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BRAMEDA

RESOURCES LIMITED

ANNUAL REPORT 1971

Annual and Extraordinary General Meeting of Shareholders — Patricia Room, Hotel Georgia, June 29th, 1972, 9:30 a.m. (Vancouver time).

Brameda's symbol is a stylized ancient talisman representing the four elements: earth, fire, water and air, which combine to produce natural resources.

DIRECTORS

WILLIAM R. BERGEY, Exploration Manager,
Keevil Mining Group, Limited,
Vancouver, B.C.

BERNARD O. BRYNELSEN, President, Brenda Mines Ltd.,
Vancouver, B.C.

SIR MICHAEL BUTLER, Bt., Q.C., Partner,
Farris, Farris, Vaughan, Wills & Murphy,
Vancouver, B.C.

MERVIN E. DAVIS, Vice-President, Brenda Mines Ltd.,
Vancouver, B.C.

ROBERT W. FALKINS, President, Highmont Mining Corp. Ltd., (N.P.L.),
Vancouver, B.C.

ROBERT E. HALLBAUER, Vice-President, Teck Corporation Limited,
Vancouver, B.C.

DR. NORMAN B. KEEVIL, Jr., Executive Vice-President,
Teck Corporation Limited,
Toronto, Ont.

DR. JOHN D. LEISHMAN, Director, Teck Corporation Limited,
Vancouver, B.C.

MORRIS M. MENZIES, Director, Brenda Mines Ltd.,
Vancouver, B.C.

JOSEPH C. MURPHY, General Manager, Burns Bros. & Denton Ltd.,
Toronto, Ont.

RIDGEWAY W. WILSON, President, Silver Standard Mines Ltd. (N.P.L.),
Vancouver, B.C.

OFFICERS

B.O. BRYNELSEN, Chairman of the Board
N.B. KEEVIL, Jr., Chairman of the Executive Committee
R.E. HALLBAUER, President
SIR MICHAEL BUTLER, Bt., Q.C., Secretary
G.R. SHIPLEY, Treasurer
J.D. MUNROE, Assistant Secretary and Assistant Treasurer

HEAD OFFICE

700-1177 West Hastings Street, Vancouver, B.C.

REGISTRAR AND TRANSFER AGENT

Canada Permanent Trust Company —
Vancouver, Toronto, Montreal

AUDITORS

Peat, Marwick, Mitchell & Co.

BANKERS

Bank of British Columbia
Toronto Dominion

SOLICITOR

Farris, Farris, Vaughan, Wills & Murphy

REPORT TO SHAREHOLDERS:

During the year under review your company concluded an agreement with subsidiaries of Brascan Limited providing for the continued development of the Sukunka coal deposit. More than $1,500,000 has now been spent under this programme, with results measuring up to expectations.

It was necessary to suspend operations at the Churchill mine late in the year and to make arrangements to satisfy the creditors of Churchill Copper Corporation. Brameda provided sufficient funds to retire Churchill's loan and thereby became Churchill's major creditor. Brameda was able to provide these funds in 1972 by selling 2,830,437 shares to Teck Corporation Ltd. for $1,886,958 and by arranging for a term Bank Loan in the amount of $3,100,000.

Sukunka Project

The Sukunka coking coal project, 179 coal licences located 30 miles south of Chetwynd, B.C., continues to be Brameda's most important asset. During 1970 Brameda had carried out an extensive exploration programme and outlined approximately 80,000,000 long tons of coking coal, with geological indications that this can be extended. Extensive tests were conducted to determine the quality of the coal, and these indicated that Sukunka coal is one of the best quality coking coals in the world. Upon the completion of the above programme, negotiations were conducted with major companies in order to arrange financing for the next phase of the programme. As a result of these negotiations, agreements were entered into in mid-1971 between Brameda Resources, Teck Corporation and subsidiaries of Brascan Limited (Mikas Oil Co. and Coalition Mining Ltd.)

Under the agreements, Coalition may earn a 7½% interest in a portion of the property, 41 coal licences, upon the expenditure of $1,500,000 on drilling, underground work and feasibility studies. Upon completion of this work, Mikas has the option to purchase an additional 42½% interest in the 41 licences. Of this amount, 37½% would be purchased from Brameda for $7,500,000, half of which would be payable on the exercise date and the balance upon reaching 80% of the production rate proposed in the feasibility study, or on July 1, 1976, whichever is sooner. If Mikas exercises its option to purchase this interest, it will be obligated to arrange the necessary financing for the project under terms which are defined in the agreement. The agreement envisages exercise of the option by the Brascan subsidiaries by July 15, 1972, although under certain conditions this may be extended to September 30, 1972.

Upon exercise of these options, interest in the deposit would be divided 50% to Brameda Resources, 42½% to Mikas and 7½% to Coalition Mining Ltd., a subsidiary of Mikas.

It is anticipated that Coalition would manage the operations and sales. Coalition is a private company whose shareholders are Mikas, Austen & Butta Ltd. (Australian coal operators) and Intercontinental Fuels Ltd. (A U.K. coal company with world-wide expertise in the marketing of coal).

During the year Coalition Mining Ltd. did 54,000 feet of additional diamond drilling, 5,300 feet of rotary drilling, 14,000 feet of outcrop stripping and drove 240 feet of adit at three locations for bulk sampling purposes. This work was accomplished between June and December, 1971. The preparation of a feasibility study is currently in progress. Brameda has been advised that Coalition has spent $1,500,000 on the programme and has therefore earned a 7½% interest in the 41 coal licences.

Under an agreement signed in 1970, Teck Corporation can earn a 50% working interest in 61 square miles of coal licences to the south and west of the Brascan block. A similar arrangement was entered into with Brascan's subsidiaries involving 44 coal licences north and west of the main block.

During the past summer Teck Corporation conducted a programme consisting of geological mapping, stripping, and 14,657 feet of diamond drilling on the 61 licences immediately to the south of the Brascan block. This work indicated an extension of the Chamberlain seam for some distance into the Teck area and also indicated the existence of other seams. Insufficient work has been done to date to fully assess the economic significance of coal in this area.

Diamond Drill on Sukunka Property

Casino

Pursuant to an agreement between Brameda Resources and Casino Silver Mines Ltd., under which Brameda may acquire a 70% interest in Casino's Canadian Creek property, Brameda spent in excess of $3,100,000. Mineable ore reserves stand at 170,000,000 tons grading 0.37% Cu and 0.039% MOS_2 with a waste to ore ratio of 1.7 to 1.

Efforts were made during the year to obtain financing to do additional work on the Casino property but, due to the general business climate, low metal prices, and the possible effects of Federal Government Bill C-187, it was not possible to conclude a satisfactory agreement. The Federal Government has postponed the implementation of Bill C-187 and it is hoped that, when the review of this Bill is undertaken, the Government will see fit to alter it to provide incentives for mining development in the North.

Churchill Copper Corporation Ltd.

Churchill Copper Corporation Ltd. (50.03% owned) suspended operations at its copper mine 80 miles west of Fort Nelson, B.C., in October due to declining copper prices. The mine was shut down in orderly fashion with buildings and equipment secured. The property is being maintained on a stand-by basis and will be re-opened when copper prices improve sufficiently.

Operations proceeded normally during the first nine months of 1971 and the operating results were as follows:

Tons mined	184,012
Tons milled	177,096
Tons milled per day	680
Grade (% Cu)	3.44
Recovery (%)	96.92
Tons concentrate produced	19,309
Concentrate grade (% Cu)	30.58
Pounds of copper produced	11,810,750

Some geological mapping, prospecting and geophysical surveys were done on the Magnum property (southern Mineral Lease M-6) just south of the main mine. In addition, prospects were examined and claim groups staked in the adjacent Yedhe Lakes and Canyon Creek area.

Financial results for the fiscal year 1971 show an operating profit of $649,208 at the property but after deducting financing and administration costs of $1,092,879 and depreciation and amortization costs of $1,534,495, the result for the year was a loss of $1,978,166 before extraordinary items.

General

Seymour Laboratory Ltd. (a wholly owned subsidiary) which provided chemical analysis services to the mining industry, was sold to Commercial Testing Company. Because of the general slowdown in mining exploration the lab was not providing sufficient revenue to justify Brameda maintaining the operation.

Patents have been issued to Brameda by the U.S. government on the Thermochem process for extracting sulphur from elemental sulphur deposits. Other patent applications are pending around the world and favourable decisions are expected. The pilot plant has been sold to a company planning exploitation of a deposit in South America and the purchaser has also acquired a licence to use the Thermochem process in Chile. Upon establishment of commercial production in Chile, Brameda will receive additional payments.

Brameda disposed of its remaining 214,796 shares of Giant Mascot Mines Ltd. at a profit of $333,000.

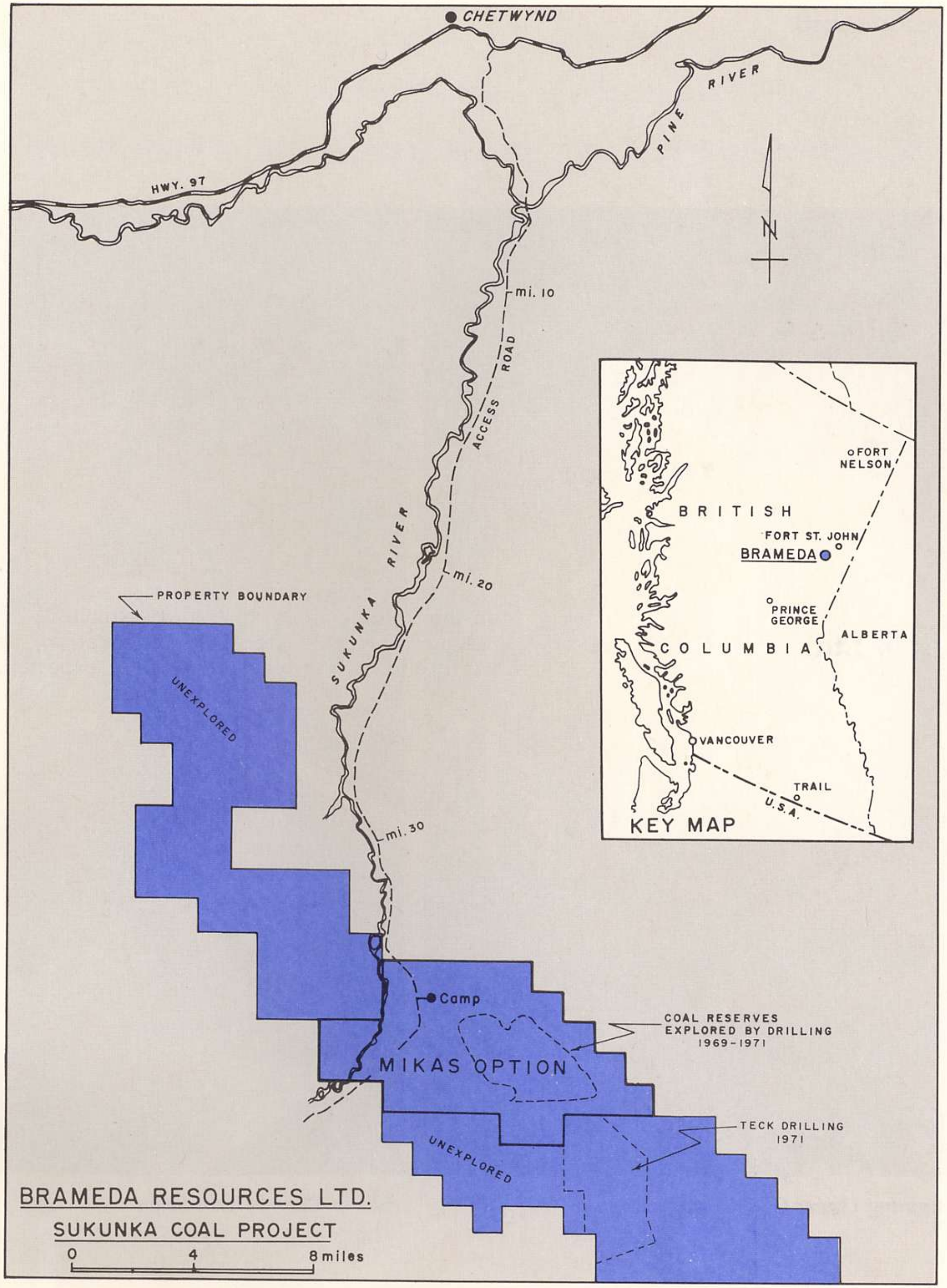
The Company's working capital position improved by $270,000 during the year.

On behalf of the Board

B. Brynelsen
Chairman

[signature]
President

Vancouver B.C.
June 1, 1972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HWY. 97
PINE RIVER
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ACCESS ROAD
SUKUNKA RIVER
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PROPERTY BOUNDARY
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COAL RESERVES EXPLORED BY DRILLING 1969-1971
TECK DRILLING 1971
UNEXPLORED
FORT NELSON
BRITISH
FORT ST. JOHN
BRAMEDA
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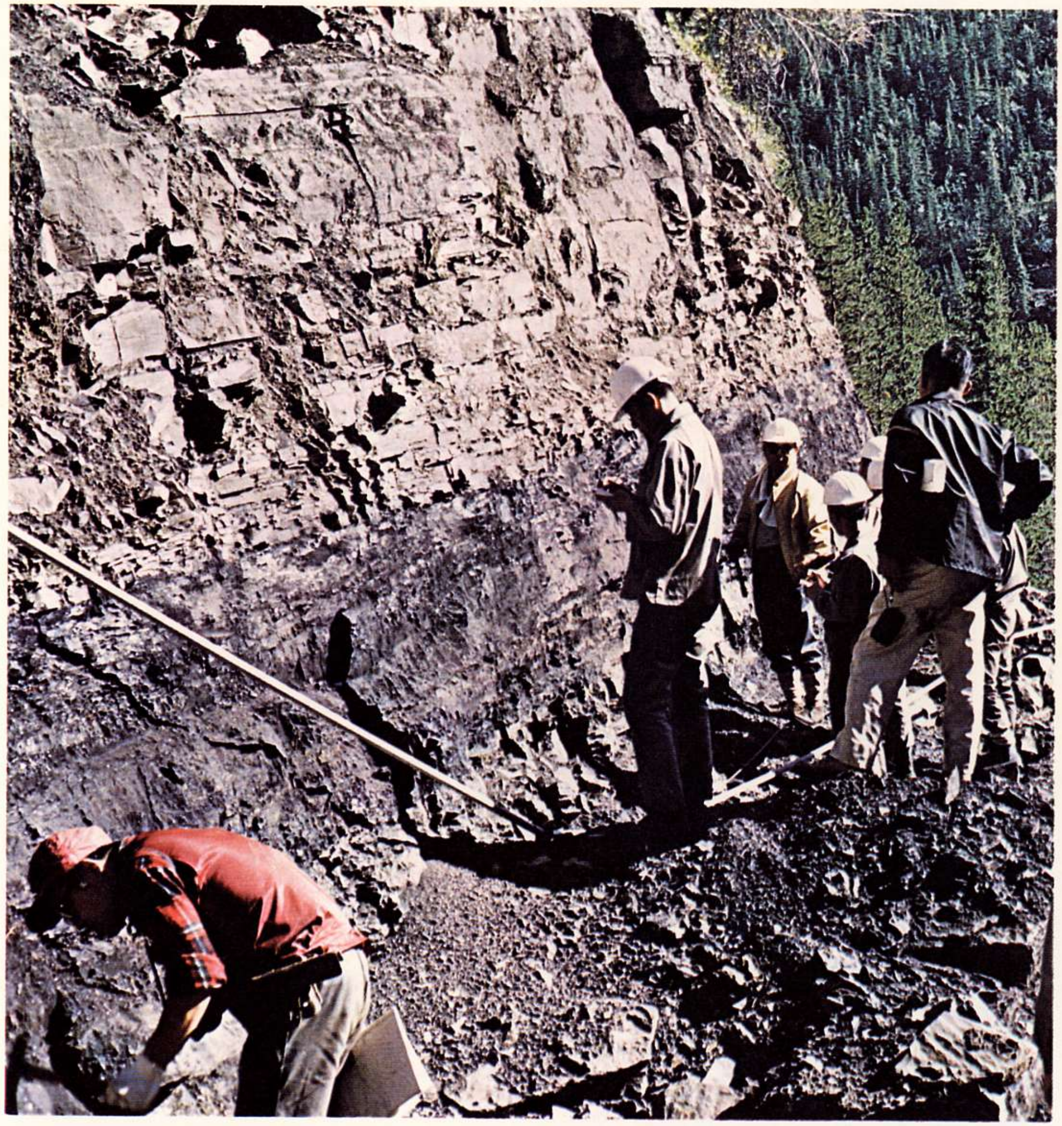
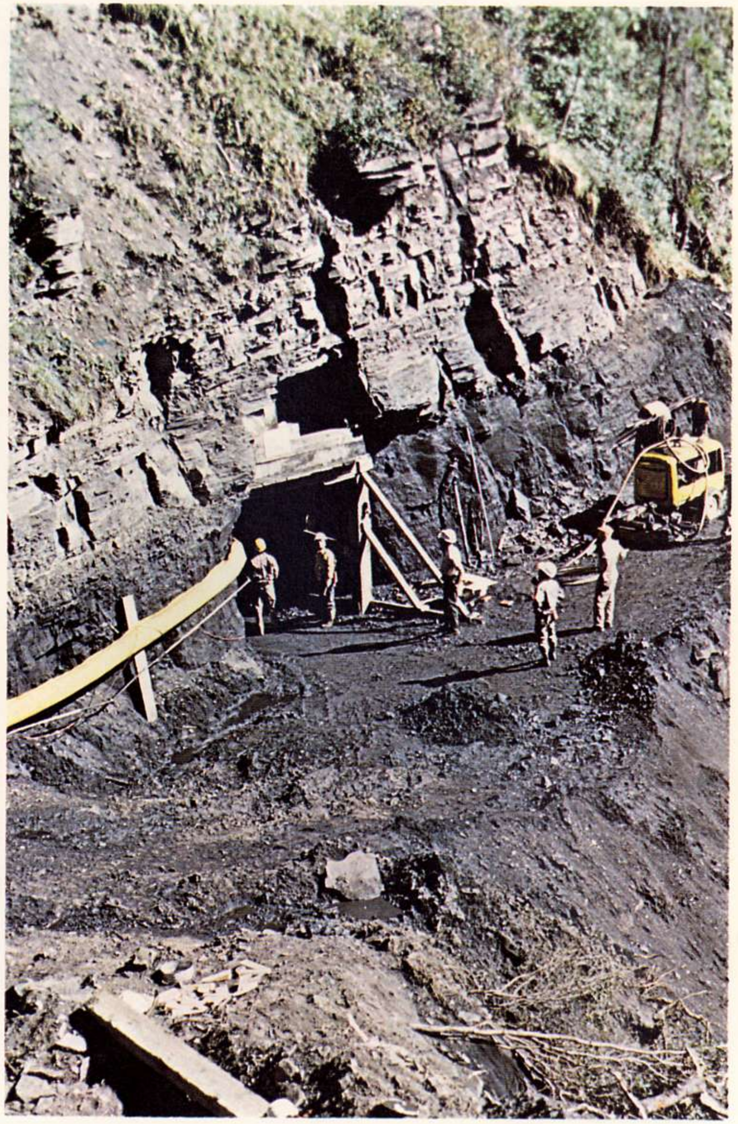


Members of Japanese Steel Mission Examining Upper Chamberlain Seam



Adit in Chamberlain Seam

FINANCIAL REPORTS

BRAMEDA RESOURCES LIMITED AND CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheet

December 31, 1971

ASSETS

	1971	1970 (Restated)
Current Assets:		
Cash and term deposits	$ 358,531	$ 40,560
Receivables	103,994	945,803
Due from subsidiary	-	55,227
Prepaid expenses	1,158	15,725
Total current assets	463,683	1,057,315
Investments and other assets:		
Collateral deposits (Note 2)	2,504,411	1,400,000
Investment in and advances to a subsidiary, Churchill Copper Corporation Ltd. (Note 2)	1	5,985,186
Investment in and advances to associated and other companies (Note 3)	1,155,417	3,012,861
Property costs recoverable	50,000	50,000
	3,709,829	10,448,047
Plant and equipment held for sale, at estimated realizable value	579,346	870,750
Furniture, fixtures and equipment (Note 4)	175,408	253,746
Deferred exploration and development expenses (Note 5)	5,600,160	6,551,241
	$ 10,528,426	$ 19,181,099

See notes to consolidated financial statements

LIABILITIES AND SHAREHOLDERS' EQUITY

	1971	1970 (Restated)
Current Liabilities:		
Accounts payable	$ 87,393	$ 928,654
Mortgage payable	-	26,284
Total current liabilities	87,393	954,938
Long-term debt:		
Debentures, due April 30, 1973 (Note 6)	1,000,000	1,000,000
Mortgage payable, due July 31, 1973 (Note 5)	1,300,000	-
	2,300,000	1,000,000
Provision for loss arising from the guarantee of subsidiary's bank loan (Note 2)	6,150,000	-
Shareholders' Equity:		
Capital stock (Note 7)	23,706,084	23,437,628
Deficit	21,715,051	6,211,467
Total shareholders' equity	1,991,033	17,226,161
	$ 10,528,426	$ 19,181,099

Commitments and contingent liabilities (Note 8)

ON BEHALF OF THE BOARD:

B. Brynelsen, Director.

Director.

Consolidated Statement of Operations and Deficit

YEAR ENDED DECEMBER 31, 1971

	1971	1970 (Restated)
Deferred exploration and development expenses written-off (Note 5)	$ 1,576,535	$ 738,782
Interest and financing expenses	-	100,000
Net loss for the period from consulting and laboratory operations	52,635	63,242
Recovery of prior years' receivables written-off	(63,057)	-
Settlement of litigation below prior year's estimated provision	(150,000)	-
Share of loss before extraordinary items of Churchill Copper Corporation Ltd. (Note 2)	1,157,787	846,049
Loss before extraordinary items	2,573,900	1,748,073
Extraordinary Items:		
Write-down of investment in subsidiary, Churchill Copper Corporation Ltd., and provision for loss arising from the guarantee of a bank loan (Note 2)	11,205,878	-
Net gain on sale of investments	(334,488)	(34,832)
Forgiveness of debt incurred on acquisition of mining property	-	(500,845)
Reversal of prior year's gain on disposal of interest in coal property repurchased (Note 5)	921,538	(921,538)
Write-off of investment in and advances to an associated company	1,081,000	-
Loss on disposal of plant and equipment held for sale	55,756	144,895
Total extraordinary items	12,929,684	(1,312,320)
Net Loss for the year	15,503,584	435,753
Deficit, beginning of year	6,211,467	5,775,714
Deficit, end of year	$ 21,715,051	$ 6,211,467

See notes to consolidated financial statements

Consolidated Statement of Source and Application of Funds

YEAR ENDED DECEMBER 31, 1971

	1971	1970 (Restated)
Source of funds:		
Sale proceeds of investments and equipment (1970 includes interest in coal licences)	$ 1,313,102	$ 3,565,944
Issue of mortgage payable	1,300,000	-
Issue of debentures	-	1,000,000
Issue of capital stock	268,456	2,000,010
Other	64,373	36,167
	2,945,931	6,602,121
Application of funds:		
Loss for the year	15,503,584	435,753
Add (deduct) items not requiring use of funds:		
Share of subsidiary's operating loss, write-down of investment, and provision for loss arising from bank loan guarantee	(12,363,665)	(846,049)
Deferred exploration and development expenses written-off	(1,576,535)	(679,362)
Investment in and advances to associated companies written-off	(1,081,000)	-
Gain on sale of investments, net	334,488	34,832
Loss on disposal of plant and equipment held for sale	(55,756)	(144,895)
Depreciation	(38,864)	(18,322)
Gain on sale of interest in coal licences	-	921,538
	722,252	(296,505)
Increase in collateral deposits	1,104,411	1,400,000
Exploration and development expenses	625,454	4,273,083
Net advances to subsidiary and associated companies	155,108	-
Purchase of equipment	405	118,866
Purchase of shares	64,388	154,632
Working capital of Chapman, Wood & Griswold Ltd. at date of sale	-	114,888
	2,672,018	5,764,964
Working capital:		
Increase during the year	273,913	837,157
Balance, beginning of year	102,377	(734,780)
Balance, end of year	$ 376,290	$ 102,377

See notes to consolidated financial statements

AUDITOR'S REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Brameda Resources Limited and consolidated subsidiaries as of December 31, 1971 and the consolidated statements of operations and deficit and source and application of funds for the year then ended. Our examination of the financial statements of Brameda Resources Limited and consolidated subsidiaries 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.

We have relied on the report of the auditors who have examined the financial statements of the unconsolidated subsidiary. The summarized audited financial statements of this subsidiary, Churchill Copper Corporation Ltd., at December 31, 1971 are presented in Note 2 of notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of the company and consolidated subsidiaries at December 31, 1971 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in method of accounting for its subsidiary company, Churchill Copper Corporation Ltd., as described in Note 1 of notes to consolidated financial statements, on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.

Chartered Accountants

Vancouver, British Columbia
June 5, 1972

Notes to Consolidated Financial Statements
December 31, 1971

1. Principles of Consolidation

The consolidated financial statements include the accounts of the company and all its subsidiaries except Churchill Copper Corporation Ltd. (Note 2). All significant inter-company transactions have been eliminated.

During the year, the company changed its method of accounting for its subsidiary, Churchill Copper Corporation Ltd., from consolidation to the equity method because the subsidiary's operations were discontinued. Amounts for the year ended December 31, 1970 have been retroactively restated to give effect to this change.

2. Investment in Churchill Copper Corporation Ltd.

During October, 1971, Churchill Copper Corporation Ltd. discontinued its operations because of the current depressed selling price of copper concentrate. Because of the uncertainty as to when copper prices will increase to a level which would make the operation viable it is not known when operations will be resumed.

The following is a summary of the audited financial statements of Churchill Copper Corporation Ltd. as at December 31, 1971:

Balance Sheet:

Assets	
Current assets	$ 29,294
Minihg properties, at nominal value	1
Fixed assets, at estimated salvage value	1,547,074
	$ 1,576,369
Liabilities	
Current liabilities—accounts payable	$ 325,718
Due to parent company	228,479
Bank Loan	7,183,723
Shareholders' equity	
Capital stock	6,827,117
Deficit	(12,988,668)
	(6,161,551)
	$ 1,576,369

Statement of Earnings and Deficit:

Revenue	$ 4,441,944
Operating costs	3,792,736
Operating income	649,208
Depreciation	735,311
Amortization of pre-production costs	799,184
Other expenses	1,092,879
	2,627,374
Loss before extraordinary items	1,978,166
Extraordinary items	
Mining properties and related costs written off	6,087,275
Write-down of fixed assets to estimated salvage value	3,926,952
Gain on conversion of bank loan to Canadian funds	(402,568)
	9,611,659
Net loss for the year	11,589,825
Deficit, beginning of year	1,398,843
Deficit, end of year	$ 12,988,668

The company reduced the carrying value of its investment in Churchill Copper Corporation Ltd. by $4,808,713 to record its proportionate share of the extraordinary items recorded by the subsidiary during the year ended December 31, 1971. This amount is included in the statement of operations and deficit as an extraordinary charge, together with a further write-down of the carrying value of this subsidiary of $247,165 which was made in order to state the investment at a nominal value of $1.

As at December 31, 1971 the company was contingently liable as guarantor of a bank loan of $7,183,723 to Churchill Copper Corporation Ltd. Under an agreement with the bank subsequent to December 31, 1971, the company provided funds to discharge the subsidiary's bank indebtedness as follows:

(a) A portion of the collateral deposits at December 31, 1971 in the amount of $2,175,754.

(b) $1,886,958 received from the issue of shares (Note 9)

(c) $3,121,011 from a bank loan obtained by the company (Note 9)

In consideration for the discharge of its bank loan, the subsidiary undertook to repay to the company the $7,183,723 advanced. The total amounts due to the company by Churchill Copper Corporation Ltd. exceeded the underlying net assets as at December 31, 1971 as shown in the audited financial statements by approximately $6,150,000 and accordingly provision for this amount has been made in the accounts as an extraordinary item.

The total extraordinary loss resulting from the write-down of the investment in Churchill Copper Corporation Ltd. together with provision for repayment of that company's bank loan amounts to $11,205,878.

The company's proportionate share of the loss before extraordinary items of Churchill Copper Corporation Ltd. has been increased by $379,062 ($261,414 in 1970) resulting from amortization of the excess of the cost of the investment over underlying net book value of the subsidiary which was allocated to the value of mineral properties and reduced by management fees charged by the company of $210,952 ($270,573 in 1970).

3. Investment in and advances to associated and other companies

These are stated at cost or nominal value and comprise the following:

Investments:	SHARES Escrow	SHARES Not subject to Escrow	Cost or Nominal Value	Quoted Value of Shares not subject to Escrow December 31, 1971
Associated Companies:				
Casino Silver Mines Ltd. (N.P.L.)		450,000		
Hearne Coppermine Explorations Ltd. (N.P.L.)	513,933	20,000	$1,124,388	$ 330,655
Westland Mines Ltd. (N.P.L.)		582,552		
Other Companies:				
Muskox Mines Ltd.	75,592		1	
Northern Coal Mines Ltd.	840,000		4,200	
Central Nanson Mines Limited		31,350	1	
			1,128,590	
Advances:				
Westland Mines Ltd. (N.P.L.)			19,915	
Hearne Coppermine Explorations Ltd. (N.P.L.)			6,380	
Casino Silver Mines Ltd. (N.P.L.)			532	
			$1,155,417	

Changes in investments and advances during the year:

	Costs
Purchase of shares of Westland Mines Ltd. (N.P.L.)	$ 64,388
Cost of shares of Giant Mascot Mines Ltd. and Ionarc Smelters Ltd. sold	(767,802)
Cost of shares in Ancore International Ltd. and minor affiliate, plus advances, written-off	(1,081,000)
Reduction in advances	(73,030)
	$ (1,857,444)

4. Furniture, fixtures and equipment

Furniture, fixtures and equipment are stated at cost less accumulated depreciation and comprise the following:

	Cost	Accumulated Depreciation	Net Book Value
Furniture and fixtures	$ 152,231	30,375	121,856
Equipment and other	71,167	17,615	53,552
	$ 223,398	47,990	175,408

These assets are being depreciated on a straight line basis at various rates based on their estimated useful lives. The current year's provision for depreciation charged to operations is $38,864.

5. Deferred exploration and development expenses

	Balance December 31, 1970	Expenditures and recoveries during the year	Charged to operations	Balance December 31, 1971
Exploration:				
Casino	$ 3,074,555	45,674	-	3,120,229
Sukunka	1,490,782	491,810	-	1,982,592
Atlin	268,671	15,552	284,223	-
Liard	116,280	15	-	116,295
Brameda-Terra-Nova	8,627	13,610	22,237	-
Bullmoose	-	38,810	-	38,810
Rocky Creek	-	8,538	-	8,538
Chamberlain	-	362	-	362
Burnt River	-	33,334	-	33,334
Choqua	-	626	626	-

McCracken	-	91,688	91,688	-
Sulphurdale	-	2,793	2,793	-
Other	-	8,539	8,539	-
	4,958,915	751,351	410,106	5,300,160
Development — Sulphur refining process research	1,592,326	(125,897)	1,166,429	300,000
	$ 6,551,241	625,454	1,576,535	5,600,160

In 1970, the company sold to Teck Corporation Limited, a shareholder of the company, a 5% interest in 41 of its coal licences for $1,000,000. The company re-acquired the 5% interest in these coal licences in 1971 for issuance of a $1,300,000 non-interest bearing mortgage due July 31, 1973 and has reversed the prior year's recorded gain of $921,538 as an extraordinary charge against the current year's operations. The cost of re-acquiring the 5% interest in the coal licences, less the prior year's profit reversed has been included in deferred exploration expenses during the current year in the amount of $378,462.

In August 1971, the company entered into agreements for the proposed development of its coal licences which provide:

(a) Upon completion by Coalition Mining Limited of exploration work and feasibility studies totaling $1,500,000 prior to July 15, 1972, the company will deliver a 7½% interest in 41 licences to Coalition Mining Limited.

(b) Following delivery of the above interest, Mikas Oil Co. Ltd. may exercise its option to acquire a 37½% interest in the 41 licences for $7,500,000 payable one-half on July 15, 1972 (under certain conditions this may be extended to September 30, 1972) and the balance on July 1, 1976, or at an earlier date in the event certain production rates are attained.

(c) Mikas Oil Co. Ltd. has a further option to acquire a 5% interest in the 41 licences prior to September 30, 1972 for a cash payment of $1,150,000. In the event that such option is exercised, the $1,300,000 mortgage on the 5% interest can be settled by payment of the option proceeds to the mortgagee prior to October 15, 1972. In the event that this option is not exercised, the company has the right to settle the mortgage by delivery of the 5% interest to the mortgagee in lieu of payment.

The company has also entered into agreements whereby Mikas Oil Co. Ltd. may obtain a 50% interest in 44 coal licences by spending $1,000,000 on exploration and development prior to August 1976, and Teck Corporation Limited may obtain a 50% interest in a further 61 coal licences by spending $1,000,000 on exploration and development prior to 1976.

The development costs of the sulphur refining process have been written down to the maximum amount recoverable pursuant to existing agreements covering completion of sulphur production facilities in Chile.

6. Debentures due April 30, 1973

These debentures are non-interest bearing and are secured by a floating charge on all the assets of the company. The debentures are held by Teck Corporation Limited.

7. Capital Stock

Authorized: 10,000,000 common shares without nominal or par value.

	Shares	Amount
Outstanding:		
December 31, 1970	6,931,563	$ 23,437,628
Issued during the year in settlement of a debt	108,000	268,456
December 31, 1971 (including 84,000 shares not fully paid)	7,039,563	$ 23,706,084

In 1969 a group of employees (now including thirteen former employees) purchased 84,000 shares of the company pursuant to the provisions of an employee share purchase plan; $756,000 remains unpaid and has not been included in the amount shown as paid up capital. The company has postponed making any calls for payment of this amount.

An option exercisable on or before March 4, 1973 has been granted to Burns Bros. and Denton Limited, as underwriters, to purchase 130,000 shares at $8.50 per share.

8. Commitments and contingent liabilities

(a) Commitments for rents, leases and other services amount to a maximum of $94,000 for 1972, reducing to $85,000 in 1973 and to $61,000 per year from 1974 to 1979.

(b) A royalty of ⅓ of 1% of the selling price is required to be paid by the company on sulphur produced by use of the company's sulphur ore refining process pursuant to an option whereby free use of this process has been granted in respect of the first 500,000 tons of production from a property previously owned by the company. Based on the current market price of sulphur, the maximum royalty payable by the company is approximately $40,000.

9. Subsequent events

On April 19, 1972, the company:

(a) Issued 2,830,437 shares to Teck Corporation Limited for a cash consideration of $1,886,958 ($.66 ⅔ per share).

(b) Obtained a bank loan of $3,121,011 with interest at 1% above prime rate and due December 31, 1973, subject to the requirement of prior repayment on July 15, 1972 if the option to acquire a 37½% interest in 41 coal licences is exercised (Note 5).

(c) Applied the above funds together with cash collateral deposits of $2,175,754 to discharge the bank indebtness of its subsidiary.

10. Statutory information

The aggregate remuneration paid by the company to directors and senior officers including the five highest paid employees of the company for the year ended December 31, 1971 was $125,400 (1970 — $174,070).

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