

ventures Limited

ANNUAL REPORT 1953

PURVIS HALL
LIBRARIES

MAY 19 1954

MCGILL UNIVERSITY

25th Annual Report

VENTURES LIMITED

HEAD OFFICE: 25 KING STREET WEST, TORONTO, CANADA

OFFICERS AND DIRECTORS

PRESIDENT

T. LINDSLEY

VICE-PRESIDENTS

A. J. ANDERSON
H. J. FRASER
W. B. MALONE
H. S. MCGOWAN

J. M. CUNNINGHAM-DUNLOP
A. G. FULTON
W. B. MAXWELL
J. P. MILLENBACH

SECRETARY

A. G. FULTON

TREASURER

W. B. MALONE

ASSISTANT SECRETARY AND ASSISTANT TREASURER

G. T. N. WOODROOFE

DIRECTORS

DR. P. P. ALEXANDER
A. J. ANDERSON
B. S. W. BUFFAM
DR. CHARLES CAMSELL
J. M. CUNNINGHAM-DUNLOP
H. J. FRASER
A. G. FULTON
W. F. JAMES

T. LINDSLEY
W. B. MALONE
W. B. MAXWELL
H. S. MCGOWAN
J. P. MILLENBACH
W. S. MORLOCK
J. C. RIX
G. W. TOWER

TECHNICAL PERSONNEL

MINING ENGINEERS

A. J. ANDERSON
J. M. CUNNINGHAM-DUNLOP
H. J. FRASER
W. B. MAXWELL
H. S. MCGOWAN
J. P. MILLENBACH

E. V. NEELANDS
N. A. O'DONNELL
WILLIAM SCHMIDT
J. M. THOMPSON
W. H. WOODS

GEOLOGISTS

D. R. DERRY, Chief Geologist
R. C. BACON
J. D. BATEMAN
A. S. DADSON
A. G. DARLING

J. A. HARQUAIL
W. G. ROBINSON
D. C. SHARPSTONE
ALEXANDER SMITH
D. M. STRANAHAN

METALLURGISTS

F. R. ARCHIBALD
W. G. HUBLER
G. M. LEE

L. J. LICHTY
J. M. MORTIMER

CONSULTANTS

W. DUNN
O. B. HOPKINS

W. F. JAMES
I. B. JORALEMON

INDEX

OFFICERS, DIRECTORS and TECHNICAL STAFF	1	Associated Tin Mines (South West Africa) Limited	24
REPORT OF THE DIRECTORS	3-4	Canadian Malartic Gold Mines Limited	10
FINANCIAL STATEMENTS OF VENTURES LTD.:		Chavin Mines Corporation	17
Auditors' Report	26	Coniaurum Mines Limited	10
Balance Sheet	28-29	Connemara Mine	24
Comparative Summary of Profit and Loss	25	Consolidated Mosher Mines Limited	23
Interest in Subsidiary and Associated Companies	27	Consolidated Ranwick Uranium Mines Limited	24
Profit and Loss and Earned Surplus	30	Dominion Magnesium Limited	11
Special Surplus	30	Eureka Corporation Limited	22
FINANCIAL STATEMENTS OF ASSOCIATES:		Fahralloy Canada Limited	24
American Nepheline Limited	31	Falconbridge Nickel Mines Limited	6
Coniaurum Mines Limited	32	Giant Yellowknife Gold Mines Limited	8
Falconbridge Nickel Mines Limited	34-35	International Titanium Corporation	24
Frobisher Limited	36-37	Lake Dufault Mines Limited	9
Hoyle Mining Company Limited	38-39	La Luz Mines Limited	12
La Luz Mines Limited	33	Mantos Blancos	23
Matachewan Consolidated Mines Limited	40	Metal Hydrides Inc.	24
MAPS:		Miferma	24
Holdings Throughout the World	18-19	New Calumet Mines Limited	12
Holdings in Canada	20-21	Nipissing-O'Brien Mines Limited	24
Concessions of Seaoil Limited	15	Northern Mining Company	24
REPORTS ON OPERATIONS:		Northwest Power Industries Limited	13
List of properties	5	Ontario Pyrites Company Limited	16
American Nepheline Limited	9	Opemiska Copper Mines (Quebec) Limited	17
		Quebec Metallurgical Industries Ltd.	23
		Seaoil Limited	14
		United Keno Hill Mines Limited	7
		Vermont Copper Company Inc.	24
		Williston Oil and Gas Company	22

TRANSFER AGENTS AND REGISTRARS

Crown Trust Company
302 Bay Street, Toronto, Ontario
393 St. James Street West, Montreal, Quebec

Registrar and Transfer Company
50 Church St., New York 7, N.Y.
15 Exchange Place, Jersey City 2, N.J.

AUDITORS

Clarkson, Gordon & Co.
Toronto, Ontario

BANKERS

The Canadian Bank of Commerce
Toronto, Ontario
Chemical Bank & Trust Company
New York, N.Y.

SOLICITORS

Tilley, Carson, Morlock & McCrimmon
Toronto, Ontario
Herridge, Tolmie, Gray & Coyne
Ottawa, Ontario
Wickes, Riddell, Bloomer, Jacobi & McGuire
New York 4, N.Y.

REPORT OF THE DIRECTORS

To the Shareholders:

GENERAL

In this year's Annual Report we have grouped together what seem to be at this time the more important of our new enterprises, and have described them as fully as conditions permit.

The list selected by your management is as follows:

Northwest Power Industries Limited

Seaoil Limited

Ontario Pyrites Company Limited

Chavin Mines Corporation S.A.

Opemiska Copper Mines (Quebec) Limited

With regard to the financing of the above projects, your Directors plan to let each enterprise arrange for its own capital requirements. Opemiska is now in production and it is anticipated that the necessary funds to provide for the others can be obtained without much difficulty. Very large expenditures have been made to bring these activities to their present state, and to cover these amounts certain sales have been made from your portfolio. This will explain the decrease in your shareholdings from the previous year.

With respect to our established operations, we are happy to report that the new financing for the Falconbridge program of expansion has been arranged and this fine company is now well on its way towards an increased scale of operations.

Giant Yellowknife Gold Mines Limited, in spite of the continuous unfavourable conditions for gold, is advancing steadily not only in mine developments but also metallurgically. The Directors no doubt will give serious consideration to a further increase of tonnage before long.

FINANCIAL

In February 1953, Frobisher Limited, an associated company, sold an issue of \$5,000,000 convertible debentures. As the purchaser insisted on diversified collateral your Company agreed to loan 150,000 shares of Falconbridge Nickel Mines Limited to Frobisher and these shares were pledged as collateral under the trust deed. In April 1954, Frobisher, subject to shareholders' approval, agreed to purchase these shares for 300,000 shares of Giant Yellowknife Gold Mines Limited.

In February 1953, your Company agreed with Frobisher that it would purchase at \$10.00 per share any of the 495,512 shares of Frobisher not exercised by the holders of the purchase warrants. As consideration for so doing Frobisher granted to your Company an option to purchase at \$8.00 per share 500,000 shares of the capital stock of Frobisher Limited for a two-year period. This option has since been extended for a further period of two years and now expires on February 1st 1957.

In August 1952, Frobisher Limited purchased 60% of the issued capital of Associated Tin Mines (South West Africa) Limited which company controls Uis Tin Mines. To assist in bringing the Uis mine into production, Ventures guaranteed a loan of £100,000 made by Barclays Bank, Johannesburg, to Associated Tin Mines.

You will notice from the financial statements that the advances made by Ventures Limited to Frobisher Limited at December 31st 1953 amounted to \$6,600,087. It has been agreed that \$4,955,120 of this amount will be considered as a prepayment of Ventures' obligation to take up any part of the 495,512 shares of Frobisher at \$10.00 per share not taken up by the holders of the purchase warrants now outstanding. The balance of the advances in excess of \$4,955,120 will bear interest at 5% per annum from January 1st, 1954.

Frobisher has granted to Ventures Limited the following options, subject to shareholders' approval:

- (a) The right to purchase 50% of Frobisher's interest in Associated Tin Mines (South West Africa) Limited at cost.
- (b) The right to purchase 30% of Frobisher's interest in Chavin Mines Corporation S.A. at cost.
- (c) The right to purchase 30% of Frobisher's interest in the Mantos Blancos project at cost.

These options are to run for a period of three years from January 1st 1954 or until such time as all advances made by Ventures Limited to Frobisher Limited have been repaid, whichever is the longer period.

During the year your Company granted to Frobisher Limited the right to participate in Seaoil Limited to the extent of 35% and the right to Consolidated Guayana Mines Limited to participate to the extent of 10%. The present issued capital of Seaoil Limited is now held as follows: Ventures 55%, Frobisher 35%, Guayana 10%.

In view of the close association of your Company with Frobisher Limited, the shareholders will be asked

to approve, ratify and confirm the foregoing transactions.

* * *

The general policy of your Directors is based on the belief that we are still in an inflationary cycle, and that it is wise to continue adding to good reserves of ore in the ground.

Your Directors wish to express their deep regret at the passing in September last year of John S. Dickson who served your Company as a Director for ten years.

Your Directors are much impressed with the energy and enthusiasm of the staffs and employees of the entire Organization, and wish to express to them their sincere appreciation for the successful results achieved.

On behalf of the Board,



Toronto, Ontario,
April 26, 1954.

President.

HOLDING AND EXPLORATION COMPANIES

Consolidated Guayana Mines Limited
Hoyle Mining Company Limited

Frobisher Limited

The Nipissing Mines Company Limited
The Tonopah Mining Company of Nevada

OPERATING AND DEVELOPMENT COMPANIES

HYDRO PROJECTS

Northwest Power Industries Limited

BASE METALS

Nickel, Copper	Producing	Falconbridge Nickel Mines Limited
Zinc, Lead, Silver	Producing	New Calumet Mines Limited
Silver, Lead, Zinc	Producing	United Keno Hill Mines Limited
Copper, Zinc, Gold	Producing (through Amulet-Dufault)	Lake Dufault Mines Limited
Copper, Gold	Producing	Opemiska Copper Mines (Quebec) Limited
Copper, Lead, Zinc	Being prepared for production	Ontario Pyrites Company Limited
Copper, Gold	Underground development	Joliet-Quebec Mines Limited
Copper	Producing	Vermont Copper Company Incorporated
Copper	Drilling development	Mantos Blancos, Chile
Lead, Zinc, Copper, Silver	Underground development	Chavin Mines Corporation
Lead, Zinc, Silver, Gold	Underground development	Eureka Corporation Limited
Lead, Zinc	Underground development	Northern Mining Co.—Greenland
Tin	Producing	Associated Tin Mines (South West Africa) Limited

OIL AND GAS

Exploration	Seaoil Limited
Exploration, some production	Williston Oil and Gas Company

IRON PROPERTIES

Partly developed by drilling and tunnels	Miferma, French Mauritania, Africa
Partly developed properties	Canada Iron Mining Limited
Proven ore	Michipicoten Iron Mines Limited

RARE MINERALS

Uranium	Developed ore and exploration	Consolidated Ranwick Uranium Mines Limited
---------	-------------------------------	--

INDUSTRIAL MINERALS

Magnesium, calcium etc.	Producing	Dominion Magnesium Limited
Nepheline Syenite	Producing	American Nepheline Limited
Rutile, Zircon	Producing	Metal Recoveries Pty. Limited Australia (International Titanium Corporation)

GOLD AND SILVER

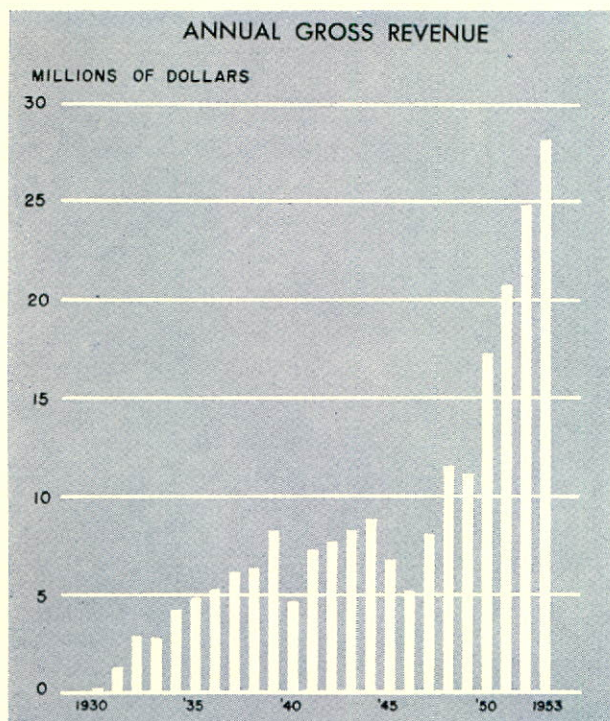
Gold	Producing	Giant Yellowknife Gold Mines Limited
Gold	Producing	Coniaurum Mines Limited
Gold	Producing	Canadian Malartic Gold Mines Limited
Gold	Producing	La Luz Mines Limited, Nicaragua
Gold	Producing	Connemara Mine, (Frobisher Limited) S. Rhodesia
Gold	Underground development	Consolidated Mosher Mines Limited
Gold	Ore blocked out by drilling	Akaitcho Yellowknife Gold Mines Limited
Silver, Cobalt	Underground development	Nipissing-O'Brien Mines Limited

RESEARCH AND METALLURGICAL PRODUCTS

Metallurgical and power projects	Quebec Metallurgical Industries Ltd.
Production of metal castings, alloys	Fahralloy Canada Limited
Custom assaying, mill tests, research	Lakefield Research Limited
Production of metals and chemicals	Metal Hydrides Inc.

FALCONBRIDGE NICKEL MINES LIMITED

CAPITALIZATION	Common shares	Outstanding 3,756,272*	Ventures 2,198,245	58.52%
	* Includes 30,000 shares subscribed for by Ventures but not issued at December 31, 1953.			
LOCATION	Mines, mills and smelter in the Sudbury District, Ontario. Refinery at Kristiansand, Norway.			
FINISHED PRODUCTS	Electrolytic nickel, copper and cobalt, nickel sulphate, refined platinum, palladium, iridium, rhodium, ruthenium, silver, gold and liquid sulphur dioxide.			
PRODUCTION	Total to Dec. 31, 1952	Tons treated 13,345,430	Gross metal sales and other operating revenues \$184,665,033	
	Year ended Dec. 31, 1953	1,298,116	29,219,724	
	Total production	<u>14,643,546</u>	<u>\$213,884,757</u>	



CURRENT DEVELOPMENTS

Falconbridge marked its 25th anniversary with record production, sales and profits in 1953. Net profits amounted to \$3,867,069, equivalent to \$1.04 per share. This compares with 69¢ per share for 1952. Sales and other operating revenues of \$29,219,724 were higher than those of the previous year by \$4,379,851. Costs of sales were affected by higher wage and material costs, more difficult mining conditions, and by a lower-

ing in the grade of ore processed. Charges to operations for development, pre-production and depreciation were \$4,373,934 in 1953, an increase of \$1,023,254 over 1952.

Throughout the year both new and old facilities were taxed to their limit. Treatment plants handled 1,298,116 tons, an increase of 168,627 tons over 1952. Of this increase, 139,905 tons were provided by three independent shippers in the Sudbury District. Smelter production increased 11 percent and refinery output increased by 23 percent. Electrolytic cobalt of high purity was produced in substantially greater amounts and received favourable trade acceptance.

To maintain metal deliveries to customers, as well as to meet contractual commitments, Falconbridge has revised its expansion goal upwards, and is currently aiming at 55 million pounds nickel capacity. As a result six new mines are simultaneously under development as well as the necessary additions to mills, smelter and refinery capacity. During the year the third blast furnace was "blown-in". Under construction at year-end were a 1,500 ton mill, additions to the main Falconbridge mill, a Cottrell dust collection plant, a pelletizing plant, a pyrrhotite pilot plant and refinery additions in Norway including a new cobalt refinery, a gas cleaning plant and major additions to nickel and copper deposition facilities.

Expenditures on plant additions and mine development in 1953 were \$11,063,743 or nearly double 1952. To finance these and other expenditures, funds were obtained from internal sources, advances on the 1952 U.S. Government contract, and \$733,750 the proceeds from the sale of 50,000 shares. The heavy expenditures to be incurred in carrying the expansion program to

completion will involve long-term financing. At year-end financing arrangements were under negotiation.

Early in 1953 another contract was signed with the United States Government, requiring delivery of an additional 100 million pounds of nickel by 1962. The two contracts now in effect both stipulate cumulative deliveries, and both carry options for additional deliveries. If all such options are exercised, the total nickel deliveries will be 275 million pounds. Under the first contract Falconbridge receives financial assistance

in the form of an advance repayable by production performance, whereas under the second contract the nickel price provides for an allowance for amortization. These long-term contracts provide Falconbridge with a stability of production over the next decade that is unusual in the metal industry, which is characterized by its cyclical nature. They have provided and will continue to provide a great stimulus to the Company's expansion.

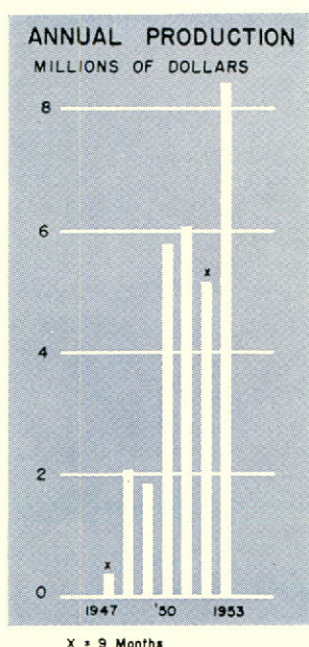
GENERAL MANAGER - - - - - H. J. Fraser

UNITED KENO HILL MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding 2,470,000	Frobisher 819,639	33.2%
----------------	---------------------	--------------------------	----------------------	-------

LOCATION	Mines in Mayo District, Yukon Territory.
----------	--

PRODUCTION		Tons Milled	Metals in Concentrate and Crude Ore Form			
			Silver Ounces	Lead Pounds	Zinc Pounds	Cadmium Pounds
	Total to Sept. 30, 1952	355,727	14,286,601	53,966,322	26,767,864	314,847
	Year ended Sept. 30, 1953	156,684	6,252,483	27,313,584	21,245,493	304,722
	Total Production	512,411	20,539,084	81,279,906	48,013,357	619,569



CURRENT DEVELOPMENTS

The year ended Sept. 30, 1953, saw a further increase in average mill rate to 429 tons/day as compared with an average rate of 373 tons for the first nine months of 1952.

Ore reserves at the end of September, 1953, exclusive of the Onek Mine, were estimated at 612,937 tons grading 38.4 oz/ton silver, 9.1% lead, and 8.2% zinc. This is a 40% increase over the 437,028 tons averaging 42.1 oz/ton silver, 11.5% lead, and 7.8% zinc estimated at September 30, 1952.

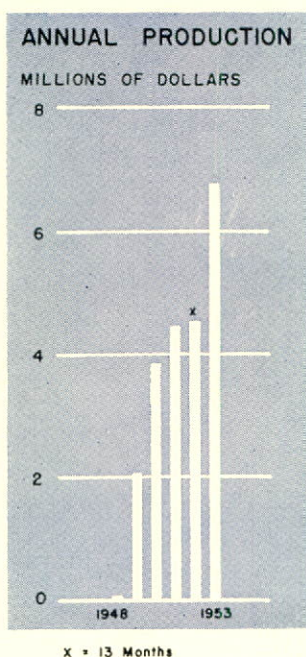
The increase in reserve position is directly attributable to the discovery of wide ore of better than average mine grade in the deeper levels of the Hector Mine. This development confirming, as it does, the continuation to depth of vein structures and a grade as good as any found in the upper levels, is of major significance in the future of the mine.

GENERAL MANAGER - - - - - C. E. White

MINE MANAGER - - - - - T. D. Anderson

GIANT YELLOWKNIFE GOLD MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding	Ventures		Frobisher	
		4,000,000	73,042	1.8%	1,162,236	29.1%
LOCATION	Mine at Yellowknife, N.W.T.					
PRODUCTION	Total to Dec. 31, 1952		Tons Milled	Gold Ounces	Silver Ounces	Gross Value
			655,847	443,354	142,432	\$16,115,244
		Year ended Dec. 31, 1953	258,996	181,217	38,984	6,272,418
		Total Production	914,843	624,571	181,416	\$22,387,662



HISTORY AND CURRENT DEVELOPMENTS

Production commenced in May 1948, at a rate of 250 tons/day, increasing by mid 1949 to 425 tons/day, the capacity of the treatment plant. Expansion of plant facilities allowed a further increase in production starting in June 1952, and gradually building up to 700 tons/day in October of that year. During the last quarter of 1952 the plant treated an average of 706 tons/day, producing from 64,953 tons, 49,703 ounces of gold and 11,118 ounces of silver, with a gross value of \$1,700,276.

During 1953 an average of 711 tons/day was milled, with a gradual rise from 642 in January to 762 in December. Mill heads remained high, averaging 0.825 ounces gold per ton for the year.

At the end of June 1953, reserves of developed ore above the 750 level were estimated at 1,638,500 tons with an average grade of 0.77 ounces gold per ton. This includes the phenomenally rich 409 shoot, estimated to contain 279,000 tons averaging 1.50 ounces gold per ton, between the 750 and 575 levels.

Development work is continuing on and above the 750 level. Encouraging results have been obtained by diamond drilling below the 750 level down to the 1250 foot horizon. Deepening of the C shaft to permit development of this 500 foot block is scheduled to start in January, 1954.

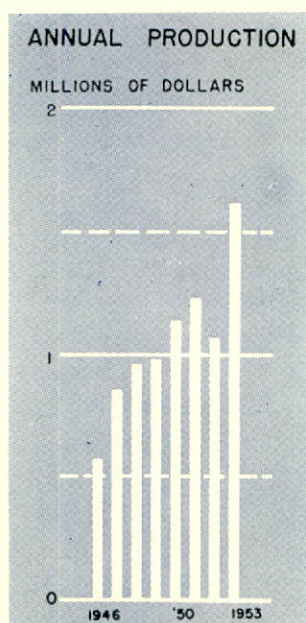
A new zone, believed of major importance, has been located by diamond drilling to the east of the present workings. Four horizontal holes drilled from the 750 level have intersected this westerly dipping shear over a strike length of 3700 feet, and the presence of at least one ore shoot has been indicated.

For part of this length on the 750 level the new zone is adjacent to the Lolor boundary. A new company, Lolor Mines Limited, has been incorporated to which the Lolor claims have been transferred. Giant owns 87½% of the authorized shares which are all issued.

GENERAL MANAGER - - - - - P. N. Pitcher

AMERICAN NEPHELINE LIMITED

CAPITALIZATION	Common Shares	Outstanding 3,000,000	Ventures 1,479,060	49.30%
LOCATION	Mine at Nephton, near Lakefield, Ontario.			
PRODUCTION		Finished material all grades Tons	Value sales	
	Total from 1946 to Dec. 31, 1952	501,654	\$6,743,028	
	Year ended Dec. 31, 1953	116,956	1,584,336	
	Total production	618,610	\$8,327,364	



CURRENT DEVELOPMENTS

The year 1953 was marked, at American Nepheline Limited, by a 37% increase over the previous year in the tonnage of products sold.

Diamond drilling at the west end of the Cabin Ridge deposit and inclusion of ore grade material down to the lake elevation in all deposits has increased the estimated reserves from 3,552,680 to 4,804,500 tons.

Just at the end of 1953 it was announced that a private bill was being brought before the House of Commons to authorize the Canadian Pacific Railway to construct a railway line from Havelock, Ontario, to the company's plant at Nephton, a distance of 17 miles. Early in 1954 the bill received final reading and preparations are now in progress for the construction of the railroad, which may be in operation in February, 1955. This will reduce the cost of the product laid down at outside points, placing it in a stronger competitive position, and will smooth and speed up the whole operation.

GENERAL MANAGER - - - - - E. Craig

GENERAL SUPERINTENDENT - - - - - E. B. Wright

LAKE DUFALT MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding 2,547,600	Ventures 1,237,397	48.5%
LOCATION	Dufresnoy township, Quebec.			

CURRENT DEVELOPMENTS

Mining of the "Lower A" orebody located on the boundary of Lake Dufault and Waite Amulet properties was continued until interrupted by the Noranda strike, and not resumed until after the end of the year. The Lake Dufault share of dividends to the end of 1953

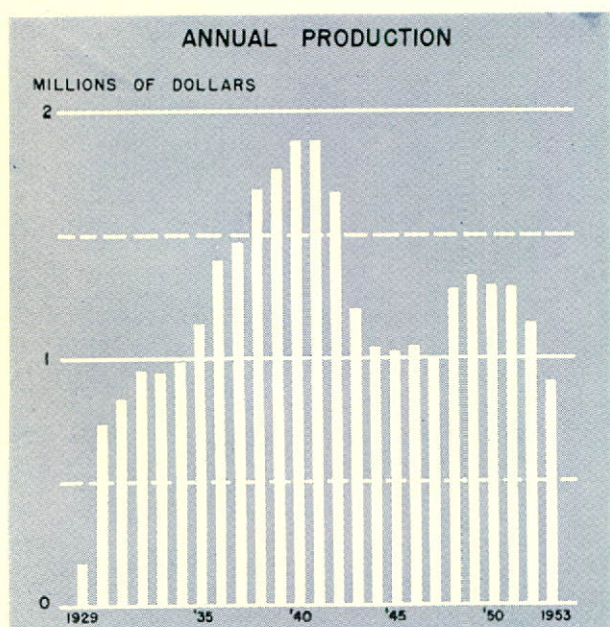
amount to \$2,354,000 of which \$88,000 was received in 1953.

The search for new ore by underground diamond drilling was also curtailed by labor difficulties for the same period as underground mining.

CONSULTING ENGINEER - - - - - J. P. Millenbach

CONIAURUM MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding	Ventures	
		2,766,743	1,430,800	51.7%
LOCATION	Mine at Schumacher, Ontario.			
PRODUCTION	By present company	Tons Milled	Ounces gold Recovered	Gross value Metals Recovered (including E.G.M.A.)
	1929 to Dec. 31, 1952	3,382,465	837,450	\$29,146,975
	Year ended Dec. 31, 1953	89,952	23,535	908,562
	Total Production	<u>3,472,417</u>	<u>860,985</u>	<u>\$30,055,537</u>



CURRENT DEVELOPMENTS

Production for the year 1953 was reduced by the effect of a strike that occurred near the end of the year but which has, subsequently, been settled.

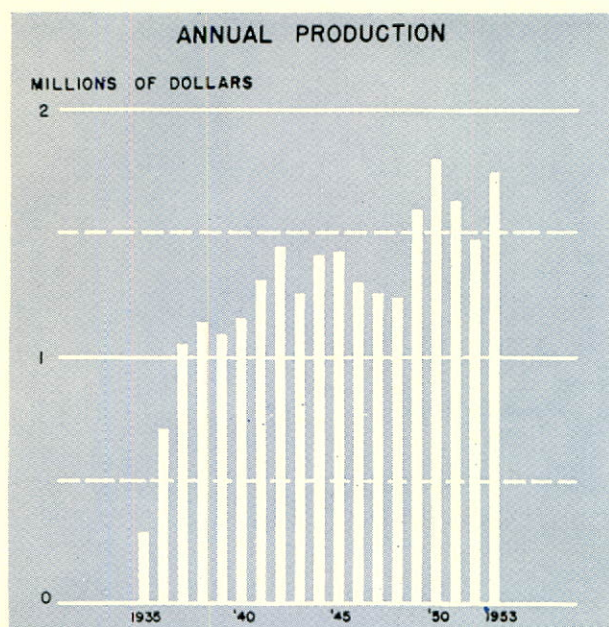
Major development directed towards exploring the deeper horizons in the central Porcupine property was confined to excavation for hoisting machinery, and to diamond drilling from the underground workings of the adjoining McIntyre Porcupine Mine. While no outstanding ore intersections were found in the diamond drilling the geological information obtained was sufficiently favourable to justify proceeding with the work as soon as operating conditions permit.

In the Coniaurum Mine itself stoping operations on the No. 68 Vein, above the 2,500 level, continued to yield very good grade of ore.

GENERAL MANAGER - - - - J. M. Cunningham-Dunlop
 MANAGER - - - - - W. O. Lafontaine

CANADIAN MALARTIC GOLD MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding	Ventures	
		3,651,355	1,388,685	38.0%
LOCATION	Mine at Malartic, Quebec.			
PRODUCTION	Total to Dec. 31, 1952	Tons Milled	Gold Ozs.	Silver Ozs.
		5,646,152	587,561	410,216
	Year ended Dec. 31, 1953	473,203	43,808	14,922
	Total Production	<u>6,119,355</u>	<u>631,369</u>	<u>425,138</u>
				Gross value Metals Recovered (including E.G.M.A.)
				\$22,513,371
				1,745,628
				<u>\$24,258,999</u>



CURRENT DEVELOPMENTS

Production at the mine, the oldest in the Malartic camp, continued satisfactorily in spite of the difficult conditions affecting gold mining. For the third year in succession the mine won the award for the highest safety record for all metal mines in Canada.

A vigorous program of underground exploration is being continued in the search for new ore. In addition outside exploration is being carried out in the Malartic area and Western Quebec generally.

GENERAL MANAGER - - - - - J. P. Millenbach

MANAGER - - - - - H. C. Herz

DOMINION MAGNESIUM LIMITED

CAPITALIZATION		Outstanding	Ventures	
	Common Shares	412,220	106,057	25.7%
	5% Convertible Sinking Fund Bonds due 1962	\$797,000	\$104,000	13%

LOCATION Deposit and Plant at Haley, Ontario.

CURRENT DEVELOPMENTS

Activities of the company and its subsidiaries have shown continued expansion throughout the year. Demand for calcium and magnesium for defense requirements increased substantially, passing the all-time high of the previous year. The extrusion plant operated continuously, but on a slightly reduced schedule toward the year end. A vigorous program of research and technical development has been maintained. To facilitate this work the company completed a new Research Centre at Haley, late in the year.

Net income of the company and its wholly-owned subsidiaries for the year ended Dec. 31, 1953, after

payment of all charges and provisions, amounted to \$886,296, equal to \$2.15 per share as compared with earnings of \$1.24 per share in 1952, and \$0.51 per share in 1951.

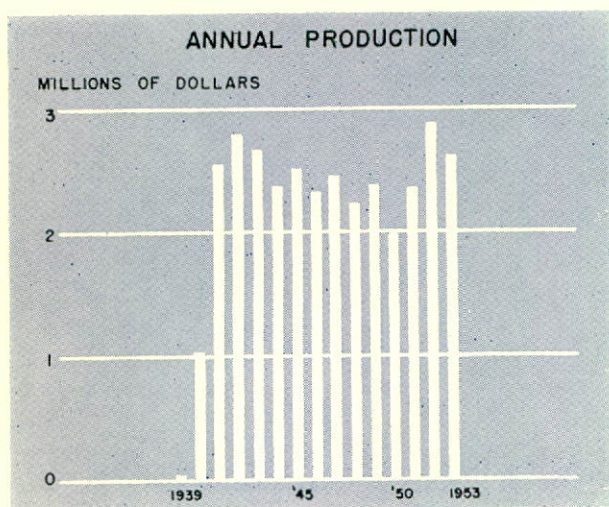
The Government-financed foundry at Haley, constructed by Light Alloys Limited, operated at capacity throughout the year.

The new ferro-silicon plant built by Electro-Reagents (Quebec) Limited at Beauharnois, Quebec, commenced operation in April, 1953, and, as anticipated, resulted in a substantial decrease in overall costs.

GENERAL MANAGER - - - - - L. G. White

LA LUZ MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding 1,504,412	Ventures 1,059,089	69.9%
LOCATION	Mine at Siuna, Nicaragua.			
PRODUCTION	To Dec. 31, 1952	Ore Milled Tons 6,251,664	Gold Ounces 835,312	
	For nine months ended Sept. 30, 1953	553,010	52,332	
	Total Production	<u>6,804,674</u>	<u>887,644</u>	



HISTORY AND CURRENT DEVELOPMENTS

This mine commenced as an open pit operation in 1939 and has since been in continuous production. Underground stoping was begun in 1943, gradually

supplying a greater proportion of the mill feed. It is expected that after March, 1954, the underground operation will be supplying 100% of the ore milled.

During the year ended September 30, 1953, an average mill rate of 2,040 tons daily has been maintained. Operating costs during the period amounted to \$2.88/ton, representing a decrease of \$0.16/ton over the previous twelve months. The recovery per ton averaged 0.0941 oz./ton as compared with 0.1067 for the preceding year. This resulted in an operating profit of \$0.57/ton, a decrease of \$0.40/ton over 1952.

In 1953 development of the mine below the 500 foot level was pushed vigorously. Ore reserves at the end of September, 1953, are estimated at 6,289,000 tons averaging 0.123 oz./ton gold.

The Company's portfolio includes substantial interests in base metal enterprises of associated companies. La Luz, together with other Ventures associates, maintains its interest in the nearby Rosita Copper Mine in which substantial tonnages of ore are indicated.

GENERAL MANAGER - - - - - H. S. McGowan

NEW CALUMET MINES LIMITED

CAPITALIZATION	Common Shares	Outstanding 4,623,656	Ventures 157,951	3.42%	Frobisher 1,332,639	28.82%
LOCATION	Mine at New Calumet Island, Quebec.					
PRODUCTION	Total to Sept. 30, 1952	Tons Milled 1,909,622	Zinc lbs. 219,378,477	Lead lbs. 63,082,550	Silver ozs. 4,981,493	Gold ozs. 27,230
	Year ended Sept. 30, 1953	192,233	19,082,820	4,583,923	387,569	2,971
	Total Production	<u>2,101,855</u>	<u>238,461,297</u>	<u>67,666,473</u>	<u>5,369,062</u>	<u>30,201</u>

CURRENT DEVELOPMENTS

Due to the continued decline in metal prices during the first quarter the monthly mill tonnage was reduced from 22,000 to 10,000 tons, and through selective mining the grade of ore milled was gradually raised from 3.46% to over 5% zinc. The new shaft was completed in March of 1954, making available deep higher-grade

ore with which to bolster present grade and tonnage. Ore reserves at the end of 1953, broken and in place, were estimated to be 734,548 tons grading 6.9% zinc, 1.5% lead, 3.18 ounces silver and 0.015 ozs. gold.

GENERAL MANAGER - - - - - J. M. Cunningham-Dunlop

GENERAL SUPERINTENDENT - - - - - G. H. Mustard

NORTHWEST POWER INDUSTRIES LIMITED

Since the fall of 1952 Frobisher Limited and Quebec Metallurgical Industries Ltd., a subsidiary, have been conducting an intensive survey of the water power resources of Northern British Columbia and the Yukon and have applied to the Dominion Government and the Government of British Columbia for a reservation of the water power rights involved in this area. According to our consultants Mr. J. M. Wardle, formerly Dominion Water Power Commissioner, and Dr. Thomas Hogg, formerly Chairman of the Ontario Hydro-Electric Commission, *4½-million horsepower can be developed economically by diverting into the Taku River waters from the upper Yukon River, the Dezadeash River and the Salmon River. Ultimately a potential greatly exceeding 5 million horsepower can be developed in this area.*

The proposed power project will utilize the upper watershed of the Yukon River in the Yukon Territory and Northern British Columbia. Large lakes in this area such as Atlin, Tagish Lake, Taku Arm, Marsh Lake, Lake Lebarge and Teslin Lake provide excellent storage reservoirs so that water can be stored in the high-flow summer period for use in the low-flow winter months. A large uniform flow throughout the year can thus be obtained. The main storage reservoirs will be formed by two dams, one in the Miles Canyon on the Teslin River above Whitehorse, and the other on the Yukon River below its confluence with Big Salmon River.

The storage water in these reservoirs with elevations above 2,000 ft. will be conducted southward from Atlin Lake through rock tunnels to be used under heads totalling 1,900 ft. to give from 4,300,000 to 4,500,000 h.p. This power will be available for twelve months of the year and will be generated at very low cost. Besides storing the waters of the upper Yukon River, water will also be diverted to the reservoirs from watersheds situated east and west of the main Yukon River. Industrial plants will be located on the Taku River in Canada only a maximum of 44 miles from the two main power plants.

In December, 1952 a Survey Permit covering the Yukon waters was secured from the Dominion Government under the Dominion Water Power Regulations, and shortly thereafter a general reservation of all the lands and waters involved in British Columbia was secured from the Government of British Columbia. Acting under these authorities, Quebec Metallurgical Industries Ltd. engaged parties in 1953 to survey the whole area, measure the water flow of the various

rivers and study the engineering problems involved in diverting into the Taku River from the Yukon watershed the amount of water necessary to produce the projected 4½-million horsepower. This work consisted of traverse lines and levelling surveys of possible diversions, stream-flow measurements and inspection of tentative dam sites. Information was obtained on areas that would be flooded by the proposed reservoirs. Our engineers have confirmed the amounts of water and heads available and have advised that the project is entirely *feasible and capable of producing the horsepower required at a very cheap cost.*

In 1954, these basic surveys will be continued and detailed information will be obtained in regard to tunnel locations, dam sites and other data necessary for the design of the initial plants. Plans for the 1954 survey program have been completed and the first survey party took to the field at the end of March.

Formal applications for conditional water licenses will be submitted to both Governments in the near future. Your company is assured that its development is in accordance with national policy and will be encouraged by the Dominion Government in accordance with its policy of retaining for use in Canada hydro electric energy that can be developed and utilized within the country.

Quebec Metallurgical Industries Ltd. has incorporated two subsidiaries to carry on this work, one Northwest Power Industries Limited to develop the hydro electric energy on the Taku and utilize it in metallurgical and electro-chemical reduction in the vicinity of the power plant, and the other Yukon Metallurgical Industries Limited to utilize a substantial portion of the power in the Yukon on zinc, lead and other metal refining processes and to serve the growing mining industry in northern British Columbia and Yukon Territory.

It is planned to erect two units on the west coast of British Columbia near established power sources as soon as plans can be finalized. The first of these units would have as its objective the production of 100 tons per day of iron or steel in a form in which it could be sold on the west coast of North America. The second unit has to do with the treatment of cobalt concentrates originating in the concessions which Quebec Metallurgical Industries controls in New Caledonia. These concentrates would be matted in an electric furnace and the matte would be shipped for metal refining to

the plant of Cobalt Chemicals Limited at Cobalt, Ontario, which is being managed by Q.M.I. It is expected that the final plants for these metallurgical operations will be located close to the main power site and thus benefit from the low cost power available there.

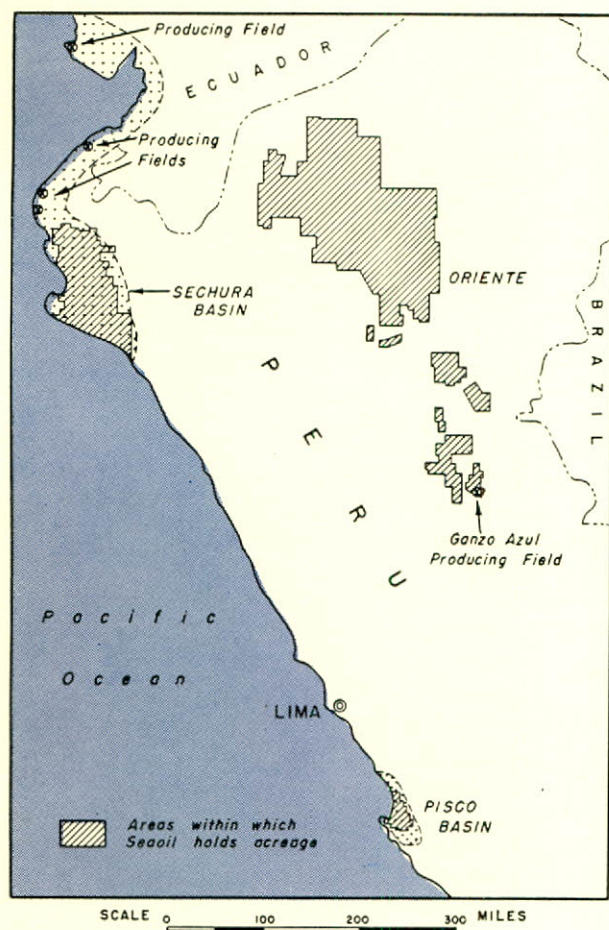
Further reduction plants in the Taku River area, based on this hydro electric power, will include facilities for the production of calcium and magnesium, alumina, phosphorus, and heavy water for atomic reactors. Negotiations are being conducted with other mining and

metallurgical groups who are interested in securing substantial blocks of this power for their processes.

It is the confident expectation of your management that with cheap power available in this area, and with year-round ocean transportation to within twenty-five miles of the industrial site chosen in British Columbia, this area will become a metallurgical and electrochemical centre for the refinement of ores from many parts of the world, and will develop into an important Canadian industrial centre.

SEAOIL LIMITED

CAPITALIZATION	Common Shares	Outstanding	Ventures	Frobisher
		1,218,182	670,000 55%	426,364 35%
LOCATION	Peru.			



HISTORY AND CURRENT DEVELOPMENTS

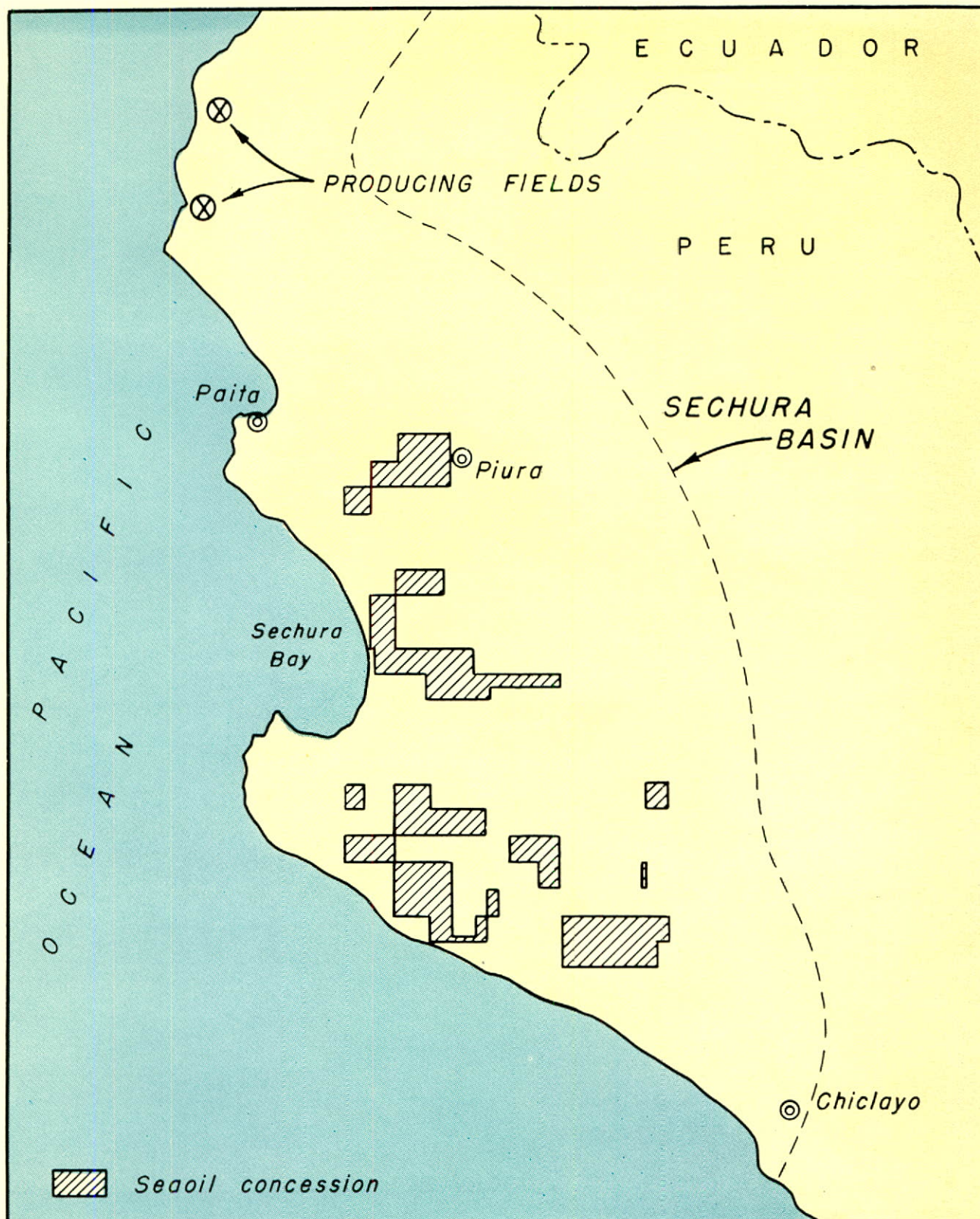
Seaoil Limited was incorporated under Canadian Charter in 1952 for the purpose of acquiring and developing potential oil lands in Peru, mainly in the coastal region. The company holds an undivided one-half interest in some 500,000 acres in the Sechura Desert sedimentary Basin near the coast in northern Peru. In partnership with International Petroleum Company Limited, chief producer of oil in Peru, exploration work is being carried on in the Sechura Basin. So far this work has consisted of geological and geophysical studies and one exploratory well.

Recent seismic and other geophysical interpretations in conjunction with observed surface geology have indicated the presence of several favourable structural anomalies or closures of considerable magnitude at depth.

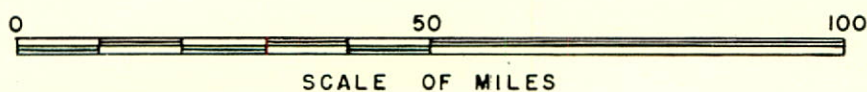
Extensive preliminary geological work has also been done in the Pisco Basin, about 150 miles south of Lima, where a 100 per cent interest is held in about 275,000 acres. Similar work is presently under consideration for the Sacramento Dome area of eastern Peru where a 40 per cent interest is held in lands covering the Dome structure.

Over 400 million barrels of oil have already been produced from the Piura Basin, on the west coast of Peru immediately north of Sechura. In the Sechura area the existence of known oil seepages, and seismic and geological indications of the presence of structural closures in which petroleum accumulations may be trapped, encourage the belief that oil will be encountered there in commercial quantities.

RESIDENT MANAGER - - - - - R. C. Bacon



SEAOIL LTD.
SECHURA PETROLEUM CONCESSIONS



ONTARIO PYRITES COMPANY LIMITED

CAPITALIZATION	Common Shares	<i>Outstanding</i> 5,452,483	<i>Hoyle</i> 1,115,330	20.45%	<i>Ventures</i> 211,146	3.87%
-----------------------	---------------------	---------------------------------	---------------------------	--------	----------------------------	-------

LOCATION Mine and properties in the Sudbury Basin, Ontario.

CURRENT DEVELOPMENTS

The properties owned in the Sudbury Basin include the Errington Mine and the Vermilion Lake property, on which ore previously outlined by diamond drilling and underground work, has been much increased by development under the present technical direction. On both properties the ore forms replacement bodies on a folded slate-tuff contact and consists of sulphides of copper, lead, and zinc, with an average 45% pyrite

content, and carrying appreciable values in gold and silver.

This contact, while complex in structure, has proved to be prolific in ore concentrations. Exploration on folds in this contact has been very successful in adding over 4,000,000 tons of additional reserves to the corresponding figures of a year ago. The reserves, before dilution, as at the end of 1953, are as follows:—

	Copper %	Lead %	Zinc %	Gold ozs.	Silver ozs.	Tonnage Short Tons
Errington Mine	1.21	0.85	3.70	.019	1.72	6,431,577
Vermilion Mine	1.74	1.23	5.17	.026	2.04	2,179,510
After allowing for 15% dilution at the Errington Mine and 20% at Vermilion Lake this gives a total tonnage and grade figure of:—						
Total Tonnage	1.15	0.81	3.5	.018	1.55	10,011,725

There is every indication that, by following the folds further down on pitch and by finding new ones on the same contact, the above figures will be substantially increased.

Great progress was made during the year on the metallurgical studies of the ore. Research has indicated that it is now feasible to recover 88% of the copper, 83% of the lead and 87% of the zinc in the form of a zinc concentrate and a copper-lead concentrate ob-

tained by flotation methods. In addition, 50% of the total pyrite content can be recovered in a concentrate with a 48% sulphur content.

With these advances in reserves and metallurgy it is hoped that it will not be long before the properties are in production on a large scale.

GENERAL MANAGER - - - - J. M. Cunningham-Dunlop

RESIDENT MANAGER - - - - - J. C. Kirkland

CHAVIN MINES CORPORATION

CAPITALIZATION	Common Shares	Outstanding 2,000	Consolidated Guayana 500	25%	Frobisher 1,500	75%
LOCATION	Central Peru.					

CURRENT DEVELOPMENTS

Early in 1953 Frobisher and Associated Companies acquired the remaining 75% of outstanding capital in the above company giving the Ventures group of companies 100% control. The property lies high in the Andes, slightly over 100 air miles southeast of Lima. It is at present reached by a very roundabout road but the direct route west from the mine to join the Pan American Highway is at present under study.

The operation started with a single high grade vein of galena and sphalerite but as underground work by adit progressed, it was found that this was only one, possibly the strongest, of a complex pattern of veins all carrying the same type, but varying grades, of mineralization. To date work from adits on three levels has shown some nine parallel, branching or cross-cutting structures carrying ore shoots. At the end of 1953 the

underground work had indicated 430,600 metric tons (2,200 lbs.) of ore grading—9.1% lead, 15.4% zinc, 1.3% copper, and 4.5 ounces per ton silver. This represents an increase of 60% in tonnage over the corresponding figure of a year ago. The veins appear to be strong on the lowest of the three levels and there is every reason to believe that they will continue to greater depth.

Some test shipments have been made to a smelter in the district and the ore appears to be quite amenable to orthodox treatment, confirming independent ore-dressing tests. Since there is now sufficient ore indicated to justify production on a moderate scale plans are being made to finance the construction of a mill and of the road necessary to connect the mine directly with the coast.

MANAGER R. C. Bacon

OPEMISKA COPPER MINES (QUEBEC) LIMITED

CAPITALIZATION	Common Shares	Outstanding 5,258,860	Hoyle 2,310,546	43.94%
LOCATION	Mine in Chibougamau District, Que.			

CURRENT DEVELOPMENTS

The year 1953 at Opemiska marked the preparations for production which culminated when the concentrator went into regular operation on January 1st, 1954. By March 31st 32,016 tons of ore had been treated with an average grade of 5.79% copper, 0.81 ozs./ton silver and 0.065 ozs./ton gold for a total recovery of 6,082 tons of concentrates. These concentrates are estimated to contain over 3,000,000 lbs. of copper. The concentrates are shipped by road to the railhead at St. Felicien and thence to the Noranda Smelter.

Underground development progressed well before and since the start of production. No. 3 Vein, now opened up on three levels, has responded particularly well and on the 275' level now shows ore grade for a continuous length of 900 feet. No. 4 Vein, more recently opened up underground, has lately developed well and gives indications of being another important source of ore in the future.

Since all underground work during 1953 was development, rather than exploration in new ground, there has been little change in the overall reserves of "indicated ore" from the figure quoted last year. Underground work has raised a fair proportion of this to the "proved ore" class, has reduced the ore tonnage in some sections and added new, previously unknown, ore in others.

With production running smoothly attention can be given in the near future to further underground exploration. The area lying between the eastern part of No. 3 vein and the Campbell Fault appears to be particularly promising from what is known of the structure. In addition to underground exploration attention will be paid to more distant parts of the property where surface indications appear to warrant it.


GENERAL MANAGER J. P. Millenbach

GENERAL SUPERINTENDENT F. G. Cooke

SYM

BASE METALS ● GOLD
METALLURGICAL
OIL



 VENTURES LIMITED & ASSOCIATED COMPANIES

FOR OTHER CANADIAN HOLDINGS SEE MAP

B O L S

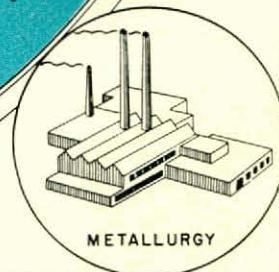
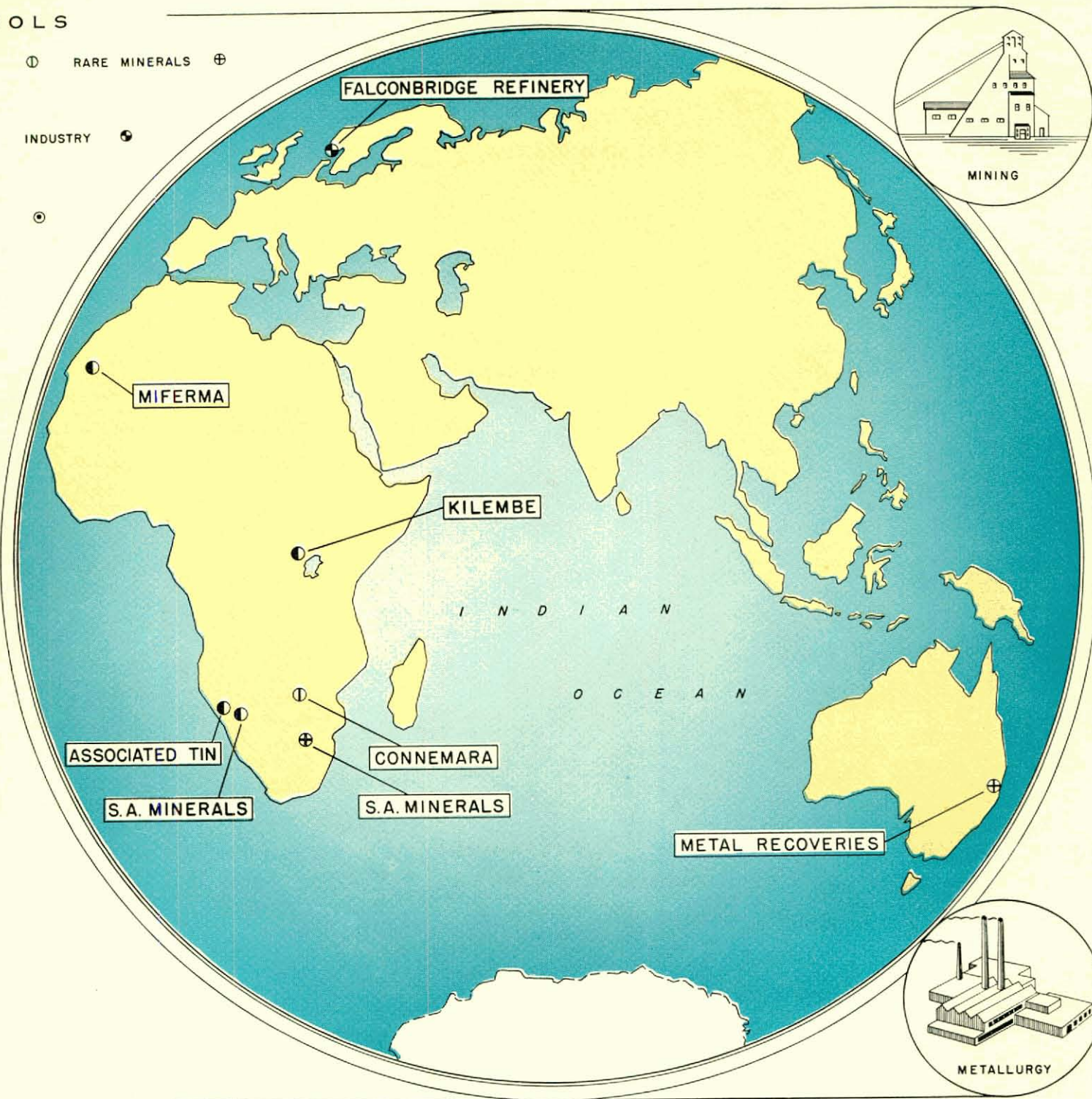
① RARE MINERALS ⊕

INDUSTRY ●

⊙



MINING

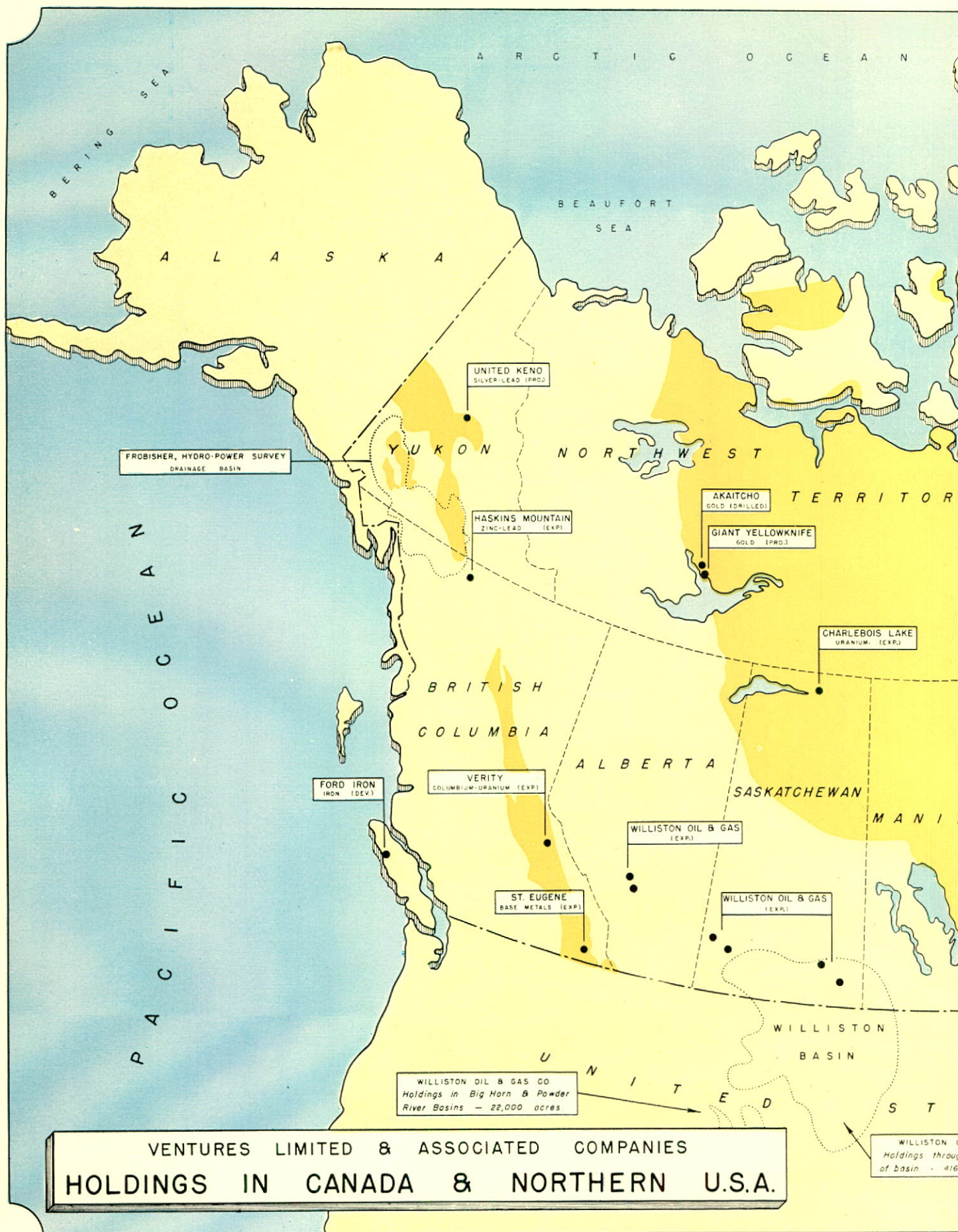


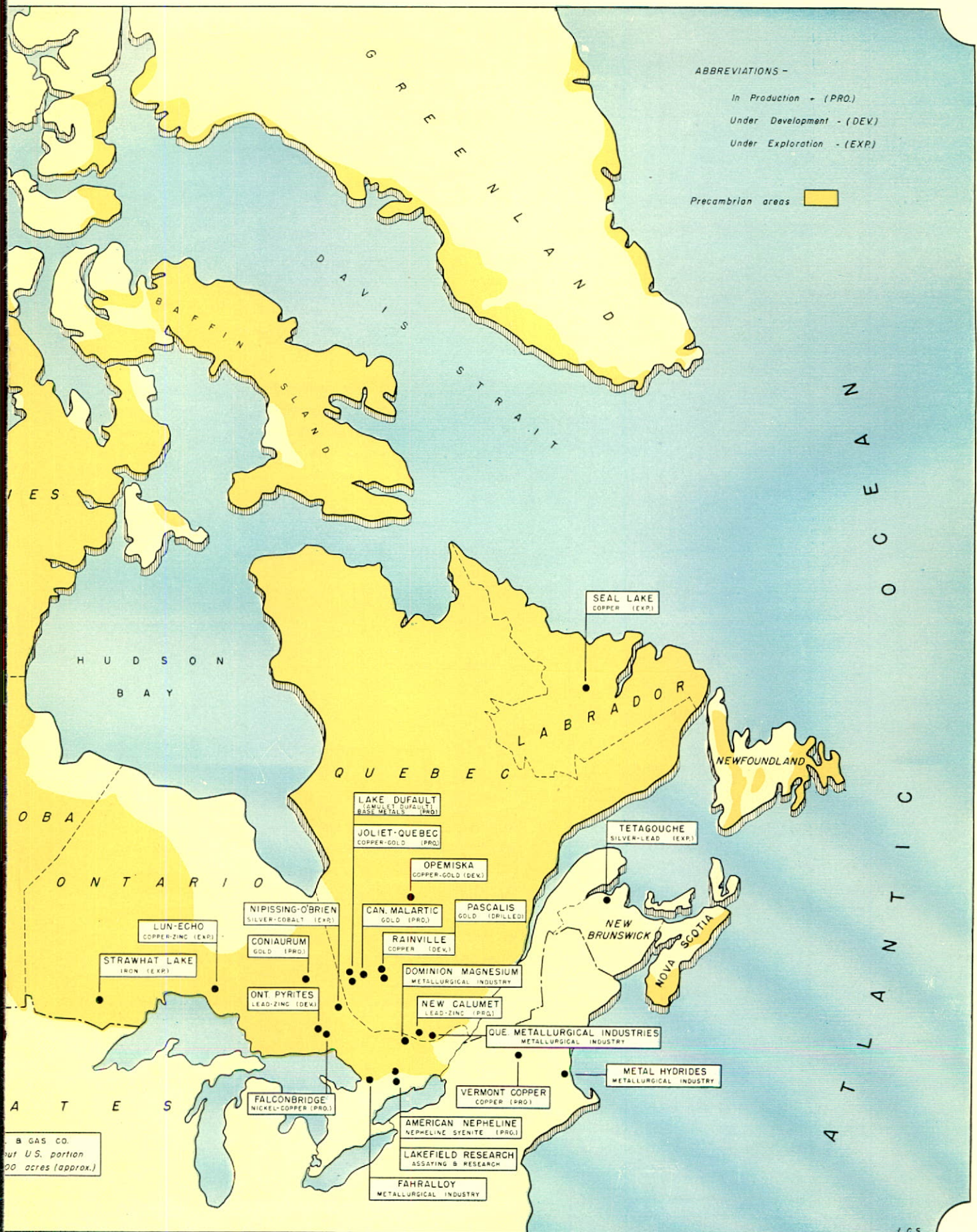
METALLURGY

MAP SHOWING HOLDINGS THROUGHOUT THE WORLD

HOLDINGS IN CANADA & NORTHERN U.S.A.

LCS





EUREKA CORPORATION LIMITED

CAPITALIZATION	Common Shares	Outstanding	Ventures	Frobisher
		8,239,076	1,184,564 14.4%	156,750 1.9%
LOCATION	State of Nevada, U.S.A.			

CURRENT DEVELOPMENTS

Drilling of the main deep orebody in the Eldorado dolomite of the Fad shaft area was continued intermittently during 1953. This resulted in an estimated 50% increase in potential high grade ore tonnage in the main zone, and also in one intersection of highly mineralized dolomite which may represent a new orebody. These bodies lie 2300 to 2400 feet below surface.

In the Adams Hill area about one mile northwest of the Fad shaft drilling was carried out to prospect the relatively shallow Hamburg dolomite which bottoms at about 1100 feet depth. This program was eminently successful in obtaining eight intersections of very high

grade gold-silver-lead-zinc ore in four out of eight holes drilled over a length of some 500 feet. The find is considered of major importance, and the sinking of a new shaft from which to explore the area underground has been commenced.

Due to the relative shallowness of the favourable horizon in the Adams Hill area as compared with that at the Fad shaft it is considered unlikely that any water problem near the magnitude of that in the latter workings will be encountered in the new area now under development.

VICE-PRESIDENT AND

MANAGING DIRECTOR - - - - - George W. Mitchell

WILLISTON OIL AND GAS COMPANY

CAPITALIZATION	Common Shares	Outstanding	Frobisher
		1,393,940	606,060 43.48%
LOCATION	Holdings in Canada and U.S.A.		

HISTORY AND CURRENT DEVELOPMENTS

This company, wholly owned by Frobisher Limited and Federated Petroleum, continued during 1953 to explore its land holdings, and to acquire additional interests, in the United States and Canada. In the United States the work included the seismic evaluation of holdings in Montana and North Dakota, the completion of two producing wildcat wells in Glendive, Montana, and South Clareton, Wyoming, and the acquisition of a fifty per cent interest in Badger Basin, a producing oil field in the Bighorn Basin of Wyoming.

In Canada two moderate producing wells were drilled on a farm-out obtained from Bobjo Mines Limited in the Forget area of Saskatchewan. Early in 1954

Williston took a 10.3% interest in the acquisition of a 79,982 acre block of land in the South Alhambra area of Alberta, south of the recent Pembina discoveries, and this block is now being studied by geophysical methods. Williston has also participated, to the extent of 20%, in the acquisition and exploration of a 71,873 acre "spread" in the Cremona area, Alberta, where a recent well on adjoining ground obtained a high-distillate gas flow from 140 feet of porosity in the Madison formation.

The greater emphasis of the company's activities in Canadian projects in recent months is considered wise in view of the important developments in several different fields in Alberta and Saskatchewan.

MANAGING DIRECTOR - - - - - Alexander Clark

CONSOLIDATED MOSHER MINES LIMITED

		Outstanding	Hoyle	Ventures
CAPITALIZATION	Common Shares	3,220,410	542,625 16.85%	418,833 13.01%
LOCATION	Longlac, Ontario, and interests in Manitouwadge area, Ontario.			

CURRENT DEVELOPMENTS

Early in 1954 the company was re-organized under the above new name on the basis of an exchange of one share of the new company for two shares of New Mosher Longlac Mines Limited. This permitted the further financing required for new developments outside the original property.

Development of the gold property at Longlac has progressed satisfactorily with the completion of the shaft to a depth of 2,070 feet and considerable drifting and diamond drilling on the 1740 foot level. This work confirmed the presence of the main ore zone over a

minimum length of about 1,100 feet with a width of between 20 and 40 feet and a grade of close to one-quarter ounce gold per ton. The body is open to the west and there are also two parallel zones under investigation.

Consolidated Mosher holds controlling interest in Lun-Echo Gold Mines Limited now developing a base metal prospect in the Manitouwadge Lake area of Ontario. A comprehensive drilling program on this property is now in progress.

MANAGER A. E. Cave

QUEBEC METALLURGICAL INDUSTRIES LTD.

		Outstanding	Ventures	Frobisher
CAPITALIZATION	Common Shares	1,189,547	186,883 15.71%	620,400 52.16%

CURRENT DEVELOPMENTS

During 1953 the efforts of this Company, with Research Laboratories and offices in Ottawa, were concentrated especially on the development of hydro electric power for metallurgical purposes. The Company has also designed, constructed and is operating a cobalt-nickel plant situated at Cobalt, Ontario. This plant has now been running for several months and satisfactory refined metals are being produced.

In the development of hydro electric power the plans in connection with the Yukon Territory and Northern British Columbia, announced a year ago, are taking form and preliminary surveys and plans are being

made, as described in the section of this report devoted to 'Northwest Power Industries Limited'.

With regard to its work on cobalt, considerable progress has been made during the year in acquiring properties in Idaho and New Caledonia, and substantial reserves of good ore have been indicated at the latter point. Estimates show that good profits can be made from the New Caledonia laterites using the method developed by this Company.

Q.M.I. also holds interests in a number of mining companies which are actual or potential producers of raw materials necessary to its metallurgical developments.

GENERAL MANAGER L. J. Lichty

MANTOS BLANCOS

This property, situated 30 miles inland from the Port of Antofagasta, Northern Chile, is being operated in partnership with a well-known Base Metal Company. A program of diamond drilling, churn drilling and underground work is in progress to prove up an indicated large tonnage of oxidized ore. Indications at present are that there is a large tonnage of medium

grade ore that would be available by open-cut methods. When this has been satisfactorily proved plans for production will be commenced.

In addition to the oxidized ore now being developed there is the possibility of deeper, and richer, secondary sulphide mineralization which will be investigated in the next stage of exploration.

METAL HYDRIDES INCORPORATED

CAPITALIZATION	Common Shares	Outstanding 255,796	Ventures 98,653	38.57%	Hoyle 20,666	8.08%
-----------------------	---------------	------------------------	--------------------	--------	-----------------	-------

LOCATION Plant at Beverley, Mass., U.S.A.

CURRENT DEVELOPMENTS

The year 1953 was one of profitable operation at the plant at Beverly, Mass., and also one of further plant expansion.

The main output of the company is that of the less-common metals such as titanium, zirconium, lithium and sodium, and their products. In addition in 1953 an extensive program was undertaken to develop and study the commercial application of alloy powders for the powder-metallurgy industry.

The program of expansion of buildings and facilities

started the previous year was completed at a cost of \$1,250,000. This has quadrupled the space devoted to research and provided a pilot plant where metallurgical research can be carried on under plant conditions. The program also included the construction of a building completely equipped for the production of chemical hydrides and the first commercial plant for producing sodium borohydride for which there have been increasing demands.

Orders on hand at the beginning of 1954 give promise of a year of further profitable production.

GENERAL MANAGER - - - - - L. W. Davis

OTHER ACTIVITIES

CONSOLIDATED RANWICK URANIUM MINES LTD.

Your various interests in uranium have been put into this company and development work is underway at several points. The chief activity at present is on the Centre Lake property near Bancroft, Ontario.

CONNEMARA MINE

Continued gold production in Southern Rhodesia.

NIPISSING-O'BRIEN MINES LIMITED

Continued to develop silver-cobalt ore and make preparations for going into production.

VERMONT COPPER COMPANY INC.

Produced copper and pyrrhotite concentrates from the treatment of 800 to 850 tons of ore per day.

NORTHERN MINING COMPANY, GREENLAND

A vigorous underground campaign is proving up a tonnage of lead-zinc ore which may be sufficient to justify plans for production.

MIFERMA, FRENCH MAURITANIA

The first stage of exploration of the high grade iron ores by tunnelling and diamond drilling was completed with the assurance of sufficient ore to justify plans for the building of a railway and production. Negotiations on the question of railway are now in progress.

ASSOCIATED TIN MINES (SOUTH WEST AFRICA) LTD.

A large tonnage of low grade tin ore has been outlined and production, on the first 1,000 tons/day stage of an eventual larger operation, was commenced late in 1953.

INTERNATIONAL TITANIUM CORPORATION

Production of rutile and zircon concentrates from beach sands near Brisbane, Australia, continued satisfactorily.

FAHRALLOY CANADA LIMITED

Further increased the manufacture and sale of high alloy castings and allied materials.

COMPARATIVE SUMMARY OF PROFIT AND LOSS ACCOUNT

1928 – 1953

	<i>Income from shareholdings and bonds and sundry credits</i>	<i>Administrative expenses and sundry debits</i>	<i>Transfer to Reserve for Depletion</i>	<i>Provision for Taxes</i>	<i>Net Profit (or Loss) for the year</i>	<i>Dividends Paid</i>
1928.....	\$ 812	\$ 55,706	\$	\$ 23,193	\$ 78,087	\$
1929.....	36,006	133,677	.....	1,768	99,438	.....
1930.....	27,636	73,866	12,592	122	58,944	.....
1931.....	13,194	56,088	6,529	82	49,505	.....
1932.....	128,390	61,695	23,818	.....	42,877	.....
1933.....	466,955	55,521	192,626	.....	218,808	.....
1934.....	450,839	32,300	208,023	.....	210,516	.....
1935.....	448,200	32,538	270,000	80,000	65,663	.....
1936.....	584,242	57,374	100,000	146,153	280,715	590,235
1937.....	874,940	67,303	170,000	12,208	625,428	590,235
1938.....	1,117,997	68,875	200,000	2,500	846,621	354,143
1939.....	1,060,319	54,348	350,000	15,000	640,971	78,698
1940.....	869,819	52,100	250,000	47,000	520,719	236,093
1941.....	1,005,992	50,849	300,000	15,620	639,523	314,790
1942.....	824,710	47,666	200,000	10,993	566,051	393,488
1943.....	797,929	69,041	200,000	55,000	473,888	357,483
1944.....	904,731	62,865	200,000	812	641,055	357,483
1945.....	863,257	88,948	200,000	63,265	511,044	357,483
1946.....	408,887	97,718	100,000	1,156	210,014	357,483
1947.....	882,925	93,269	200,000	43	589,613	89,371
1948.....	1,187,907	105,971	250,000	615	831,321	.....
1949.....	1,240,935	128,097	250,000	749	862,090	89,371
1950.....	1,305,538	146,880	250,000	2,345	906,313	89,371
1951.....	1,569,055	147,802	300,000	3,449	1,117,804	536,224
1952.....	1,475,838	182,643	300,000	5,209	987,986	536,224
1953.....	1,328,837	206,685	250,000	3,795	868,357	536,224

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
Ventures Limited:

We have examined the balance sheet of Ventures Limited as at December 31, 1953 and the statements of profit and loss, earned surplus and special 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 profit and loss, earned surplus and special surplus, when read in conjunction with the notes appended thereto, are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1953 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.

The interest of Ventures Limited in the profits of those subsidiary companies which made a profit during the year amounted to \$2,528,276, which is \$1,403,072 greater than the dividends received from such subsidiaries and included in the accounts of Ventures Limited for the year. The interest of Ventures Limited in the losses sustained by those subsidiary companies which made a loss during the year and which were not provided for in the accounts of Ventures Limited amounted to \$480,580. The aggregate of accumulated surpluses less deficits of subsidiary companies as shown by their 1953 balance sheets amounted to \$14,566,729 of which the interest of Ventures Limited therein was \$9,318,376.

Clarkson, Gordon & Co.

Chartered Accountants.

Toronto, Canada,
April 27, 1954.

STATEMENT OF INTEREST IN SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES AS AT DECEMBER 31, 1953

Statement 3

	Shareholdings			Advances
	Number of shares or par value	% of outstanding capital	Cost less amounts written off	
Subsidiary companies:				
American Nepheline Limited	1,479,060	* 49.3%	\$ 483,711	
Avenue Realty Company Limited	39,100	55.6	3,750	\$ 20,000
Coniaurum Mines Limited	1,430,800	51.7	554,476	
Devonian Limited	80,005	* 43.2	80,005	
Falconbridge Nickel Mines Limited	2,198,245	58.5	2,296,167	
Hoyle Mining Company Limited	1,724,604	90.9	1,492,979	66,959
La Luz Mines Limited	1,051,089	69.8	2,289,904	
Matachewan Consolidated Mines Limited	1,866,827	54.2	503,816	
Pelletier Lake Gold Mines Limited	2,135,100	78.7	305,843	
Rambridge Mines Limited	720,000	* 24.0	40,000	
Seacil Limited	670,000	55.0	670,000	291
Toronto Mines Finance Limited	12,500	100.0	12,500	169,561
Miscellaneous participations of less than \$10,000 each			5,500	
* Controlled through subsidiary companies.			\$8,738,651	\$ 256,811
Associated companies:				
Frobisher Limited—shares	1,883,574	34.2%	\$2,116,448	\$6,600,087
—warrants	150,709			
Canadian Malartic Gold Mines Limited	1,388,685	38.0	\$ 513,411	
Consolidated Guayana Mines Limited	261,636	10.2	192,133	\$ 981,107
Consolidated Ranwick Uranium Mines Limited				100,000
Dominion Magnesium Limited—				
Shares	106,057	25.7	679,230	
5% bonds due March 1, 1962	\$104,000		104,000	
Duport Mining Company Limited	553,262	39.5	82,236	
Dupresnoy Mines Limited	1,138,078	41.2	10,881	1,955
Eureka Corporation Limited	1,184,564	14.3	2,063,035	203,114
Giant Yellowknife Gold Mines Limited	73,042	1.8	168,914	
Lake Dufault Mines Limited	1,237,397	48.5	191,773	
Metal Hydrides Incorporated	98,653	38.5	809,395	
New Calumet Mines Limited	157,951	3.4	2	
Nipissing Mines Company Limited	242,840	20.2	562,115	
Ontario Pyrites Company Limited	211,146	3.2	142,749	
Osisko Lake Mines Limited	241,581	9.4	157,252	
Pascal's Gold Mines Limited	1,462,837	48.7	244,468	
Quebec Metallurgical Industries Ltd.	186,883	16.8	604,121	
St. Eugene Mining Corporation Limited	1,079,593	44.7	289,348	98,339
Tonopah Mining Company of Nevada	252,760	29.0	521,620	
Uis Tin Mining Company (S.W.A.) Limited				50,000
West Wasa Mines Limited	100,000	3.4	25,000	
Miscellaneous participations of less than \$25,000 each			101,631	8,078
			\$7,463,314	\$1,442,593
			\$9,579,762	\$8,042,680
Other companies:				
Bobjo Mines Limited	218,223		\$ 61,023	
Pine Point Mines Limited	93,333		78,914	
United North Atlantic Securities Limited	10,000		100,000	
Miscellaneous participations of less than \$40,000 each			267,799	
			\$ 507,736	Nil

VENTURES

(Incorporated under The

Balance Sheet as at

(with comparative

ASSETS

Current:	1953	1952
Cash in banks	\$ 425,039	\$ 346,939
Accounts receivable—		
Subsidiary and associated companies	58,507	68,831
Sundry	5,120	6,336
	<u>\$ 488,666</u>	<u>\$ 422,106</u>
Interest in Subsidiary, Associated and Other Companies at not more than cost (Notes 1 and 2):		
Subsidiary companies—		
Shareholdings	\$ 8,738,651	\$ 8,803,131
Advances	256,811	188,597
	<u>\$ 8,995,462</u>	<u>\$ 8,991,728</u>
Associated companies—		
Frobisher Limited:		
Shareholdings	\$ 2,116,448	\$ 3,806,575
Advances	6,600,087	3,260,649
	<u>\$ 8,716,535</u>	<u>\$ 7,067,224</u>
Other associated companies:		
Shareholdings	\$ 7,463,314	\$ 6,849,231
Advances	1,442,593	1,559,834
	<u>\$ 8,905,907</u>	<u>\$ 8,409,065</u>
	<u>\$17,622,442</u>	<u>\$15,476,289</u>
Other companies—		
Shareholdings	507,736	317,178
	<u>\$27,125,640</u>	<u>\$24,785,195</u>
Other:		
Mining claims	\$ 71,477	\$ 71,477
Expenditures on sundry projects, explorations, etc. carried forward	139,678	24,451
49% interest in Ile Perrot refinery site	94,840	93,904
Equipment and furniture less accumulated depreciation	36,699	36,451
	<u>\$ 342,694</u>	<u>\$ 226,283</u>
	<u>\$27,957,000</u>	<u>\$25,433,584</u>

NOTES TO THE FINANCIAL STATEMENTS

- The amount of \$6,600,087 advanced to Frobisher Limited at December 31, 1953 will be reduced to the extent that Ventures Limited is called upon to meet a commitment to purchase any of the 495,512 shares of Frobisher Limited at \$10 per share not taken up by the holders of the purchase warrants issued by Frobisher Limited which expire on June 27, 1954 (since extended to June 26, 1956).

In addition to the advances referred to above Ventures Limited in 1953 loaned to Frobisher Limited 150,000 shares of Falconbridge Nickel Mines Limited which have been hypothecated under a trust indenture securing the 4% convertible debentures of Frobisher Limited. At December 31, 1953 these shares had a market value of \$2,250,000.

Securities having a market value of \$137,000 have been borrowed from Frobisher Limited and have been loaned to and

LIMITED

Companies Act, Canada)

December 31, 1953

figures for 1952)

LIABILITIES

Current:	1953	1952
Bank loan—secured	\$ 3,541,873	
Instalment on note payable due December 15, 1953 (U.S. \$250,000)		\$ 242,500
Accounts payable and accrued charges	52,406	52,867
Liability for treasury shares purchased from Falconbridge Nickel Mines Limited	450,000	1,050,000
	<u>\$ 4,044,279</u>	<u>\$ 1,345,367</u>
Commitments and Contingent Liabilities— see Notes 1 to 4 inclusive		
Long Term:		
Note payable in annual instalments of U.S. \$250,000 each on December 15, 1953 to 1960 bearing interest at $3\frac{3}{8}\%$ —secured (U.S. \$2,000,000)		\$ 2,128,022
Less instalment due December 15, 1953 included in current liabilities (U.S. \$250,000)		242,500
		<u>\$ 1,885,522</u>
Reserve for Depletion on Shares of Subsidiary, Associated and Other Companies	\$ 4,783,588	\$ 4,533,588
Capital and Surplus:		
Capital—		
Authorized—2,000,000 shares of no par value		
Issued —1,787,416 shares	\$ 9,343,348	\$ 9,343,348
Earned surplus (Statement 2)	\$ 6,519,372	\$ 6,045,936
Special surplus (Statement 2)	3,266,413	2,279,823
	<u>\$ 9,785,785</u>	<u>\$ 8,325,759</u>
Approved on behalf of the Board:		
T. LINDSLEY, Director.	\$19,129,133	\$17,669,107
W. S. MORLOCK, Director.		
	<u>\$27,957,000</u>	<u>\$25,433,584</u>

AT DECEMBER 31, 1953

hypothecated by a subsidiary company as security for a bank loan to that company.

- In addition to the shares of Falconbridge Nickel Mines Limited referred to in Note 1 shares having a book value of \$180,342 and a market value of \$679,150 have been loaned to and hypothecated by associated companies as security for loans to these companies.
- The company has agreed to make expenditures subsequent to December 31, 1953 which it is estimated will amount to \$264,000.
- The company has guaranteed the bank loans of associated companies to the extent of \$1,120,000.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1953
(with comparative figures for the year 1952)

Dividends received from:		
Subsidiary companies—	1953	1952
Falconbridge Nickel Mines Limited	\$ 1,095,622	\$ 1,179,326
Other subsidiaries	134,690	133,725
	<u>\$ 1,230,312</u>	<u>\$ 1,313,051</u>
Other companies	98,525	162,787
	<u>\$ 1,328,837</u>	<u>\$ 1,475,838</u>
Deduct:		
Administrative and general expenses—		
Executive salaries	\$ 27,450	\$ 28,000
Directors' fees	1,450	700
Legal fees and expenses	4,862	7,094
Other administrative expenses less amounts recovered from associated companies	68,566	54,761
	<u>\$ 102,328</u>	<u>\$ 90,555</u>
Interest paid less received	104,357	92,088
Income tax deducted at source from dividends received	3,795	5,209
Portion of dividend income allocated to reserve for depletion on shares of subsidiary, associated and other companies	250,000	300,000
	<u>\$ 460,480</u>	<u>\$ 487,852</u>
Net profit for the year (excluding items in special surplus)	<u>\$ 868,357</u>	<u>\$ 987,986</u>

NOTE: Fees paid to directors of Ventures Limited by subsidiary companies amounted to \$2,575 in 1953 and \$1,865 in 1952.

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1953
(with comparative figures for the year 1952)

	1953	1952
Balance at beginning of year	\$ 6,045,936	\$ 5,594,174
Add:		
Net profit for the year	868,357	987,986
Exchange profit realized on retirement of note payable in U.S. funds	141,303	
	<u>\$ 7,055,596</u>	<u>\$ 6,582,160</u>
Deduct dividends totalling 30c per share paid during the year	536,224	536,224
Balance at end of year	<u>\$ 6,519,372</u>	<u>\$ 6,045,936</u>

STATEMENT OF SPECIAL SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1953

(Consisting of the profit (net) on sales of securities less the amounts written off exploration expenditures, mining claims and interest in and advances to affiliated and other companies)

(with comparative figures for the year 1952)

	1953	1952
Balance at beginning of year	\$ 2,279,823	\$ 653,760
Net gain on sales of securities during the year	1,310,815	1,887,711
	<u>\$ 3,590,638</u>	<u>\$ 2,541,471</u>
Less amounts written off:		
Securities	\$ 11,865	
Exploration expenses and payments on lapsed options	296,377	\$ 105,268
Advances to subsidiary and associated companies	15,983	156,380
	<u>\$ 324,225</u>	<u>\$ 261,648</u>
Balance at end of year	<u>\$ 3,266,413</u>	<u>\$ 2,279,823</u>

AMERICAN NEPHELINE LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st DECEMBER, 1953

ASSETS

Current:

Cash on hand and in banks	\$ 82,338	
Accounts receivable	242,063	
Inventories of crude ore and finished products as determined and certified by responsible officials and valued at the lower of average cost or market	134,212	\$ 458,613

Deferred:

Inventory of mine and mill supplies—at cost	160,756	
Deferred charges and sundry receivables	6,290	167,046

Fixed:

Mining properties—at cost	75,499	
Land, buildings, machinery, equipment, automobiles and trucks—based upon the values at which such assets were acquired from the predecessor company, Canadian Nepheline Limited, in 1940 with subsequent additions at cost—less depreciation provided of \$980,759	737,052	
Staff dwellings—at cost, less depreciation provided of \$27,265	\$81,655	
less C.M.H.C. loan thereon	48,189	\$ 33,466
		846,017

Other:

Deferred development expenditures, less amounts written off of \$295,161	11,316	
Interest in outside mining claims	2,181	
Flotation and other equipment not presently in use, less depreciation provided of \$3,669	6,815	20,312
		<u>\$1,491,988</u>

LIABILITIES

Current:

Accounts payable and accrued charges	\$ 63,843	
Estimated corporation income and mining taxes, less amounts paid thereon	3,222	\$ 67,065

Capital:

Capital stock		
—authorized and issued 3,000,000 shares with a par value of fifty cents each	1,500,000	
Capital surplus	24,964	
		1,524,964

less:

Deficit as shown on statement attached	100,041	1,424,923
--	---------	-----------

\$1,491,988

NOTES:

1. The net value of the fixed assets of the subsidiary company upon consolidation has been increased, as in prior years, by \$47,169 representing the excess of the value placed upon the capital stock issued at acquisition over the net book value of the assets of the subsidiary company.
2. The subsidiary company's plant, which is taken into this balance sheet at a net book value of \$190,000 approximately, is currently being offered for sale.
3. Supplementary letters patent dated 20th April 1953 authorized the company to convert the three million shares authorized and issued from no par value shares to shares with a par value of fifty cents each. The reduction in the dollar amount of the capital contributed resulting from this change has been credited to capital surplus as shown above.

CONIAURUM MINES LIMITED

BALANCE SHEET — DECEMBER 31, 1953

ASSETS

Current:

Cash		\$ 89,646.04
Accounts receivable—		
Insurance claim	\$ 44,752.62	
Estimated amount receivable under the Emergency Gold Mining Assistance Act	27,563.04	
Other	6,251.15	78,566.81
		<u>\$ 168,212.85</u>

Investments—at cost:

Shares of partially owned subsidiary company, Ridgely Mining Company Limited	\$ 183,249.60	
Shares of companies with quoted market values (quoted market value \$1,136,568.55)	605,332.41	
Shares of other companies	227,367.72	1,015,949.73

Fixed, at cost less amount written off: *

Buildings, machinery and equipment	\$1,381,751.14	
Less accumulated depreciation	1,366,766.26	
	<u>\$ 14,984.88</u>	
Mining properties	2,243,709.14	2,258,694.02

Other:

Supplies at cost	\$ 176,138.70	
Prepaid expenses	8,077.18	
Government bonds on deposit with Hydro-Electric Power Commission of Ontario at cost (market value \$14,175)	15,037.50	199,253.38
		<u>\$3,642,109.98</u>

LIABILITIES

Current:

Wages payable	\$ 1,445.67	
Accounts payable and accrued charges	17,596.93	
Estimated taxes payable	2,439.24	
		<u>\$ 21,481.84</u>

Capital:

Authorized—3,000,000 shares of no par value		
Issued —2,766,743 shares of no par value	\$4,456,337.30	
Less amount applied in 1938 in reduction of book values of deferred development, buildings, machinery, etc., taken over from predecessor company *	708,842.30	
	<u>\$3,747,495.00</u>	
Deficit	126,866.86	3,620,628.14
		<u>\$3,642,109.98</u>

Note: Under an agreement dated March 1, 1951, the company arranged with Central Porcupine Mines Limited to expend up to \$300,000 on a joint effort to sink a shaft near the boundary line of the Coniaurum and the Central Porcupine properties. Of this amount \$95,622 has been expended to December 31, 1953, and the balance of \$204,378 constitutes a firm commitment on the part of the company.

LA LUZ MINES LIMITED

BALANCE SHEET AS AT SEPTEMBER 30, 1953

ASSETS

Current Assets:

Cash on hand and in bank	\$ 26,390.73
Bullion in transit and at refineries at estimated realizable value	217,655.62
Sundry accounts receivable	99,724.21
	<u>\$ 343,770.56</u>

Investments:

Investments at Cost—		
Frobisher Limited — 292,710 shares	\$ 342,278.80	
Giant Yellowknife Gold Mines Limited — 14,841 shares	71,423.64	
Falconbridge Nickel Mines Limited — 21,708 shares	80,586.88	\$ 494,289.32
Investments and Advances, at Cost Less Reserve—		
Eureka Corporation Limited — 454,303 shares	\$ 553,244.26	
Consolidated Guayana Mines Limited — 272,000 shares	204,000.00	
— Advance	75,000.00	
Panaminas Incorporated — wholly-owned subsidiary (nominal value)	1.00	
	<u>\$ 832,245.26</u>	
Less reserve	200,000.00	632,245.26
		<u>1,126,534.58</u>

Inventories of Supplies valued at average cost which is less than current replacement cost:

Mining and milling supplies and spare parts	\$ 912,909.62	
Commissary supplies	100,849.64	1,013,759.26

Fixed Assets:

Siuna mining claims, at cost	\$ 1,550,000.00	
Potosi property	570,130.16	
	<u>\$ 2,120,130.16</u>	
Less accumulated depletion	1,183,558.55	
	<u>\$ 936,571.61</u>	
Riscos De Oro Property	113,558.04	
Mine buildings, machinery, equipment, roads, airports, and Yy River power development completed or in course of construction at cost	\$ 4,665,675.52	
Less accumulated depreciation	900,432.57	3,765,242.95
		<u>4,815,372.60</u>

Deferred Expenditure:

Prepaid fire insurance and taxes, etc.	\$ 25,010.00	
Sundry work in progress and other deferred charges	56,936.58	
Native housing project (less written off)	15,657.86	97,604.44
		<u>\$ 7,397,041.44</u>

LIABILITIES

Current Liabilities:

Bank overdraft — secured	\$ 89,446.17
Accrued wages payable	12,222.57
Accounts payable and accrued charges	140,309.45
	<u>\$ 241,978.19</u>

Capital Stock:

Authorized—2,000,000 shares of no par value		
Issued —1,504,412 shares	\$ 3,139,191.10	
(Options are outstanding on 5,250 shares)		
General reserve	2,403,802.53	
Earned surplus (per statement attached)	1,612,069.62	7,155,063.25
		<u>\$ 7,397,041.44</u>

NOTE:

The company's transactions arise for the most part in United States and Nicaraguan currencies and to a limited extent in Canadian currency. The financial statements are presented in terms of U.S. dollars with the exception of share capital and the expenditures therefrom for mining claims, plant and development, which are recorded in Canadian dollars. Conversion during the year from cordobas to U.S. dollars has been made at the official rate of 6.6 cordobas to \$1 U.S. Conversion during the year from Canadian to U.S. dollars has been made at various rates prevailing from time to time.

FALCONBRIDGE NICKEL MINES LIMITED

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1953

(With comparative figures for December 31, 1952)

ASSETS		1953	1952
Current:			
Cash on hand and in banks		\$ 52,232	\$ 602,024
Government bonds at cost (quoted market value 1953; \$438,000)		435,610	2,886,166
Accounts receivable—			
Trade (including the United States Government)	\$2,081,487		
Sundry	280,845	2,362,332	2,682,164
Inventories—(Note 3)			
Refined metals	\$1,436,843		
Matte and metals in process	3,693,667	5,130,510	3,875,281
		<u>\$ 7,980,684</u>	<u>\$10,045,635</u>
Investment in Subsidiaries,			
not consolidated, at cost (Note 1):			
Shareholdings	\$ 942,586		
Advances	552,647	1,495,233	1,126,904
Fixed:			
Plant and equipment at cost		\$28,846,917	\$21,871,816
Less accumulated allowance for depreciation		15,433,926	12,839,109
		<u>\$13,412,991</u>	<u>\$ 9,032,707</u>
Mining property and claims at cost		3,488,295	3,410,277
		<u>\$16,901,286</u>	<u>\$12,442,984</u>
Other:			
Supplies, at average cost		\$ 2,737,698	\$ 2,363,861
Prepaid expenses and deferred charges		363,331	287,479
Long-term accounts receivable		66,054	49,721
Sundry security investments at cost less amounts written off (quoted market value 1953; \$650,000)		758,337	365,162
Guarantee deposit with The Hydro-Electric Power Commission of Ontario		318,390	298,285
Mine development and preproduction expenditures less amounts written off		3,225,463	881,302
		<u>\$ 7,469,273</u>	<u>\$ 4,245,810</u>
		<u>\$33,846,476</u>	<u>\$27,861,333</u>
LIABILITIES			
Current:			
Bank overdraft		\$ 403,236	\$
Accounts payable and accrued charges		4,005,969	2,074,840
Portion of long-term liabilities maturing within one year		191,855	191,855
Income taxes payable (estimated)		370,404	939,246
		<u>\$ 4,971,464</u>	<u>\$ 3,205,941</u>
Long-Term:			
3% mortgage payable in equal semi-annual instalments from June 30, 1954 to December 30, 1961 inclusive (secured by refinery land and plant) (N.Kr. 4,400,000)		\$ 734,842	\$ 826,698
Amount due on purchase of shares of wholly-owned subsidiary company payable in annual instalments to September 30, 1955 (secured)		175,000	275,000
Net advance from the United States Government, including accrued interest thereon at 4%, repayable on or before March 31, 1957 (U.S. \$3,747,370 in 1953) (Note 5)		3,654,333	1,981,790
		<u>\$ 4,564,175</u>	<u>\$ 3,083,488</u>
Less instalments maturing within one year included under current liabilities		191,855	191,855
		<u>\$ 4,372,320</u>	<u>\$ 2,891,633</u>
Shareholders' Equity:			
Capital—			
Authorized—5,000,000 shares of no par value			
Issued —3,726,272 shares of no par value (Note 6)		\$11,764,125	\$11,030,375
Earned surplus		12,738,567	10,733,384
		<u>\$24,502,692</u>	<u>\$21,763,759</u>
		<u>\$33,846,476</u>	<u>\$27,861,333</u>

The notes to financial statements are an integral part of the above consolidated balance sheet and should be read in conjunction therewith.

FALCONBRIDGE NICKEL MINES LIMITED

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1953

(With comparative figures for the year ended December 31, 1952)

	1953	1952
Metal sales and other operating revenues	\$29,219,724	\$24,839,873
Cost of sales and operating expenses other than the undermentioned items	\$18,306,214	\$15,946,644
Selling, general and administrative expenses	1,128,480	1,018,014
	<u>\$19,434,694</u>	<u>\$16,964,658</u>
Operating profit before providing for development and preproduction expenditures, depreciation and income taxes	\$ 9,785,030	\$ 7,875,215
Development and preproduction expenditures written off	\$ 1,737,317	\$ 1,678,281
Allowance for depreciation	2,636,617	1,672,400
	<u>\$ 4,373,934</u>	<u>\$ 3,350,681</u>
Operating profit before income taxes	\$ 5,411,096	\$ 4,524,534
Other income:		
Dividend from Fahlralloy Canada Limited, a wholly-owned subsidiary, not consolidated (Note 1)	35,050	35,050
Income from investments	35,441	33,005
Net profit or loss (—) on sale of securities and fixed assets	5,174	7,918
	<u>\$ 5,486,761</u>	<u>\$ 4,584,671</u>
Other deductions from income:		
Interest on long-term liabilities	\$ 174,366	\$ 85,197
Exploration expenditures	905,326	610,233
	<u>\$ 1,079,692</u>	<u>\$ 695,430</u>
Profit before income taxes	\$ 4,407,069	\$ 3,889,241
Income taxes — estimated (Note 7)	540,000	1,354,000
Profit for the year	<u>\$ 3,867,069</u>	<u>\$ 2,535,241</u>

STATEMENT OF CONSOLIDATED EARNED SURPLUS

Balance at beginning of year	\$10,733,384	\$ 9,969,773
Profit for the year	3,867,069	2,535,241
	<u>\$14,600,453</u>	<u>\$12,505,014</u>
Dividends paid	1,861,886	1,771,630
Balance at end of year	<u>\$12,738,567</u>	<u>\$10,733,384</u>

The notes to financial statements are an integral part of the above statements of consolidated profit and loss and earned surplus and should be read in conjunction therewith

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- The consolidated financial statements reflect the financial position and the results of operations of Falconbridge Nickel Mines Limited and two of its wholly-owned subsidiaries, Falconbridge Nikkelverk Aktieselskap (Norway) and Falconbridge Realty Limited. The accounts of two other wholly-owned subsidiaries and one majority owned subsidiary have not been consolidated. The statement of consolidated profit and loss for the year ended December 31, 1953 makes no provision for the aggregate of the losses less profits of the unconsolidated subsidiaries for the year, amounting to \$113,613 and includes a dividend of \$35,050 received during the year from one of these subsidiaries. From the date of acquisition of such subsidiaries to December 31, 1953 the interest of Falconbridge Nickel Mines Limited in the aggregate of profits less losses of these subsidiaries not taken up in its accounts amounted to \$193,349.
- Assets and liabilities in currencies other than Canadian dollars have been converted into Canadian dollars at current quoted rates of exchange at December 31, 1953, except as follows:
 - Fixed assets and the related accumulated allowances for depreciation—converted at the rates prevailing when the expenditures on fixed assets were made;
 - Long term liabilities—converted at the rates prevailing when the debts were incurred. Revenues and expenses in currencies other than Canadian dollars have been converted into Canadian dollars at the average monthly quoted rates of exchange except that allowances for depreciation have been converted at the rates prevailing when the expenditures on the related fixed assets were made.
- Inventories of refined metals and of matte and metals in process are stated at the lower of cost or market value. In the case of inventories processed or in process from the company's own ores (total \$3,353,329 in 1953) cost has been determined on a "last-in, first-out" basis; in the case of inventories processed or in process from purchased ores (total \$1,777,181 in 1953) cost has been determined on a "first-in, first-out" basis.
- There are commitments outstanding in connection with construction in progress and development and exploration of outside properties amounting to approximately \$3,665,000. In addition the bank loan of a company from which Falconbridge Nickel Mines Limited purchases ores and concentrates has been guaranteed to the extent of \$350,000. This guarantee is secured by the assignment of monies due from the proceeds of ore and concentrate deliveries and a mortgage on an operating property.
- The contract under which the Company has received advances from the United States Government provides for liquidation of such advances in whole or in part from the credits that will be earned if certain production requirements are met.
- During the year 45,000 of the company's shares were issued for cash at \$14.00 per share and 5,000 shares were issued at \$20.75 per share under an option to purchase an outside property. At December 31, 1953, there was a commitment outstanding to sell an additional 30,000 shares at \$15.00 per share on or before October 1, 1954.
- A substantial portion of the income is not subject to income tax because of the three-year tax exempt period applicable to new mines.

FROBISHER LIMITED

CONSOLIDATED STATEMENT OF INTEREST IN SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES AS AT DECEMBER 31, 1953

Indicated market values	Number of shares or par value	% of out- standing capital	Company	Cost less amounts written off	Advance
			Subsidiary companies:		
	720,000	60.0%	Associated Tin Mines (South West Africa) Ltd.	\$ 577,858	
	1,500	75.0	Chavin Mines Corporation	735,000	
	457,153	*28.6	Kilembe Copper Cobalt Ltd.		\$ 408,254
	3,607,032	90.2	Kilembe Copper Limited	4,904,852	
		*	Kilembe Mines Limited		26,449
\$ 2,233,440	620,400	52.2	Quebec Metallurgical Industries Ltd.	1,991,450	
	1,250,000	†	Tonopah Nicaragua Company	414,983	
			Miscellaneous participations of less than \$40,000 each	64,823	900
<u>\$2,233,440</u>				<u>\$ 8,688,966</u>	<u>\$ 435,603</u>
* Controlled through a subsidiary company. † The company disposed of its entire interest in Tonopah Nicaragua Company at cost subsequent to December 31, 1953.					
			Associated and other companies:		
\$ 873,922	1,165,230	35.7%	Akaiitcho Yellowknife Gold Mines Limited	\$ 380,243	
	200,000	40.0	Anyox Metals Limited		\$ 78,117
40,565	66,500	3.2	Beaver Lodge Uranium Mines Limited	76,250	
152,296	1,015,305	35.6	Charlebois Lake Uranium Limited	209,838	
207,160	714,343	28.0	Consolidated Guayana Mines Limited	538,048	254,624
89,842	7,334	1.8	Dominion Magnesium Limited	58,672	
	746,802	27.0	Dupresnoy Mines Limited	78,580	
114,902	231,750	2.8	Eureka Corporation Limited	232,098	63,168
			Ferrum Limited —		
	26,265	34.6	Shares		
	\$111,667		5% debentures due 1957/1960	105,693	
	1,500,005		Fort Chimo Mines Limited	5	89,313
8,716,770	1,162,236	29.1	Giant Yellowknife Gold Mines Limited	907,732	
70,531	881,634	33.8	Horne Fault Mines Limited	84,900	6,400
366,289	1,031,800	20.1	Joliet-Quebec Mines Limited	134,602	
	204,693	27.5	Lakefield Research Limited	81,985	
	1,733,185	49.5	Mediterranean Mines Inc.	381,517	90,404
	874,111	32.6	Michipicoten Iron Mines Limited	304,819	90,786
739,615	1,332,639	28.8	New Calumet Mines Limited	383,767	
150,773	83,300	2.5	New Larder "U" Island Mines Limited	167,550	
	2,250	15.0	Northern Mining Company	317,873	
	20,004	19.0	Northfield Canada Limited	90,004	
19,980	222,000	7.4	Pershcourt Goldfields Ltd.	133,920	
	600,000	50.0	Pilley's Island Copper Pyrite Limited	125,000	
212,668	1,772,230	38.6	Rainville Copper Mines Limited	394,194	4,000
	841,185	34.8	St. Eugene Mining Corporation Limited	319,989	402,682
	426,364	35.0	Seacoll Limited	426,364	7,669
			Societe Anonyme des Mines de Fer de Mauritanie—		
	17,000	34.0	Ordinary shares		
	6,778		Founders shares	481,989	
5,614,527	819,639	33.2	United Keno Hill Mines Limited	583,539	
	606,060	43.5	Williston Oil and Gas Company	4,999,995	
406,551			Miscellaneous participations of less than \$60,000 each	1,170,019	27,974
<u>\$17,776,391</u>				<u>\$13,169,185</u>	<u>\$1,115,137</u>

Revenues and expenses in currencies other than Canadian dollars are converted into Canadian funds at approximately the average monthly quoted rates of exchange, except the provision for depreciation and deferred development which is converted at the rates of exchange prevailing when the expenditures on the related assets were made.

3. The company has pledged 500,000 shares of Giant Yellowknife Gold Mines Limited and 500,000 shares of United Keno Hill Mines Limited under the trust indenture securing the 4% convertible debentures. It has also pledged thereunder 150,000 shares of Falconbridge Nickel Mines Limited borrowed from Ventures Limited. At December 31, 1953, the borrowed shares had a market value of \$2,250,000.

The company has loaned 20,000 shares of United Keno Hill Mines Limited to Ventures Limited.

4. The company has agreed to make expenditures subsequent to December 31, 1953, amounting to approximately \$8,400,000 of which it is estimated \$4,630,000 will be payable within one year. These expenditures include the following:

	Portion payable within one year	Portion payable in 1955 and subsequent years
Purchase of 393,940 shares of Williston Oil and Gas Company	\$3,250,000	
Purchase of 37,553 shares of Quebec Metallurgical Industries Ltd. prior to May 1, 1955		281,648
Purchase at par of shares of Kilembe Copper Cobalt Ltd. and debentures of Kilembe Mines Limited during the next 2½ years (£1,658,953)	1,281,000	3,281,121
	<u>\$4,531,000</u>	<u>\$3,562,769</u>

5. Shares purchase warrants outstanding at December 31, 1953 entitle the holders to purchase 495,512 shares at \$10 per share on or before June 27, 1954 (since extended to June 26, 1956). Ventures Limited has agreed to purchase at \$10 per share any shares not taken up by the holders of share warrants. Advances from Ventures Limited at December 31, 1953 were in excess of the maximum amount which might be receivable from that company under the agreement.

There is also an option outstanding to sell 500,000 shares of capital stock to Ventures Limited at \$8 per share on or before February 12, 1955 (since extended to February 12, 1957).

HOYLE MINING COMPANY LIMITED

BALANCE SHEET AS AT 31st DECEMBER, 1953

ASSETS

Current:		
Accounts Receivable		\$ 44,339.28
Investments In and Advances To Subsidiary Companies (Schedule 2)		
Shares at Cost		
(No Market Value)	\$ 44,340.89	
Advances	12,750.68	
		\$ 57,091.57
Investments In and Advances To Associated and Other Companies (Schedule 2)		
Investments—at cost		
(Market Value \$4,977,932.21 including \$204,463.67 of Unlisted Securities) ..	\$2,866,717.67	
Advances	56,992.14	
		\$2,923,709.81
		2,980,801.38
Supplies		22,671.80
Fixed Assets:		
Mining Property	\$ 399,266.02	
Haileybury Land	2,208.81	
Buildings, Machinery and Equipment	\$ 345,921.99	
Less: Reserve for Depreciation	124,728.99	
		\$ 221,193.00
		622,667.83
Expenditures on Outside Properties:		
Expenditure to date	\$ 201,034.50	
Less: Amounts Written Off	112,993.37	
		88,041.13
Deferred Charges:		
Deferred Development	\$ 711,740.85	
Less: Amounts Written Off	507,528.79	
		\$ 204,212.06
Incorporation Expense	8,923.01	
Unemployment Insurance	49.56	
		213,184.63
		<u>\$3,971,706.05</u>

LIABILITIES

Current:		
Bank Overdraft (Secured)	\$ 605,899.02	
Accounts Payable	1,468.10	
Convertible Notes Payable	5,094.00	
		\$ 612,461.12
Advance from Ventures Limited		66,958.25
Mortgage Payable		5,320.03
Capital and Deficit:		
Capital:		
Authorized:		
1,500,000 Non-Voting Cumulative Preference Shares of No Par Value		
3,500,000 Common Shares of No Par Value		
Issued:		
272,298 Preference Shares	\$ 272,298.00	
1,897,078 Common Shares	3,716,955.00	
		\$3,989,253.00
Deduct:		
Operating Deficit	\$664,271.27	
Special Deficit	38,015.08	
		\$ 702,286.35
		3,286,966.65
		<u>\$3,971,706.05</u>

Note: Dividends in arrears on Preference Shares at .05c per share per annum from 1st September, 1946

HOYLE MINING COMPANY LIMITED

INVESTMENTS IN AND ADVANCES TO SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES AS AT DECEMBER 31, 1953

INVESTMENTS

	MARKET VALUE				
	<u>No. of Shares</u>	<u>Per Share</u>	<u>Amount</u>	<u>Cost</u>	<u>Advances</u>
Subsidiary Companies:					
Beaver River Silver Lead Mines Limited	1,050,000	.....	.....	\$ 44,340.89	\$ 9,758.64
South Porcupine Mines Limited	1,273,753	.....	.....	.....	\$ 2,992.04
				<u>\$ 44,340.89</u>	<u>\$12,750.68</u>
Associated and Other Companies:					
Bobjo Mines Limited	165,689	\$.27	\$ 44,736.03	\$ 41,187.95	
Falconbridge Nickel Mines Limited	5,390	15.00	80,850.00	34,981.14	
New Mosher Longlac Mines Limited	924,141	.60	554,484.60	533,156.91	
Ontario Pyrites Company Limited	1,115,330	.83	925,723.90	327,040.91	
Opemiska Copper Mines (Quebec) Limited	2,310,546	1.24	2,865,077.04	403,046.24	
Silver Standard Mines Limited	135,944	.75	101,958.00	20,540.85	
Thompson-Lundmark Gold Mines Limited	594,195	.17	101,013.32	336,207.76	
Sundry Shareholdings having a market value of less than \$40,000 .....	.....	.....	304,089.32	1,170,555.91	56,992.14
			<u>\$4,977,932.21</u>	<u>\$2,866,717.67</u>	<u>\$56,992.14</u>

MATACHEWAN CONSOLIDATED MINES LIMITED

BALANCE SHEET DECEMBER 31, 1953

ASSETS

Current:

Cash in banks	\$ 17,051.07	
Bullion settlement outstanding (estimated)	15,000.00	
Accounts receivable (including estimated amount receivable under the Emergency Gold Mining Assistance Act)	17,101.90	
	<u>\$ 49,152.97</u>	

Investments — at cost

Shares of companies with quoted market values (quoted market value \$304,098.27)	\$ 258,148.66	
Shares of other companies	<u>209,241.00</u>	467,389.66

Fixed: (Note 1)

Buildings, machinery and equipment at cost	\$ 996,850.09	
Less accumulated depreciation	<u>969,410.94</u>	
	\$ 27,439.15	
Mining leases acquired for 1,200,000 shares and \$44,100 in cash	<u>\$ 335,700.00</u>	\$ 363,139.15

Other:

Government bonds on deposit with the Hydro-Electric Power Commission of Ontario at cost (market value \$14,218)	\$ 15,288.75	
Advances for development and operation of properties owned by —		
Duport Mining Company Limited — at cost (Note 2)	\$ 135,241.75	
Matarrow Lead Mines Limited at cost less amounts written off (Note 1)	<u>50,000.00</u>	185,241.75
Supplies at cost	90,010.51	
Prepaid expenses	<u>5,407.16</u>	295,948.17
		<u>\$ 1,175,629.95</u>

LIABILITIES

Current:

Bank overdraft — secured	\$ 51,672.19	
Accounts payable and accrued charges	6,811.61	
Estimated taxes payable	<u>16,161.05</u>	
	<u>\$ 74,644.85</u>	

Capital:

Authorized — 4,000,000 shares of no par value		
Issued — 3,439,000 shares	\$ 914,500.00	
Earned Surplus	<u>186,485.10</u>	1,100,985.10
		<u>\$ 1,175,629.95</u>

NOTES:

- (1) Operations were suspended during the year on the company's property and on the property of Matarrow Lead Mines Limited. The values at which the company's mining leases and building, machinery and equipment are carried in the balance sheet are less in the aggregate than their estimated realizable value. The amounts advanced to Matarrow Lead Mines Limited under the terms of the agreement with that company have been written down to the amount estimated to be recoverable.
- (2) Under the terms of an agreement, the company is committed to make further advances for the development of property owned by Duport Mining Company Limited in the amount of \$227,258. On completion of such payments the company and its associates will be entitled to receive shares of Duport Mining Company Limited. No active development work was done on this property during 1953.

