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Sixth Annual Report

**CASSIAR ASBESTOS CORPORATION
LIMITED**



As at September 30, 1957

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Sixth Annual Report

of

Cassiar Asbestos Corporation Limited

OFFICERS	F. M. CONNELL, O.B.E. - - - - - President
	W. HAROLD CONNELL - - - - - Vice-President
	C. R. ELLIOTT, C.A. - - - - - Secretary-Treasurer
DIRECTORS	F. M. CONNELL, O.B.E. - - - - - Toronto, Ontario
	W. HAROLD CONNELL - - - - - Spencerville, Ontario
	J. M. CONNELL - - - - - Toronto, Ontario
	K. A. CREERY - - - - - Montreal, Quebec
	JOHN DRYBROUGH - - - - - Winnipeg, Manitoba
	C. R. ELLIOTT, C.A. - - - - - Toronto, Ontario
	J. E. KENNEDY - - - - - Toronto, Ontario
	G. W. SMITH - - - - - Thetford Mines, Quebec
	S. R. ZIMMERMAN, JR. - - - - - Manheim, Pennsylvania
	P. MALOZEMOFF - - - - - New York, N.Y.
	E. S. W. HUNT - - - - - New York, N.Y.
GENERAL MANAGER	J. D. CHRISTIAN, C.B.E., B.A.Sc. - - - - - Toronto, Ontario
GENERAL SUPERINTENDENT	N. F. MURRAY, B.A.Sc. - - - - - Cassiar, British Columbia
CONSULTING ENGINEER	T. T. TIGERT, B.A.Sc. - - - - - Toronto, Ontario
MANAGER — TRANSPORT DIVISION	N. GRITZUK, B.Sc. - - - - - Whitehorse, Yukon Territory
TRANSFER AGENTS AND REGISTRARS	CROWN TRUST COMPANY - - - - - Toronto, Ontario
BANKERS	THE ROYAL BANK OF CANADA
AUDITORS	CLARKSON, GORDON & CO. - - - - - Toronto, Ontario
SOLICITORS	MANNING, MORTIMER & MUNDELL - - - - - Toronto, Ontario
ADMINISTRATIVE OFFICE	SUITE 1001, 85 RICHMOND STREET WEST - - - - - Toronto, Ontario
MINE AND MILL	- - - - - Cassiar, British Columbia
ANNUAL MEETING	10 A.M., JANUARY 20, 1958 THE ROYAL YORK HOTEL - - - - - Toronto, Ontario

Cassiar Asbestos Corporation Limited

Report of the Directors

To the Shareholders,
Cassiar Asbestos Corporation Limited.

Your directors submit herewith the sixth annual report on the operations of your company, including financial statements prepared as at September 30, 1957, your auditors' report thereon and a report by Mr. J. D. Christian, General Manager.

The net profit for the year ended September 30, 1957 was \$2,811,295 after charging depreciation aggregating \$862,419 and deferred development in the amount of \$200,462.

Sales were well maintained and prices for fibre remained firm. Mining and milling costs have shown satisfactory improvement and further reductions in costs are expected as development of the mining area and other improvements become effective.

The expenditures on plant and equipment of \$1,672,665 and on exploration and development deferred of \$545,635 are referred to in the General Manager's Report.

Your company has an option to purchase from Conwest Exploration Company Limited all its rights and interest in three asbestos properties (the Letain, the Caley and the Clinton Creek). Initial development work by Conwest had indicated important showings of asbestos ore on each property. The terms of the agreement are set out in the notes to the Balance Sheet. The amount expended to the year end on this project was \$229,398 including the initial option payment of \$100,000, the cost of the examination of the properties by independent geologists and the camps, equipment and exploration charges at the Clinton Creek property. The ore body on the Clinton Creek property is being developed by open

cuts and two adits. Mill tests of the ore will be made during the current year. The Clinton Creek and the Caley properties are in the Yukon Territory approximately 40 miles north-west of Dawson and the Letain property is in Northern British Columbia approximately 60 miles south-east of Cassiar. It will be your company's policy to maintain an active exploration department to explore for and acquire asbestos properties of merit in the area.

You will note that after providing for the foregoing capital expenditure, current assets amounted to \$4,571,341 and current liabilities amounted to \$986,770, or net working assets of \$3,584,571 as compared with net working assets at September 30, 1956 of \$2,310,450.

The company's products are trucked from Cassiar to Whitehorse by the company's Transport Division and supplies including oil are moved as a back-haul with substantial savings in transportation costs. The efficiency of this operation has been well maintained and further improvement is expected from the replacement of gasoline powered highway units with larger diesel powered units that have proven more economical. Maintenance and improvement of the highway from Cassiar to the Yukon border was continued by the British Columbia Highway Department.

The board expresses its appreciation for the loyal and efficient services rendered the company by Mr. J. D. Christian, General Manager, and his staff, and by Mr. N. Gritzuk, Manager of the Transport Division, and his staff.

On behalf of the Board,

F. M. CONNELL,
President.

Toronto, Ontario.
December 20, 1957.

MONTREAL, TORONTO, HAMILTON
LONDON, WINNIPEG, REGINA
CALGARY, EDMONTON, VANCOUVER

ARTHUR YOUNG, CLARKSON, GORDON & CO.
ACCOUNTANTS AND AUDITORS
OFFICES IN PRINCIPAL CITIES OF U.S.A.

Clarkson, Gordon & Co.
Chartered Accountants

15 WELLINGTON STREET WEST

Toronto 1
CANADA

AUDITORS' REPORT

To the Shareholders of
Cassiar Asbestos Corporation Limited:

We have examined the balance sheet of Cassiar Asbestos Corporation Limited as at September 30, 1957 and the statements of operations and earned 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 operations and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of affairs of the company as at September 30, 1957 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.

Toronto, Canada,
December 17, 1957.

Clarkson, Gordon & Co.
Chartered Accountants.

CASSIAR ASBESTOS CO.

(Incorporated under the laws of the Province of Ontario)

Balance Sheet —

ASSETS

Current:

Cash	\$ 142,869	
Accounts receivable	754,764	
Asbestos fibre at market value	2,002,416	\$ 2,900,049
Ore stockpiled at mill at cost	\$ 805,753	
Inventory of supplies valued at laid down cost	820,186	1,625,939
Prepaid insurance and other charges		45,353
		<u>\$ 4,571,341</u>

Investment — Territorial Supply Company Limited:

Shares (one-half the issued capital) at cost	\$ 25,000	
Notes receivable	150,000	175,000

Fixed:

Plant and equipment — cost	\$ 8,441,638	
Automotive equipment — cost	1,674,008	
Roads — cost	158,664	
Mining claims and properties acquired for issue of 925,000 shares and the payment of \$153,493	245,993	
	<u>\$10,520,303</u>	
Less accumulated depreciation	2,247,228	\$ 8,273,075

Incorporation expenses		4,218
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Exploration and development — deferred:

Expenditures to June 30, 1955 less amounts written off	\$ 386,256	
Stripping costs since September 30, 1955, less amounts charged to production	631,112	
Mining claims held under option to purchase (Note 1) — cost	102,895	
Exploration and development thereon deferred	126,503	1,246,766
		<u>\$14,270,400</u>

CORPORATION LIMITED

(Incorporated under the laws of Canada)

September 30, 1957

LIABILITIES

Current:

Accounts payable and accrued charges \$ 986,770

Capital and surplus:

Capital —

Authorized — 4,000,000 shares without nominal or par value

Issued — 3,800,000 shares (Note 1) \$7,188,745

Earned surplus 6,094,885 13,283,630

On behalf of the Board:

F. M. CONNELL, Director.

C. R. ELLIOTT, Director.

\$14,270,400

Cassiar Asbestos Corporation Limited

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 1957

Note 1.

Under agreement dated August 30, 1957, Conwest Exploration Company Limited granted to the company an option to purchase the total interest of Conwest in three groups of mineral claims known as the Letain group, the Caley group and the Clinton Creek Group for a total consideration of \$500,000.00 cash and 200,000 shares of the capital stock of the company payable at the option of the company as follows:

\$100,000 upon execution of the agreement which has been paid

\$100,000 on or before October 1, 1958

\$100,000 on or before October 1, 1959

\$200,000 and the allotment and issue to Conwest of 200,000 shares of the capital stock of the company on or before October 1, 1960.

Under the terms of the option agreements from the original vendors the following amounts are payable and the shares noted hereunder are issuable in companies to be formed at the option of the company:

Letain group — 37,000 shares which may be purchased by the company for a total consideration of \$57,000 payable over four years.

Caley group — \$45,000 payable over two years and 300,000 shares of the capital stock of a company to be formed by December 31, 1959.

Clinton Creek group — \$48,000 payable over three years and 300,000 shares of the capital stock of a company to be formed by December 31, 1960.

Note 2.

Under the Income Tax Act the company is exempt from taxation for three years commencing July 1, 1955.

Cassiar Asbestos Corporation Limited

STATEMENTS OF OPERATIONS AND EARNED SURPLUS For Year Ended September 30, 1957

OPERATIONS

Sales of asbestos fibre		\$8,314,620
Less:		
Cost of production (including \$162,246 stripping costs absorbed)	\$2,881,763	
Shipping and marketing costs	1,600,496	4,482,259
		<u>\$3,832,361</u>
General and administrative expenses:		
Directors' fees	\$ 2,150	
Legal fees	3,090	
Remuneration of executive officers	25,043	
Interest paid less earned	15,656	
Administrative expenses	74,492	120,431
		<u>\$3,711,930</u>
Profit before depreciation and amortization		\$3,711,930
Depreciation of plant and equipment	\$ 862,419	
Amortization of exploration and development — deferred	38,216	900,635
		<u>\$2,811,295</u>
Net profit		<u>\$2,811,295</u>

EARNED SURPLUS

Balance September 30, 1956	\$3,283,590
Net profit (as above)	2,811,295
	<u>\$6,094,885</u>
Balance September 30, 1957	<u>\$6,094,885</u>

Cassiar Asbestos Corporation Limited

Report of the General Manager

Mr. F. M. Connell, President,
Cassiar Asbestos Corporation Limited,
Suite 1001, 85 Richmond Street West,
Toronto 1, Ontario.

Dear Sir:

I submit herewith my report on operations during the fiscal year ended September 30th, 1957.

Mine

The 1957 mining season commenced March 20th and ended November 7th. During this period 414,827 tons of ore and 876,349 tons of waste were mined and moved, for an average of 2,360 tons of ore and 3,770 tons of waste per operating day.

During the fiscal year, 405,615 tons of ore were delivered to the millsite, and 688,117 tons of waste were removed.

The addition of two shovels and six 24-ton trucks to the mining equipment greatly facilitated the movement of both ore and waste. However, the 1958 mining season will be well advanced before the haulage roads and working areas are sufficiently developed to permit full utilization of these units.

Good progress was made in the removal of waste from the hanging wall of the orebody, and sufficient ore for the 1958 mill requirements is stripped and available for mining. An access road to the peak of the mountain was constructed, and 67,000 tons of rock were removed from this area in preparation for the next phase of the waste removal programme.

The bin, crusher and main haulage road were moved clear of the orebody to the foot-wall side, and are now well located for several years' operation. Improvements were made

in the loading arrangements for the tramline, which moved 225,884 tons of ore. By increasing the dimensions of the buckets, it is expected the capacity of this line will be further improved.

Mill

The mill treated 382,186 tons of ore, for an average of 1,045 tons per calendar day, with a fibre recovery of \$22.41 per ton. Four grades of spinning fibre, i.e. No. 1 Crude, "AAA", "AA" and "A"; and four grades of cement and shingle fibre, i.e. "AC", "AK", "AS" and "AX", are now being produced. Continued research has resulted in further uniformity of grading and in improved quality of these products.

At the close of the ore mining season, October 16, 1957, there were 83,844 tons in the dry rock storage building, and 161,759 tons in the stockpile; sufficient to supply the mill at 1,000 tons per day until June, 1958.

A dust collecting system was installed. Besides removing the dust, it is expected to improve the temperature and humidity of the mill air sufficiently to reduce to a great degree the difficulties of milling in winter encountered in the past.

Development

Development was directed according to the long-term mining programme outlined last year. Ore reserves remain unchanged. The total expenditure amounted to \$545,635.69.

It is anticipated that a new adit will be driven in 1958, probably from the Cirque side, to explore the orebody approximately 200 feet below the present adit level.

Plant and Equipment

During the fiscal year the following additions were made to the plant and equipment:

Plant and Townsite —

- 7 Pan-Abode staff dwellings
- General Office
- Carpenter Shop
- Electrical and Mechanical Shop
- Telephone Exchange

Mill —

- Dust Collecting System
- Group 5 Fibre Circuit
- Fibre Storage Building

Mine —

- 1,000 cu. ft. Compressor Capacity
- 2 — Wagon Drills
- 1 — 2½-yard Shovel
- 1 — 1½-yard Shovel
- 1 — ¾-yard Motor Crane
- 6 — 24-ton Ore Trucks

Transport —

- 2 — Fibre Haul Vans
- 2 — Man Carriers

The investigation of the possible power site was discontinued, as the estimated costs were considered to be too high.

Sales

The sale of spinning fibre remained steady throughout the year, and there was a marked increase in the sale of asbestos cement fibres. A price increase of 5% on all grades was made effective October 1st, 1957. It is anticipated that the volume of sales for the coming year will remain at about the same level as the year under review.

Outside Exploration

Options were taken on three asbestos properties. The Clinton Creek and Caley properties are in the Dawson area of the Yukon Territory, and the Letain property is located southeast of Dease Lake in Northern British Columbia.

Work on the Clinton Creek property in preparation for the driving of two adits during the winter months was under way at the year-end.

Acknowledgements

May I take this opportunity of thanking the Board of Directors for the support they have given management throughout the year, and to acknowledge the loyal and efficient services given the company by Mr. T. T. Tigert, Consulting Engineer, Mr. N. F. Murray, General Superintendent at the mine, and Mr. N. Gritzuk, Manager of the Transport Division, their staffs and employees.

Respectfully submitted,

J. D. CHRISTIAN,
General Manager.

CASSIAR ASBESTOS CORPORATION LIMITED.

Toronto, Canada,
December 17, 1957.

