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CONSOLIDATED  
RAMBLER  
MINES  
LIMITED

ANNUAL  
REPORT

FOR THE YEAR ENDED  
DECEMBER 31

**1983**





# CONSOLIDATED RAMBLER MINES LIMITED

Incorporated under the laws of Ontario on January 20, 1961

DIRECTORS	J. J. HOGAN .....New York, New York W. D. JAMIESON .....Saint John, New Brunswick †W. D. MACAULAY .....Saint John, New Brunswick †D. A. MACFARLANE .....Saint John, New Brunswick †DR. A. L. MCALLISTER .....Fredericton, New Brunswick †Members of the Audit Committee
OFFICERS	D. A. MACFARLANE ..... <i>President and Treasurer</i> J. K. IRVING ..... <i>Executive Vice-President</i> A. L. IRVING ..... <i>Executive Vice-President</i> J. E. IRVING ..... <i>Executive Vice-President</i> W. D. JAMIESON ..... <i>Secretary</i>
EXECUTIVE OFFICE	FIFTH FLOOR, GOLDEN BALL BLDG. ....Saint John, N.B.
MINE OFFICE	BAIE VERTE .....Newfoundland
AUDITORS	COOPERS & LYBRAND .....Saint John, N.B.
TRANSFER AGENT and REGISTRAR	GUARANTY TRUST COMPANY OF CANADA .....Toronto, Ontario
ANNUAL MEETING	May 1, 1984 — 1:00 p.m. (Toronto time) Nova Scotia Room, The Royal York Hotel, Toronto, Ontario

## **DIRECTORS' REPORT TO THE SHAREHOLDERS**

Earnings for 1983 were \$2,006,322 (\$0.67 per share) compared with earnings for 1982 of \$2,026,115 (\$0.68 per share). An extraordinary item in 1982 relating to income tax recoveries brought the final earnings of that year to \$2,926,115 (\$0.98 per share). The major portion of the Corporation's revenue in 1983 was interest income, the balance being primarily from the liquidation of its accounts receivables.

While there has been no mining activity at the Corporation's mining property, the surface plant has been maintained intact and regular watchman service provided. A modest exploration program was carried out during the year, concentrating on two main groups of claims on the Baie Verte Peninsula. On the West Pond group, two holes were drilled, both of which failed to disclose significant mineralization. On the second group, Tom's Pond, soil sampling was carried out which verified the geological work previously carried out in the area. A further group of 21 claims contiguous with the Tom's Pond group have been staked and preliminary work will be carried out early in 1984.

In addition to the above, statutory work requirements were met on the claims adjacent to the Corporation's main property.

On December 1, 1983, Rambler announced that it had entered into an agreement to acquire some 243,000 acres of timberlands in Maine, U.S.A. from International Paper Company of New York. The purchase price was \$27 million, half of which was paid in January, 1984 and the balance is payable in equal quarterly installments over the eight years ending January 9, 1992.

Saint John, N.B.  
March 15, 1984

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



# Coopers & Lybrand

chartered accountants

801 Brunswick House  
Saint John, New Brunswick  
Canada

February 10, 1984

## **AUDITORS' REPORT TO THE SHAREHOLDERS**

We have examined the consolidated balance sheet of Consolidated Rambler Mines Limited as at December 31, 1983 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, 1983 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**

CONSOLIDATED BALANCE SHEET  
CONSOLIDATED BALANCE SHEET

ASSETS

	1983 \$	1982 \$
<b>CURRENT ASSETS</b>		
Cash and term deposits (note 7) .....	25,079,772	23,200,383
Demand loan receivable from an affiliated company (note 4) .....	8,020,270	7,000,000
Settlements receivable .....	—	3,992,272
Interest receivable .....	1,075,139	168,790
	<b>34,175,181</b>	<b>34,361,445</b>
 <b>FIXED ASSETS</b>		
Buildings, surface structures and equipment — at cost .....	9,068,003	9,068,003
Less: Accumulated depreciation .....	9,068,003	9,050,003
	—	18,000
	<b>34,175,181</b>	<b>34,379,445</b>

SIGNED ON BEHALF OF THE BOARD

D. A. MACFARLANE, Director

W. D. JAMIESON, Director

**BLER MINES LIMITED**

**ET AS AT DECEMBER 31, 1983**

**LIABILITIES**

	<b>1983</b>	<b>1982</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities.....	<b>360,617</b>	422,958
Income taxes payable.....	<b>1,322,479</b>	784,815
Mining tax payable .....	<b>—</b>	100,971
Accrual under participation agreement (note 2).....	<b>16,646</b>	2,601,584
	<u><b>1,699,742</b></u>	<u>3,910,328</u>

**SHAREHOLDERS' EQUITY**

**CAPITAL STOCK**

Authorized —		
5,000,000 shares of \$1 par value		
Issued —		
2,980,006 shares.....	<b>2,980,006</b>	2,980,006
Less: Discount thereon .....	<b>965,000</b>	965,000
	<u><b>2,015,006</b></u>	<u>2,015,006</u>
<b>CONTRIBUTED SURPLUS</b> .....	<b>14,625</b>	14,625
<b>RETAINED EARNINGS</b> .....	<b>30,445,808</b>	28,439,486
	<u><b>32,475,439</b></u>	<u>30,469,117</u>
	<u><b>34,175,181</b></u>	<u>34,379,445</u>

**CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 1983**

	1983	1982
	\$	\$
<b>REVENUE</b>		
Interest income (including \$842,000 from an affiliated company; 1982 — \$713,000) .....	3,255,668	3,931,058
Gain on settlements .....	1,510,699	4,719,766
Other income .....	<u>85,510</u>	<u>1,266,906</u>
	<u>4,852,877</u>	<u>9,917,730</u>
<b>EXPENSES</b>		
Operating .....	331,134	4,606,679
Exploration .....	44,430	299,157
Depreciation and amortization .....	18,000	46,795
Change in inventory levels .....	<u>—</u>	<u>1,933,984</u>
	393,564	6,886,615
ALLOCATION UNDER PARTICIPATION AGREEMENT (note 2)	<u>621,020</u>	<u>(285,000)</u>
	<u>1,014,584</u>	<u>6,601,615</u>
EARNINGS BEFORE TAXES AND EXTRAORDINARY ITEM....	<u>3,838,293</u>	<u>3,316,115</u>
<b>PROVISION FOR TAXES</b>		
Income taxes .....	1,900,000	1,440,000
Mining taxes .....	<u>(68,029)</u>	<u>(150,000)</u>
	<u>1,831,971</u>	<u>1,290,000</u>
EARNINGS BEFORE EXTRAORDINARY ITEM.....	2,006,322	2,026,115
EXTRAORDINARY ITEM (note 3) .....	<u>—</u>	<u>900,000</u>
NET EARNINGS FOR THE YEAR .....	2,006,322	2,926,115
RETAINED EARNINGS — BEGINNING OF YEAR.....	<u>28,439,486</u>	<u>25,513,371</u>
RETAINED EARNINGS — END OF YEAR .....	<u>30,445,808</u>	<u>28,439,486</u>
<b>EARNINGS PER SHARE:</b>		
Before extraordinary item .....	<u>0.67</u>	<u>0.68</u>
For the year .....	<u>0.67</u>	<u>0.98</u>



**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 1983**

	1983 \$	1982 \$
<b>SOURCE OF WORKING CAPITAL</b>		
From operations.....	2,024,322	2,088,959
Decrease in materials and supplies .....	—	986,693
Extraordinary item (note 3) .....	—	900,000
	<u>2,024,322</u>	<u>3,975,652</u>
<b>USE OF WORKING CAPITAL</b>		
Purchase of fixed assets .....	—	47,844
<b>INCREASE IN WORKING CAPITAL .....</b>	<b>2,024,322</b>	<b>3,927,808</b>
<b>WORKING CAPITAL — BEGINNING OF YEAR.....</b>	<b><u>30,451,117</u></b>	<b><u>26,523,309</u></b>
<b>WORKING CAPITAL — END OF YEAR .....</b>	<b><u>32,475,439</u></b>	<b><u>30,451,117</u></b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1983**

**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.

**Depreciation**

Depreciation of fixed assets are on the unit of production method based on the estimated ore reserves.

**Settlements Receivable**

Settlements receivable are shown at estimated realizable value. In accordance with terms of the sales contract, final settlements are made at prices prevailing at a future date and the amounts received may vary from the amounts shown as settlements receivable at date of the balance sheet. Payable copper contained in concentrate was valued at \$.80 per pound in 1982.

## **2. PARTICIPATION AGREEMENT**

Under a participation agreement between the Corporation, the Carroll Prospector Group ("Carroll") and Advocate Mines Limited ("Advocate"), the Corporation has extracted ore from a property known as the Ming Extension which adjoins the Corporation's Ming Mine. The agreement provides for the Corporation to pay to Carroll and Advocate 10% of the profits therefrom until its exploration and preproduction costs have been recovered and thereafter 55% of the profits.

## **3. EXTRAORDINARY ITEM**

This results from a realization of the income tax benefits of pre-acquisition tax losses and expenses incurred by Gullbridge Mines Limited, all of whose shares were purchased by the Corporation on June 30, 1980. Gullbridge was subsequently wound up on December 31, 1980.

## **4. 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.

## **5. FORWARD HEDGE CONTRACTS**

At December 31, 1982, the Corporation had entered into forward hedge contracts covering 1,000 tonnes of copper at Can. \$0.95 per lb. and 1,200 oz. gold at Can. \$493 per oz.

## **6. MINING OPERATIONS**

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

Subsequently all steps were taken to suspend surface operations and all equipment was removed from underground.

## **7. SUBSEQUENT EVENT**

On January 9, 1984 the Corporation closed an agreement to purchase approximately 243,000 acres of timberlands located in the State of Maine for an aggregate consideration of \$27,097,569 (U.S. \$21,694,369). The Corporation paid U.S. \$10,844,369 in cash and the balance of U.S. \$10,850,000 is payable in 32 quarterly installments of U.S. \$505,357 which includes interest at 10½%. Payments commence April 9, 1984 and end January 9, 1992.



