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*Third Annual Report*

**CASSIAR ASBESTOS CORPORATION  
LIMITED**



As at September 30, 1954

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# Third Annual Report

of

## CASSIAR ASBESTOS CORPORATION LIMITED

### DIRECTORS

F. M. CONNELL, O.B.E. - - - - - Toronto, Ontario  
W. H. CONNELL - - - - - Spencerville, Ontario  
A. B. MORTIMER - - - - - Toronto, Ontario  
K. A. CREERY - - - - - Montreal, Quebec  
J. M. CONNELL - - - - - Toronto, Ontario  
J. E. KENNEDY - - - - - Toronto, Ontario  
S. R. ZIMMERMAN, JR. - - - - - Manheim, Pa.  
G. W. SMITH - - - - - Thetford Mines, P.Q.  
C. R. ELLIOTT - - - - - Toronto, Ontario

### OFFICERS

F. M. CONNELL, O.B.E. - - - - - President  
W. H. CONNELL - - - - - Vice-President  
C. R. ELLIOTT, C.A. - - - - - Secretary-Treasurer  
J. D. CHRISTIAN, C.B.E., B.A.Sc. - - - - - General Manager  
N. F. MURRAY, B.Sc. - - - - - General Superintendent  
T. T. TIGERT, B.A.Sc. - - - - - Consulting Engineer

### 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 & REID - - - - - Toronto, Ontario

### ADMINISTRATIVE OFFICE

SUITE 1001, 85 RICHMOND STREET WEST - - - - - Toronto, Ontario

### MINE OFFICE

- - - - - Cassiar, B.C.



# Cassiar Asbestos Corporation Limited



## *Report of the Directors*

To the Shareholders,  
Cassiar Asbestos Corporation Limited.

Your directors submit herewith the Third Annual Report on the operations of your Company, including financial statements prepared as at September 30, 1954, your auditors' report thereon and a report by Mr. J. D. Christian, General Manager.

As outlined in the General Manager's Report, operations have proceeded satisfactorily throughout the year. Mill construction was completed and the necessary equipment installed to place the 500-ton milling unit in operation on July 6, 1954. You will note from the statement of operations that results for the first three months of production are very satisfactory and substantiate previous estimates.

During the year your Company expended \$1,526,262.56 on Plant and Equipment including the completion of the 500-ton milling unit and additions to the power plant, aerial tramway, general camp facilities and housing, and commencement of construction of the aerial tramway. Additions to Automotive Equipment, which includes equipment used in mining operations as well as transportation equipment amounted to \$137,479.40. The expenditure of \$17,115.67 added to roads represents the cost of improvements to the mine road, including the extension of the road into the Cirque Valley to service mining operations at that point.

Construction of the aerial tramway was commenced and at the year end the erection of the towers was well advanced. It is expected that the balance of the equipment and materials for the tramway will be delivered by early Spring and construction will be completed during the Summer of 1955. The tramline will have a capacity of 100 tons of ore per hour and it is expected that this installation will materially extend the mining season.

Your Company has acquired a one-half interest in Territorial Supply Company Limited, which provides a supply and service agency for your Company at Whitehorse.

Capital expenditures anticipated during the current year include completion of the aerial tramway, additional mining and transportation equipment and the expansion of employee housing facilities.

The British Columbia Government carried out further improvements to the highway from the Mill to the Alaska Highway.

Your Company received the fullest co-operation from the Industrial Minerals Division, Department of Mines and Technical Surveys, Ottawa; the laboratories of Raybestos-Manhattan, Inc., and the technical staff of Bell Asbestos Mines Limited in testing fibre and advising on technical procedures.

The Board expresses its appreciation of the loyal and efficient services rendered the Company by the General Manager and his staff.

On behalf of the Board,

F. M. CONNELL,

President.

Toronto, Ontario,  
December 20, 1954.

*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, 1954, the statement of exploration and development for the nine months ended June 30, 1954 and the statement of operations for the three months ended September 30, 1954 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 exploration and development and operations 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, 1954 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 22, 1954.

Chartered Accountants.

# CASSIAR ASBESTOS CO.

(Incorporated under the laws of the Province of Ontario)

*Balance Sheet as at*

## ASSETS

### Current:

Cash .....	\$	5,450.34	
Accounts receivable .....		345,163.89	
Asbestos fibre in transit at amount receivable on delivery to customers .....		525,211.25	
Ore stockpiled at mill at cost as determined and certified by the management .....		368,674.60	
Inventory of supplies as determined and certified by the management and valued at laid-down cost .....		513,948.69	
Prepaid insurance and other charges .....		46,519.16	
			<u>\$ 1,804,967.93</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
			<u>125,000.00</u>

### Fixed:

Plant and equipment at cost .....	\$	4,371,226.22	
Less accumulated depreciation .....		75,099.23	\$ 4,296,126.99
			<u>4,296,126.99</u>
Automotive equipment at cost .....	\$	691,721.26	
Less accumulated depreciation .....		236,514.70	455,206.56
			<u>455,206.56</u>
Roads at cost .....		136,360.13	
			<u>136,360.13</u>
			\$ 4,887,693.68
Mining claims and properties acquired for the issue of 925,000 shares and the payment of \$142,339.94 .....		234,839.94	5,122,533.62
			<u>5,122,533.62</u>

Incorporation Expenses ..... 4,217.57

Exploration and Development — Deferred ..... 591,469.08

\$ 7,648,188.20



# CORPORATION LIMITED

(Incorporated under the laws of Canada)

September 30, 1954

## LIABILITIES

### Current:

Bankers advances (secured)		
Demand loan .....	\$ 620,000.00	
Overdraft on current accounts .....	19,125.84	\$ 639,125.84
		<hr/>
Accounts payable and accrued charges .....		506,695.86
		<hr/>
		\$ 1,145,821.70

### Capital and Surplus:

Capital		
Authorized—4,000,000 shares without nominal or par value		
Issued —3,600,000 shares .....	\$ 5,988,744.75	
Earned surplus .....	513,621.75	6,502,366.50
		<hr/>

On behalf of the Board:

F. M. CONNELL, Director.

C. R. ELLIOTT, Director.

\$ 7,648,188.20

# Cassiar Asbestos Corporation Limited

## STATEMENT OF EXPLORATION AND DEVELOPMENT — DEFERRED For the Period October 1, 1953 to June 30, 1954

Balance October 1, 1953 .....		\$	488,022.22
<b>Add: (Note 1)</b>			
Sales of asbestos fibre .....	\$ 1,156,450.08		
<b>Less:</b>			
Cost of production .....	\$ 1,034,579.38		
Shipping and marketing costs .....	198,016.93	1,232,596.31	
		\$	76,146.23
Interest earned and miscellaneous income (net) .....			15,448.39
		\$	60,697.84
General and administrative expenses —			
Directors' fees .....	\$ 1,250.00		
Legal fees .....	1,575.42		
Remuneration of executive officers .....	10,875.00		
Administrative expense .....	29,048.60	42,749.02	103,446.86
Balance June 30, 1954 .....		\$	<u>591,469.08</u>

## STATEMENT OF OPERATIONS For Three Months Ended September 30, 1954

Sales of asbestos fibre .....		\$	1,241,597.99
<b>Less:</b>			
Cost of production .....	\$ 408,445.67		
Shipping and marketing costs .....	224,483.02	632,928.69	
		\$	608,669.30
General and administrative expenses —			
Directors' fees .....	φ		
Legal fees .....	\$ 920.00		
Remuneration of executive officers .....	4,875.00		
Interest .....	3,388.68		
Administrative expenses .....	13,863.87	23,047.55	
Net profit before depreciation .....		\$	585,621.75
Depreciation of plant and equipment (Note 2) .....			72,000.00
Net profit transferred to earned surplus (Note 3) .....		\$	<u>513,621.75</u>

### NOTES ON FINANCIAL STATEMENTS:

- (1) A temporary experimental mill was operated from October 1st, 1953 to April 6th, 1954 and costs of operation during this period were charged to Exploration and Development — Deferred. Costs incurred between April 6th, 1954 and June 30th, 1954 have been allocated between Plant and Exploration and Development — Deferred.
- (2) In addition to the depreciation set out in the Statement of Operations, Depreciation of Automotive and other portable equipment has been charged to Mining and Transportation Costs, in the amount of \$174,496.91 during the year.
- (3) Under the Income Tax Act, the Company is exempt from taxation for three years after coming into production.
- (4) The Company has a commitment outstanding for purchase of an aerial tramway of approximately \$240,000.00.
- (5) No provision has been made for amortization of Exploration and Development — Deferred during the three months ended September 30, 1954 as the amount chargeable to such period would not be material.

# Cassiar Asbestos Corporation Limited

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## *Report of Manager*

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

Dear Sir:

I submit herewith my report on operations during the fiscal year ending 30 September, 1954.

### PRE-PRODUCTION PERIOD (30 September, 1953 - 1 July, 1954)

#### Mill

The talus mill continued in operation until 6 April, 1954. During the period 38,433 tons of ore were treated for a recovery of 1,960 tons of 3-K (5.1%), and 1,474 tons of 4-K (3.8%). In addition, 15.8 tons of Number 1 Crude and 1.5 tons of Number 2 Crude were shipped. Customer reaction to this production was favourable, and the experience gained was a major factor in the design of the new mill, which has resulted in improved quality in both grades of fibre produced.

The conversion from the talus mill to the 500 ton circuit involved an extensive re-arrangement of the equipment in the mill. This was completed on schedule and production from mined ore commenced on the 6th of July.

The staff and working force were maintained at a minimum during the winter months.

### PRODUCTION PERIOD (1 July - 30 September, 1954)

#### Mill

During this period 41,983 tons of ore were milled for a recovery of 2,047 tons of 3-K (4.9%) and 1,603 tons of 4-K (3.8%). Production of Number 1 Crude amounted to 27 tons.

It will be noted that the recovery is substantially the same as in the pre-production period. This is largely accounted for by the improved quality of the fibre, and by the comparatively low recovery obtained during the tune-up period.

Minor changes and improvement in the mill were made during the summer. A well equipped laboratory has been set up to control the quality of the fibre produced. The selection and training of mill crews is progressing satisfactorily.

### Mine

Some changes were incorporated in the design of the chute, and the first ore from the Hill was moved to the mill on the 6th of July. To the end of the fiscal year 75,663 tons were mined, and a further 24,498 tons were mined in the Cirque Valley, making a total production for the period of 100,161 tons.

The major development work consisted of the removal of waste from the hanging wall to permit expansion of the working places on the Hill.

### Aerial Tramway

The erection of the aerial tramway was started and 80% of the towers were placed. Completion is scheduled for the fall of 1955.

### Ore Reserves

No alterations have been made to the ore reserves calculations, which remain at approximately 7,000,000 tons, which does not include the ore in the Cirque Valley referred to below.

A total of 64,202 tons has been mined from seven benches in the Cirque Valley. The working faces are located approximately 2,000 feet north of the northern limit of the calculated ore reserves, and 600 feet below the highest point at which the ore outcrops. The intervening area is largely covered with asbestos talus. Sufficient development work has not been done to determine the extent of the ore in this area, but a very substantial tonnage is indicated. Mining and development in this area is planned for the current year.

### Construction

The main effort for the year was confined to the mill and tramline and to the completion of the work undertaken last year.

The power plant was enlarged to 1,400 horsepower by the installation of a fourth unit. This will provide sufficient power to meet requirements for the foreseeable future.

The former manager's residence was converted into a four bed hospital, complete with X-ray and operating equipment, and a new residence has been built for the General Superintendent.

A company assisted employee housing plan was instituted, and has proven very successful. Fourteen homes have been erected under this program.

### Sales

The Company's output of asbestos fibre during the year has been completely sold, and advance orders now in hand indicate a good demand for the Company's products for the current year.

### Roads

The Company, acting as agent for the British Columbia Government, made further improvements to the road to Watson Lake. This road is now in good condition and is suitable for semi-trailer movement.

### RECENT DEVELOPMENTS

Mining operations were completed for the season on the 22nd of November. As of the 30th of November there were 29,020 tons in the Dry Rock Storage Building, and 52,548

tons in the outside stockpile. This is sufficient to provide an average mill feed of 450 tons per day until 1 June, 1955.

The total production from the mine for the mining season amounted to 140,552 tons.

Local 927 of the United Mine, Mill and Smelter's Union was certified as the Bargaining Agent for the employees at Cassiar on the 27th of January, 1954. Negotiations have been carried on at intervals since that date, but no contract has as yet been signed.

During the current year the aerial tramway will be completed, and production for the year is planned on a basis of milling 500 tons of ore per day.

#### ACKNOWLEDGMENTS

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, his staff and the employees.

Respectfully submitted,

J. D. CHRISTIAN,  
General Manager.

Toronto, Ontario,  
December 10th, 1954.





