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Fifth Annual Report

**CASSIAR ASBESTOS CORPORATION
LIMITED**



As at September 30, 1956

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Fifth 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.
	A. B. MORTIMER * - - - - - Toronto, Ontario
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

* Deceased.

Cassiar Asbestos Corporation Limited

Report of the Directors

To the Shareholders,
Cassiar Asbestos Corporation Limited.

Your directors submit herewith the fifth annual report on the operations of your company, including financial statements prepared as at September 30, 1956, your auditors' report thereon and a report by Mr. J. D. Christian, General Manager.

During the year your company earned a net profit of \$2,225,088 after providing depreciation aggregating \$719,887 and amortization of deferred development in amount of \$25,785.

Sales were well maintained and prices for fibre remained firm. Mining and milling costs have shown satisfactory improvement and further reductions particularly in mining costs are expected as development of the mining area permits more efficient operations and use of larger equipment.

Expenditure on account of plant and equipment amounted to \$1,259,432 and on account of exploration and development deferred, \$390,255. You will note that after providing for the capital expenditure for the year, current assets amounted to \$3,129,494 and current liabilities amounted to \$819,044 or net working assets of \$2,310,450 as compared with net working assets at September 30, 1955 of \$939,544.

A long range programme of mine development which will prepare large tonnages of ore for mining in future years was started during the year. Cost of the work is being charged to operations on a uniform basis over a number of years.

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 was well maintained. Maintenance and improvement of the highway from Cassiar to the Yukon border was continued by the Highway Department of the British Columbia Government.

The board expresses its appreciation for the loyal and efficient services rendered the company by the 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 12, 1956.

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, 1956 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, 1956 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.

Clarkson, Gordon & Co.

Toronto, Canada,
December 11, 1956.

Chartered Accountants.

CASSIAR ASBESTOS CO.

(Incorporated under the laws of the Province of Ontario)

Balance Sheet —

ASSETS

Current:

Cash	\$ 4,153.74	
Accounts receivable	197,688.74	
Asbestos fibre at market value	1,477,893.40	\$ 1,679,735.88
Ore stockpiled at mill at cost as determined and certified by the management	\$ 747,623.88	
Inventory of supplies as determined and certified by the management and valued at laid down cost	655,428.46	1,403,052.34
Prepaid insurance and other charges		46,705.96
		<u>\$ 3,129,494.18</u>

Investment—Territorial Supply Company Limited:

Shares (one-half the issued capital) at cost	\$ 25,000.00	
Notes receivable	100,000.00	125,000.00

Fixed:

Plant and equipment—at cost	\$ 7,252,706.33	
Automotive equipment—at cost	1,190,275.10	
Roads—at cost	158,663.85	
Mining claims and properties acquired for issue of 925,000 shares and the payment of \$152,875.09	245,375.09	
	<u>\$ 8,847,020.37</u>	
Less accumulated depreciation	1,486,547.57	7,360,472.80

Incorporation expenses		4,217.57
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Exploration and development—deferred:

Expenditures to June 30, 1955 less amount written off	\$ 424,472.35	
Stripping costs less amount charged to production	247,721.85	672,194.20
		<u>\$ 11,291,378.75</u>

CORPORATION LIMITED

(the laws of Canada)

September 30, 1956

LIABILITIES

Current:

Bankers' advances (secured)—			
Demand loan	\$	263,000.00	
Overdraft on current accounts		8,572.36	\$ 271,572.36
		<hr/>	
Accounts payable and accrued charges			547,471.58
			<hr/>
			\$ 819,043.94

Capital and surplus:

Capital—			
Authorized—4,000,000 shares without nominal or par value			
Issued —3,800,000 shares	\$	7,188,744.75	
Earned surplus		3,283,590.06	10,472,334.81
		<hr/>	

On behalf of the Board:

F. M. CONNELL, Director.

C. R. ELLIOTT, Director.

\$ 11,291,378.75

Cassiar Asbestos Corporation Limited

STATEMENTS OF OPERATIONS AND EARNED SURPLUS

For Year Ended September 30, 1956

OPERATIONS

Sales of asbestos fibre		\$ 6,854,319.37
Less:		
Cost of production (including \$142,533.60 stripping costs absorbed)	\$ 2,657,746.97	
Shipping and marketing costs	1,113,098.98	3,770,845.95
		\$ 3,083,473.42
General and administrative expenses:		
Directors' fees	\$ 900.00	
Legal fees	2,450.00	
Remuneration of executive officers	20,975.00	
Interest paid less earned	33,371.29	
Administrative expenses	55,016.75	112,713.04
		\$ 2,970,760.38
Profit before depreciation and amortization		\$ 2,970,760.38
Depreciation of plant and equipment	\$ 719,887.49	
Amortization of exploration and development—deferred	25,784.65	745,672.14
		\$ 2,225,088.24
Net profit transferred to earned surplus		\$ 2,225,088.24

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

EARNED SURPLUS

Balance September 30, 1955		\$ 1,058,501.82
Net profit for year ended September 30, 1956		2,225,088.24
		\$ 3,283,590.06

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 30, 1956.

Mine

During the fiscal year, 356,334 tons of ore were delivered to the millsite and 406,118 tons of waste rock were removed from the hanging wall of the orebody. Due to favourable weather conditions, waste removal commenced on April 11, 1956 and the first ore of the season was delivered on May 1, 1956. Mining continued until October 28, 1956, and 342,903 tons of ore were delivered and 411,020 tons of waste were removed, or an average of 1,715 tons of ore and 2,055 tons of waste per day during the period April 11 to October 28.

The tramline was put into operation on June 1, 1956 and handled 50% of the total tonnage. Some alterations are required in the loading arrangements to permit use of its full capacity of 100 tons per hour during the cold periods in the early spring and late fall.

Detailed studies of mining methods have resulted in a long-range programme of development for the mine, which will be carried out over a number of years. Because of the topography in the vicinity of the orebody, waste rock from the hanging wall must be removed well in advance of the ore mining operation. In order that there be no interruption to future operations, this work was started during the current year. The total expenditure amounted to \$390,255.

Mining costs have shown satisfactory reductions. As the working areas have been enlarged, a more efficient use of equipment has been possible. Heavier types of drills, trucks and loading equipment can now be used, and should result in a further reduction of costs and increased mining capacity.

Development

The adit was driven a further 293.9 feet. The first 145 feet was in good grade ore, making a total of 668 feet. The remaining 148.9 feet was in serpentine of a marginal grade. The dip of the orebody appears to be about 33°, with the true width 400 feet, excluding the marginal serpentine on the hanging wall side.

A drift was driven along the hanging wall of the orebody. It broke out to the North in the Cirque Valley in good ore. At the close of the mining season the South drift had just come into waste, due we believe, to a change in the strike of the hanging wall. The total length of ore drifted to date is 750 feet. With this information, an open pit programme has been prepared, its first stage being the mining of 9,000,000 tons of ore now considered to be indicated above an arbitrary horizon, 120 feet below the adit level. Further development will be required to define the limits of the orebody on strike and at greater depth before the next stage of the programme can be determined.

Mill

The mill treated 258,056 tons of ore for an average of 706 tons per calendar day, with a fibre recovery of \$26.80 per ton. Two new grades of fibre were successfully introduced to the market, which largely accounted for the increased production. These grades are "AAA", a high-grade spinning fibre, and "AC", a high-grade asbestos cement fibre. Encouraging results have been obtained from research work on two other grades, and this investigation will be continued.

Fibre control effected by the mill laboratory has resulted in further improvement in uniformity of grading and quality, which has been favourably received by the market.

Improvements in the drying circuit reported last year have resulted in increased efficiency and lower costs.

At the close of the mining season on October 28, 1956, there were 106,851 tons in the dry rock storage and 97,406 tons in the stockpile, sufficient to supply the mill until commencement of mining operations in June, 1957.

Plant and Equipment

An addition to the dry rock storage building was completed, more than doubling its capacity, which is now 115,000 tons.

During the fiscal year, the tramline, summer bunkhouses, hospital and a new mine dry were completed. Work was started on the construction of seven new Pan-Abode staff dwellings.

Two wagon drills, 650 cubic feet of compressor capacity, a new 25" x 36" crusher, two TD-24 tractors and a maintenance garage were provided for the mine.

Survey work on the possible power site was continued, and a preliminary report is expected early in 1957.

Sales

The demand and price for crude, asbestos cement pipe and shingle fibres have been steady throughout the year, and at the year end, fibre awaiting shipment to customers was at a normal level. The outlook for all grades is encouraging.

Acknowledgment

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. N. F. Murray, General Superintendent of the mine, and Mr. N. Gritzuk, Manager of Transport Division, their staffs and employees.

Respectfully submitted,

J. D. CHRISTIAN,

General Manager.

CASSIAR ASBESTOS CORPORATION LIMITED.

Toronto, Ontario,
December 12, 1956.

