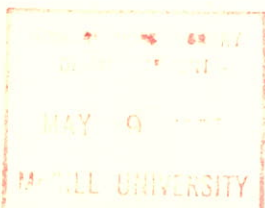


CONSOLIDATED
RAMBLER
MINES
LIMITED

ANNUAL
REPORT

FOR THE YEAR ENDED
DECEMBER 31

1984



CONSOLIDATED RAMBLER MINES LIMITED

Incorporated under the laws of Ontario on January 20, 1961

DIRECTORS	J. J. HOGAN, JR.New York, New York W. D. JAMIESON, Secretary.....Saint John, New Brunswick †W. D. MACAULAY, Q.C.....Saint John, New Brunswick †D. A. MACFARLANE, President and Treasurer..Saint John, New Brunswick †DR. A. L. MCALLISTERFredericton, New Brunswick †Members of the Audit Committee
HEAD OFFICE	SUITE 2700, 20 QUEEN STREET WESTToronto, Ontario
EXECUTIVE OFFICE	FIFTH FLOOR, GOLDEN BALL BLDG.Saint John, N.B.
MINE OFFICE	BAIE VERTENewfoundland
AUDITORS	COOPERS & LYBRANDSaint John, N.B.
TRANSFER AGENT and REGISTRAR	GUARANTY TRUST COMPANY OF CANADAToronto, Ontario
ANNUAL MEETING	May 21, 1985 — 9:00 a.m. (local time) The Allison Room, The Delta Brunswick Hotel, Saint John, New Brunswick

DIRECTORS' REPORT TO THE SHAREHOLDERS

Earnings for 1984 were \$272,794 (9¢ per share) compared with earnings of \$2,006,322 (67¢ per share) for 1983.

On January 9, 1984, the Corporation consummated an agreement, whereby it purchased some 243,000 acres of timberland in Maine, U.S.A. for approximately \$27 million. Half of the purchase price was paid in cash and the balance financed by means of an eight year mortgage for U.S. \$10,850,000, bearing interest at 10 ½% per annum, payable in equal quarterly instalments of principal and interest over the term of the mortgage. Subsequent to acquiring the timberlands, the Corporation entered into a management agreement with J. D. Irving, Limited ("JDI") (an associated company) whereunder, for a fee of U.S. \$130,000 per annum plus direct costs, JDI would manage the Rambler timberlands, provide personnel, equipment and know-how to supervise, develop and harvest the timber and carry out all necessary administrative functions.

Timberland operations in 1984 resulted in a loss, before depletion and interest costs, of about \$124,000. During the year, the equivalent of some 63,000 cords of wood were harvested for a stumpage revenue of U.S. \$686,000. This revenue was less than the amount originally expected as it reflected the cutting of some undersized material and timber which was partially affected by budworm. Revenue was also affected by the reduced local demand for wood which determined, in part, volumes cut and prices paid. A substantial budworm spray program was carried out covering about 75,000 acres at a cost of U.S. \$300,021.

During 1984, the Corporation spent about \$72,000 on exploration in the Baie Verte Peninsula, Newfoundland. Three separate groups of claims adjacent to the Corporation's mining property were drilled but failed to disclose significant mineralization. Additional work on the West Pond claims consisting mainly of soil sampling gave positive indications and consideration will be given to pursuing this work in 1985.

The Corporation's plant at its mining property has been maintained intact with regular watchman service. A program was carried out in 1984 to revegetate approximately 10 acres of the tailings area. It is expected that this action will eliminate what was formerly an unsatisfactory environmental situation.

During 1984, the Corporation began a normal course issuer bid, whereby it purchased 61,400 of its own shares through the Toronto Stock Exchange for \$408,589. Authorization from the Exchange had been obtained to purchase up to 149,000 shares during the twelve month period ending April 29, 1985. This program has been continued in 1985.

Saint John, N.B.
March 22, 1985

On behalf of the Board,
D. A. Macfarlane,
PRESIDENT

**CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1984**

	1984	1983
	\$	\$
REVENUE		
Interest income (including \$1,244,000 from an affiliated company; 1983 — \$842,000)	2,139,121	3,256,668
Timberland income (note 2)	909,932	—
Gain on settlements	—	1,510,699
Other income	177,743	85,510
	<u>3,226,796</u>	<u>4,852,877</u>
EXPENSES		
Timberland operations	1,033,718	—
Mine costs including exploration	263,694	232,396
Administration	147,699	143,168
Depletion and depreciation	533,843	18,000
Interest on mortgage	1,386,340	—
(Gain) on foreign exchange	(241,292)	—
Other	—	621,020
	<u>3,124,002</u>	<u>1,014,584</u>
EARNINGS BEFORE TAXES	102,794	3,838,293
PROVISION FOR (RECOVERY OF) INCOME TAXES	(170,000)	1,831,971
NET EARNINGS FOR THE YEAR	272,794	2,006,322
RETAINED EARNINGS — BEGINNING OF YEAR	30,445,808	28,439,486
RETAINED EARNINGS — END OF YEAR	30,718,602	30,445,808
EARNINGS PER SHARE	0.09	0.67

CONSOLIDATED BALANCE SHEET
CONSOLIDATED BALANCE SHEET

ASSETS

	1984 \$	1983 \$
CURRENT ASSETS		
Cash and term deposits	6,081,739	25,079,772
Demand loan receivable from an affiliated company (note 2)	12,167,784	8,020,270
Interest receivable.....	614,352	1,075,139
Income taxes recoverable	170,235	—
Prepaid expenses	138,693	—
	19,172,803	34,175,181
 FIXED ASSETS		
Timber and land — at cost less depletion of \$533,843	26,613,174	—
Mine plant and equipment at cost less accumulated depreciation of \$9,068,003	—	—
	26,613,174	—
 DEFERRED FOREIGN EXCHANGE LOSS	 659,062	 —
	46,445,039	34,175,181

SIGNED ON BEHALF OF THE BOARD

D. A. Macfarlane
Director

W. D. Jamieson
Director

BLER MINES LIMITED

ET AS AT DECEMBER 31, 1984

LIABILITIES

	1984 \$	1983 \$
CURRENT LIABILITIES		
Accounts payable and accrued liabilities.....	533,232	360,617
Due to an affiliated company	132,408	—
Income taxes payable.....	—	1,322,479
Current portion of mortgage payable (note 3).....	1,310,429	—
Accrual under participation agreement (note 5).....	—	16,646
	<u>1,976,069</u>	<u>1,699,742</u>
MORTGAGE PAYABLE—less current portion (note 3)	<u>12,129,326</u>	<u>—</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized — 5,000,000 shares of \$1 par value		
Issued — 2,980,006 shares.....	2,980,006	2,980,006
Less: Discount thereon	965,000	965,000
	<u>2,015,006</u>	<u>2,015,006</u>
CONTRIBUTED SURPLUS.....	14,625	14,625
RETAINED EARNINGS	30,718,602	30,445,808
	<u>32,748,233</u>	<u>32,475,439</u>
Less: Shares of capital stock repurchased (note 6)	408,589	—
	<u>32,339,644</u>	<u>32,475,439</u>
	<u>46,445,039</u>	<u>34,175,181</u>

**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1984**

	1984 \$	1983 \$
SOURCE OF WORKING CAPITAL		
From operations	565,345	2,024,322
Gain on foreign exchange	241,292	—
	<u>806,637</u>	<u>2,024,322</u>
USE OF WORKING CAPITAL		
Purchase of timberlands.....	27,147,017	—
Less: Issue of U.S. \$10,850,000 8 year mortgage at 10 ½%	<u>13,558,160</u>	<u>—</u>
	13,588,857	—
Payment of mortgage principal and transfer of current portion of mortgage to current liabilities	2,087,896	—
Shares of capital stock repurchased.....	408,589	—
	<u>16,085,342</u>	<u>—</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>(15,278,705)</u>	<u>2,024,322</u>
WORKING CAPITAL — BEGINNING OF YEAR.....	<u>32,475,439</u>	<u>30,451,117</u>
WORKING CAPITAL — END OF YEAR	<u>17,196,734</u>	<u>32,475,439</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Consolidated Rambler Mines Limited as at December 31, 1984 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

CHARTERED ACCOUNTANTS
February 8, 1985

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1984**

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary, 464739 Ontario Limited.

Depletion

Depletion of the cost of timber holdings is based on timber harvested at rates calculated to amortize these costs over the estimated volume of timber to be available.

Translation of foreign currency

Foreign currency transactions have been translated into Canadian dollars as follows:

- all assets and liabilities at year-end rates except the cost of timberlands which are at historic rates.
- revenue and expenses at average rates in effect during the year except for depletion which is at historic rates.

The deferred foreign exchange loss relates to the long term portion of the mortgage. All other gains and losses relating to foreign currency transactions are included in income as they occur.

2. RELATED PARTY TRANSACTIONS

During the year, the Corporation loaned an affiliated company varying amounts of money on a demand basis, at the rate in effect for Bankers Acceptances. This has resulted in a higher return than the Corporation could otherwise obtain on other demand or short-term investments.

Subsequent to the end of the year, the Corporation entered into a management agreement with J. D. Irving, Limited ("JDI"), an affiliated company whereby JDI would manage the Corporation's timberlands for an annual fee of U.S. \$130,000. Substantially all timber harvested in 1984 was sold to JDI or companies associated with it. The management agreement provides that either party may terminate it upon ninety days prior notice in writing.

3. MORTGAGE PAYABLE

On January 9, 1984, the Corporation purchased its timberlands located in the State of Maine for U.S. \$21,700,000 (Cdn. \$27,097,569), paying approximately one-half in cash and the balance by promissory note secured by an eight year mortgage, principal amount U.S. \$10,850,000, bearing interest at 10½% per annum and payable in thirty-two equal quarterly instalments of principal and interest amounting to U.S. \$505,357. The mortgage constitutes a charge against the Corporation's timberlands.

The principal amount of the mortgage outstanding at December 31, 1984 was \$13,439,755 (U.S. \$10,170,845).

Principal payments required for each of the five years after 1984 are as follows:

	U.S. \$	Cdn. \$
1985	991,696	1,310,428
1986	1,099,997	1,453,536
1987	1,220,124	1,612,272
1988	1,353,371	1,788,344
1989	1,501,169	1,953,644

4. MINING OPERATIONS

Due to relatively low metal prices, ore reserves and other economic conditions, the Corporation suspended mining operations on April 30, 1982.

5. PARTICIPATION AGREEMENT

Under a participation agreement between the Corporation, the Carroll Prospector Group ("Carroll") and Advocate Mines Limited ("Advocate"), the Corporation was required to pay to Carroll and Advocate 10% of the profits from the Ming Extension property until its exploration and pre-production costs were recovered and thereafter 55% of the profits.

6. NORMAL COURSE ISSUER BID

The Corporation has obtained regulatory approval to carry out a normal course issuer bid through the facilities of the Toronto Stock Exchange. The approval provides a maximum of 5% of the issued capital, i.e., 149,000 shares, may be purchased by the Corporation during the twelve months ending April 29, 1985. To December 31, 1984, 61,400 shares had been purchased.

