stock	419,350	—
Other	—	817
	448,870	460,795
Total from operations	1,810,194	815,660
Royalties received in advance	1,000	1,000
Proceeds from long-term loans, notes and mortgages	1,305,000	60,000
Proceeds from collateral trust fund	—	1,529,173
Recoverable re: sale of linerboard project	—	10,863,404
Proceeds from debenture issue	7,500,000	—
Proceeds from sale of shares	17,578	—
Advances to and investment in associated companies	234,119	—
	10,867,891	13,269,237
 Working capital was used for:		
Advances to and investment in associated companies	—	294,877
Investment in fixed assets	11,524,388	281,862
Deferred charges	—	6,734
Long-term debt (including current portion)	1,619,948	3,319,913
Advances to non-consolidated subsidiaries	142,768	461,555
Reduction of share capital	—	125,992
Adjustment on conversion of current items	4,496	1,369,275
Reclassification of balance due — sale of linerboard project (Note 7)	4,263,405	—
	17,555,005	5,860,208
Increase (decrease) in working capital	(6,687,114)	7,409,029
Working capital (deficit), beginning of year	4,982,206	(2,426,823)
Working capital (deficit), end of year	\$(1,704,908)	\$ 4,982,206

NOTES

TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1973

NOTE 1 PRINCIPLES OF CONSOLIDATION

- (a) The accompanying financial statements include the active wholly-owned subsidiaries of Canadian Javelin Limited and all but two subsidiaries owned by Bison Petroleum & Minerals Limited, the accounts of which have been excluded from the consolidation because one corporation is engaged in real estate and the other corporation was previously engaged in brewing operations and not connected with the natural resource industry. For this reason the assets and liabilities of these subsidiaries have not been consolidated. Bison's share of the losses since acquisition of these companies has been reflected in its consolidated financial statements amounting to approximately \$15,000 for Gordon Holdings Limited and to approximately \$737,000 for Bison Brewing Company Limited. Current period losses have amounted to \$300 and \$68,000, respectively. These losses have also been reflected in the accompanying financial statements to the extent of the company's holding in Bison Petroleum & Minerals Limited.
- (b) Foreign currencies in these statements are expressed in Canadian dollars at exchange rates in effect at December 31, 1973 and the unrealized net loss on conversion has been deferred.

NOTE 2

The nature of the company's business is that of the exploration and development of resource properties and accordingly the company has entered into numerous contracts for exploration of these properties whereby commitments were made or guarantees given by the company in its own right or on behalf of subsidiaries and/or associates. These commitments or guarantees are reflected in the accompanying financial statements only to the extent of monies expended and the result of any future commitments or guarantees will be reflected as and when exploration and development work is carried out.

NOTE 3 INVESTMENT IN ASSOCIATED COMPANIES

(a)	Dominion Jubilee Corporation Limited	\$1,985,148
	Limited partnerships, Chile	1
	Norlex Mines Limited	287,519
	Oltenia, S.A.	8,333
		<u>\$2,281,001</u>

- (b) (i) Dominion Jubilee Corporation Limited is in the exploratory and development stage of its operations and its principal underlying assets consist of accumulated exploration and development expenses and the cost of mining rights and leases. Charges for engineering, administration and other services and facilities made by the company to Dominion Jubilee amounted to \$8,037 for the year. In addition to the foregoing, direct charges paid or monies advanced amounted to \$12,458.
- (ii) Of the 5,382,536 shares of Dominion Jubilee Corporation Limited issued and outstanding at December 31, 1973 1,795,585 shares

(33.35%) were held by Canadian Javelin Limited. Dominion Jubilee therefore is not a subsidiary of Canadian Javelin for accounting purposes, but management considers that effective control of Dominion Jubilee's operations is exercised by the company.

- (iii) Of the 1,795,585 Dominion Jubilee shares owned by Canadian Javelin Limited 899,993 shares are held in escrow.
- (iv) Dominion Jubilee's shares are traded in the "over-the-counter" securities market.
- (c) Of the 6,073,163 shares of Norlex Mines Limited issued and outstanding at December 31, 1973 1,626,900 shares (26.8%) were held by Canadian Javelin Limited and its subsidiary companies. 765,000 of the foregoing shares are held in escrow subject to release by the Ontario Securities Commission.

NOTE 4 LONG-TERM DEBT

- (a) (i) Loans:
- | | |
|-----------------------------|--------------------|
| Central States Pension Fund | \$5,216,666 |
| Francofin Corporation, S.A. | 212,966 |
| | <u>\$5,429,632</u> |
- (ii) The Central States Pension Fund loans are secured by an assignment of royalties from Wabush Mines and are repayable at the rate of \$264,815 U.S. quarterly with interest rates and maturity dates as follows:
- | | |
|--------------------------|--------------------|
| 7% due August 1, 1978 | \$1,425,000 |
| 6½% due January 25, 1979 | 2,625,000 |
| 8½% due June 22, 1978 | 1,166,666 |
| | <u>\$5,216,666</u> |
- (iii) The balance of the Francofin Corporation loan in the amount of \$212,966 is repayable over a three-year period in quarterly instalments bearing interest at the rate of 11% per annum and is secured by chattel mortgages.
- (b) Notes payable are secured by an assignment of royalties and payable as follows:
- | | |
|---|--------------------|
| January 24, 1974 at 11¼% interest per annum | \$ 500,000 |
| January 24, 1975 at 11¼% interest per annum | 500,000 |
| Secured by a third party guarantee and payable on or before March 31, 1974 with interest at 12% per annum | 100,000 |
| | <u>\$1,100,000</u> |
- (c) Convertible Debentures:
During the period the company sold Series "A" and Series "B" convertible debentures in the principal amounts of \$1,000,000 and \$6,500,000, respectively, bearing interest at the rate of 7½% per annum and repayable three years from the date of issue, subject to the company's right of redemption after two years from issue date.
These debentures are unsecured and interest is payable by Javelin Bulkcarrriers Limited, a

subsidiary company, and guaranteed by the company.

The debentures are convertible into common shares of the company at prices ranging from \$10 to \$15 depending on the date of conversion and market conditions prevailing at the time. If the debentures are not converted three years from the date of issue the maturity date may be extended for two additional years, at the option of the company. If five years from the date of issue the debentures have not been converted then the company may elect to redeem the debentures in cash or in common shares. Neither the debentures nor the shares on conversion may be sold within the United States or to a U.S. citizen or resident for a minimum of two years following their issuance. Subsequent to year end the holders of \$6,497,000 of Series "B" debentures have converted their securities into common shares of the company at \$10.00 per share.

NOTE 5 CAPITAL STOCK

- (a) On August 27, 1973 supplementary letters patent were issued to the company authorizing the cancellation of 50,470 shares, thereby reducing issued share capital.
- (b) 505,422 common shares of the unissued capital stock of the company are reserved under two stock option plans for employees, officers and directors. 325,478 shares are reserved under the 1964 plan exercisable by May 9, 1976 at prices ranging from \$9.25 to \$12.00 U.S. per share. Under the 1970 plan 179,944 shares are reserved and exercisable by May 9, 1978 at prices of \$7.00 Can. and \$8.25 U.S. per share.
- (c) During the period 2,000 shares of the company's capital stock were issued under the employees stock option plans for a consideration of \$17,580.
- (d) 750,000 shares of the unissued capital stock of the company have been reserved for conversion of the debentures referred to in Note 4(c). Subsequent to year end 649,700 of these shares have been issued on the conversion of the company's Series B debentures.

NOTE 6 CONTINGENT LIABILITIES AND COMMITMENTS

- (a) The company may be contingently liable in the estimated amount of \$532,231 as a result of a third party demand made on the company by the Receiver General of Canada relative to an alleged liability of a director of the company to the Department of National Revenue.
- (b) If the company is to proceed with the development of the Julienne Lake iron ore deposit commitments must be obtained for the financing necessary to complete the project. Current estimates of the funds required approximate \$370,000,000. In addition before surface rights and other concessions necessary for commencement of the project may be obtained from the Government of the Province of Newfoundland the Government has requested that the company provide proof of the feasibility of the project together with assurances

that the product can be marketed. At the present date the company has made representations to the Government which it feels should meet the requirements of the contract, however, the Government has not accepted certain of these representations. The company is required to proceed with due diligence with development of the property after June 11, 1974. Should the company fail to discharge this obligation it would be liable to lose the lease in which case it would be required to write off unamortized preproduction expenses of approximately \$3,200,000. Currently, the company's unamortized preproduction expenses for all projects total \$13,847,514.

NOTE 7 LINERBOARD PROJECT

The company is claiming the sum of \$3,872,134 in addition to the \$6,600,000 already received under an agreement with the Government of the Province of Newfoundland whereby the Government acquired the principal assets of the linerboard mill project at Stephenville, Newfoundland and associated wood harvesting operation in Goose Bay, Labrador together with the assumption by the Government of liabilities in connection with the project. The foregoing amount of \$3,872,134 represents expenditures and advances made by the company which management feels were reasonably necessary for the establishment of the project, however the Government has rejected management's contention of reasonable necessity and has denied liability for payment of this amount. The company contends that, under the terms of the agreement, the full amount of \$3,872,134 is arbitrable under the Newfoundland Judicature Act. To date the company has filed notice of arbitration and has appointed its arbitrator, however proceedings have not as yet commenced.

Subsequent to the year-end, the Government notified the company that it considers the notice of arbitration to be defective in that it allegedly lacks specificity and encompasses certain claims which are not arbitrable and which must be litigated.

The financial statements for the year ended December 31, 1972 showed as a current asset the amount of \$4,263,405. Subsequent to that period further payments were received on the account reducing the amount in controversy to \$3,872,134. Thereafter following the publication of the financial statements the Government notified the company that it was disputing its obligation to pay the company the foregoing amount. As a result for the year ended December 31, 1973 the amount in controversy has been treated as a non-current asset.

Although the company is hopeful of recovering the entire claim there is no assurance that it will do so and accordingly, has provided an allowance for possible uncollectibility of the account in the amount of \$700,000 which allowance is reflected in the accompanying financial statements.

TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 8 ROAD CONTRACT

On March 1, 1973 Pavonia S.A., a wholly owned subsidiary, entered into an agreement with International Oceanic Construction Corporation and Almora, S.A., for the design and construction of a road from San Felix in the Province of Chiriqui to the company's proposed project site at Cerro Colorado. Under the terms of the contract International Oceanic Construction Company was to complete the design of the 40 km. road at a price of \$10,000 per Km. or \$400,000.00 and construction thereof at a price of \$164,463.75 per Km. or \$6,578,550 — the contract provided for a refund to the company of the difference between the cost of the road plus 15% and \$6,578,550 — provided that such difference which may accrue to the company shall be expended on engineering, design, research or such other projects related to Cerro Colorado to be supplied by International Oceanic Construction as may be mutually agreed. In July, 1973 in consideration of the contractor's agreement to build a preliminary access road while continuing to build the main road, Pavonia eliminated the 15% profit limitation effectively changing the contract to a fixed price contract.

For purposes of financing the contract the company placed the proceeds from Series "B" debentures in the amount of \$6,500,000 (referred to in Note 4) with International Oceanic as a payment of current and past due progress billings and as a prepayment of the balance of the contract price. At the date of the financial statements progress billings from International Oceanic totalled \$5,081,242 including extras for road construction with the major portion of the contract yet to be completed. Accordingly the company questioned the accuracy of these progress billings and took steps to determine the value of work actually completed.

As a result of negotiations with International Oceanic the contract of March 1, 1973 was terminated and a new agreement entered into on May 22, 1974. The new agreement established the value of the work done up to and including May 31, 1974 at \$4,678,550 excluding extras leaving Pavonia a credit of \$1,821,450 on the original deposit of \$6,500,000, which credit will be used by the contractor to purchase construction equipment and ancillary items for Pavonia with a value equal to the net credit. The value of the work completed to May 31, 1974 in the amount of \$4,678,550 has been substantiated by appraisal.

NOTE 9 LITIGATION

The following matters which are in suit or in dispute concern the company and/or its subsidiaries, associates, directors and officers:

- (a) *Sloan v. Canadian Javelin Limited, et al*, an action in the United States District Court for the Southern District of New York, seeking \$2,170,000 actual damages and punitive and exemplary damages in the amount of \$5,000,000 plus costs and interest. Motions to dismiss the complaints have been made and granted. The plaintiff is currently appealing the dismissals.
- (b) *Bonime v. Canadian Javelin Limited, et al*, an action commenced in the United States District Court for the Southern District of New York in December, 1973 purporting to be a class action on behalf of all purchasers of the company's common stock during an unspecified period. The complaint alleges that the company violated the Securities Exchange Act and common law, and seeks to recover unspecified amounts of money damages, costs and expenses. The company has denied the allegations and alleged certain affirmative defenses. The action is in the early stages of development.
- (c) *Lurie, et al v. Canadian Javelin Limited, et al*, an action filed December 5, 1973 in the United States District Court for the Northern District of Illinois, purporting to be a class action on behalf of all purchasers of common stock of the company on or after November 1, 1969. The complaint alleges common law fraud and violations of the Securities Exchange Act and the Illinois Securities Law. The action seeks damages in an unspecified amount or, in the alternative, rescission of share purchases, together with preliminary and permanent injunctive relief. Answers have not yet been filed and the litigation is in the early stages of development.
- (d) *Lurie, et al v. Canadian Javelin Limited, et al*, an action filed December 7, 1973 in the Circuit Court of Cook County, Illinois, purporting to be a class action on behalf of all purchasers of common stock of the company on or after June 1, 1973. The complaint alleges violations of the Securities Exchange Act and seeks damages in an unspecified amount. The action is in the early stages of development.
- (e) *Horvath Trading Co. v. Javelin Paper Corporation Limited*, an action in New York State Court for finder's fees of \$260,000 in which the plaintiff has attached the sum of \$226,260, which if the plaintiff should prevail, would be the limit of his recovery. The company has disputed the validity of the claims and trial proceedings are about to commence.
- (f) *Goldstone v. Canadian Javelin Limited*, an action in New York State Court to recover either 80,000 shares of common stock of Dominion Jubilee Corporation Limited, an associated company, or its value, as compensation for legal services. The action is pending since 1969 and the company disputes that there is any merit to the claims made.
- (g) *Clarke v. Canadian Javelin Limited, et al*, an action in the Federal Court of Canada against the company and certain of its officers and others for breach of copyright.
- (h) *Government of Newfoundland v. Canadian Javelin Limited and Canada Permanent Trust* an action instituted on August 16, 1973 in the Supreme Court of Newfoundland, alleging that the defendants have wrongfully refused to transfer certain shares which the complainant held and sought to sell. The action sought

declaratory and injunctive relief to compel the transfer of the shares, together with damages and costs. Subsequent to the year-end, the court ordered the company to permit transfer of the shares in question. The issue of damages remains to be litigated.

- (i) *Limerick v. Javelin Paper Corporation Limited*, an action in the Superior Court of Montreal for damages for breach of employment contract in the amount of \$190,000, which action is in the preliminary stages of development.
- (j) *Securities and Exchange Commission v. Canadian Javelin Limited, et al*, an action in the United States District Court in the Southern district of New York alleging violations of sections 5 and 17(a) of the Securities Act of 1933 and sections 13(a) and 23(a) of the Securities Exchange Act of 1934. The complaint seeks preliminary and permanent injunctive relief and the appointment of a special receiver for specified purposes. Subsequent to the year-end, this litigation was settled as to the company by the entry of a consent judgment (without admitting or denying the allegations of the complaint) enjoining the company from specified violations of the U.S. securities laws and providing certain ancillary requirements, including an obligation on the part of the company to maintain a

certain percentage of independent directors, to establish a special committee and to appoint an information officer to have responsibility for disclosures concerning the company, and to engage a special counsel to the aforesaid committee.

NOTE 10 INCOME TAXES

The company's records have been reviewed by federal taxation authorities up to and including 1963. Final determination of all matters arising therefrom has not yet been made. The amount of any deferred income taxes has not yet been determined because of several unresolved matters but in any event there is no anticipated liability for income tax in respect of the current year.

NOTE 11 DEPRECIATION AND AMORTIZATION

Depreciation and amortization charged against income during the period amounted to \$688,746.

NOTE 12 DIRECTORS' AND OFFICERS' FEES AND SALARIES

The salaries of forty officers of the company and subsidiaries were \$240,098 and fees of forty-nine directors amounted to \$32,380. Twenty officers were also directors.

AUDITORS' REPORT

To: The Shareholders,
CANADIAN JAVELIN LIMITED.

We have examined the consolidated balance sheet of Canadian Javelin Limited and its subsidiary companies as at December 31, 1973 and the consolidated statements of retained earnings, income and changes in financial position for the year ended on that date. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary, including an attempt to extend, with the concurrence of your company, the scope of our examination to include the records of the contractor, who was constructing a road in Panama, (See Note 8), to determine their cost of the road construction project to December 31, 1973. We were not successful as the contractors refused to permit us to examine their records and consequently could not determine the construction costs from this source. The May 22, 1974 agreement also referred to in Note 8 established a value of road construction to May 31, 1974, which value was used as a basis of determining the value of road construction at December 31, 1973. As a result of the availability of subsequent information including an independent appraisal and information on construction costs in Panama from other sources, we have satisfied ourselves that the value of the road construction carried out pursuant to the agreement is at least equal to what such construction would have cost had it been done by other contractors.

In our opinion, subject to the collection of the net balance, after reserve, from the Government of Newfoundland referred to in Note 7 the accompanying consolidated financial statements present fairly the consolidated financial position of Canadian Javelin Limited and its consolidated subsidiaries as at December 31, 1973 and the results of their operations and the changes in financial position for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

St. John's, Newfoundland,
August 14, 1974.

LEE & MARTIN,
Chartered Accountants.

BOARD OF DIRECTORS

- General J. V. Allard** (Ret.) — Montreal, Quebec
Anthony G. Ayre — St. John's, Newfoundland
Raymond Balestreri — Montreal, Quebec
Hon. Thomas A. Dohm, Q.C. — Vancouver, B.C.
John C. Doyle** — Panama
Hon. Sen. Sarto Fournier,* Q.C. — Montreal, Quebec
Robert-Benoit Major,* K.M. — Montreal, Quebec
Manuel Jose Paredes — Panama
John A. Rozzini — Montreal, Quebec
Frank C. Shirriff* — Toronto, Ontario
William M. Wismer,* Q.C. — Toronto, Ontario

** Chairman of the Executive Committee

* Member of the Executive Committee

EXECUTIVE OFFICERS

- Raymond Balestreri** — PRESIDENT
John A. Rozzini — VICE-PRESIDENT, PROJECT DEVELOPMENT
Robert B. Major, K.M. — VICE-PRESIDENT, PUBLIC RELATIONS
Wyatt S. Hegler — VICE-PRESIDENT, ENGINEERING
Raymond J. Doyle — VICE-PRESIDENT, OVERSEAS OPERATIONS
P. J. DeSantis — SECRETARY
-
-

SOLICITORS

- Canada:* **Robinson, Sheppard, Borenstein, Shapiro & Flam** — Montreal, P.Q.
Day, Wilson, Campbell — Toronto, Ontario
McInnes & Neumann — Vancouver, B.C.
Curtis, Dawe, Fagan, Mahoney & Russell — St. John's, Newfoundland
- United States:* **Steptoe & Johnson** — Washington, D.C.
Diamond & Golomb — New York, N.Y.
-
-

AUDITORS

- Lee & Martin, Chartered Accountants, St. John's, Newfoundland**

SUBSIDIARIES

Artena, S.A.
Bison Petroleum & Minerals Limited
Gordon Holdings Limited
Oltenia, S.A.
Minerals Exchange and Sales Limited
Prairie West Exploration Limited
Rottenstone Mining Limited
Bison Petroleum & Minerals (B.C.) Limited
C.J.V. Holdings Limited
Chilian Limited Partnerships
Inter American Minerals Corporation
Javelin Bulkcarriers Limited
Javelin Export Limited
Javelin International, S.A.
Javelin Paper Corporation Limited
Javelin Forest Products Limited
Javelin Realities Limited
Julco Iron Corporation Limited
Minas San Cristobal, S.A.
Newfoundland and Labrador Corporation Limited
Pavonia, S.A.
San Juan Copper Co. Ltd.

AFFILIATES

Dominion Jubilee Corporation Limited
Knoll Lake Minerals Limited
Mid Can Exploration Limited
Norlex Mines Limited

TRANSFER AGENTS & REGISTRARS

Canada: Canada Permanent Trust Company,
St. John's, Newfoundland, Halifax, N.S.
Montreal, Quebec, Toronto, Ontario,
Vancouver, B.C.

United States: The Continental Stock Transfer & Trust Company,
Jersey City, New Jersey.

STOCK EXCHANGES

Listed on the American Stock Exchange, New York, N.Y.
Montreal Stock Exchange, Montreal, Quebec, and the Vancouver
Stock Exchange, Vancouver, B.C.

CANADIAN JAVELIN LIMITED**HEAD OFFICE AND EXECUTIVE OFFICE**

1115 Sherbrooke Street West, Montreal, P.Q. H3A 1H5

NEWFOUNDLAND OFFICE

Javelin House, St. John's, Newfoundland

PANAMA OFFICES

33 Avenida Federico Boyd, Panama, R.P.

David, Panama, R.P.

SOUTH AMERICAN OFFICE

Agustinas 1357 Santiago, Chile

CENTRAL AMERICAN OFFICE

Divisadero, Departamento De Morazan, El Salvador, C.A.

EXPORT SALES OFFICE

Nassau, Bahamas

LABRADOR OFFICE

Wabush, Labrador

UNITED KINGDOM OFFICE

41 Pall Mall, London S.W.1, England

EUROPEAN OFFICE

Palais de LaScala

Monte Carlo, Monaco

ETHIOPIAN OFFICE

P.O. Box 2459, Addis Ababa, Ethiopia

PRAIRIE OFFICE

2180 - 12th Avenue, Regina, Saskatchewan

MOUNTAIN OFFICE

825 - 5th Avenue, S.W., Calgary, Alberta

BISON PETROLEUM & MINERALS LIMITED**MAIN OFFICE**

2180 - 12th Avenue, Regina, Saskatchewan

EXECUTIVE OFFICES

1115 Sherbrooke Street West, Montreal, P.Q. H3A 1H5

Bank of Canada Building, 250 University Ave., Toronto, Ontario



CANADIAN JAVELIN LIMITED