

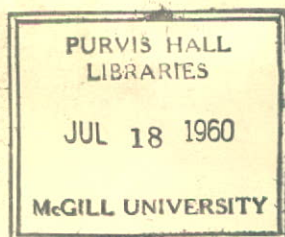


# United Asbestos Corporation

L I M I T E D  
NO PERSONAL LIABILITY

## 1958

Report to the Shareholders





## UNITED ASBESTOS CORPORATION LIMITED

*(No Personal Liability)*

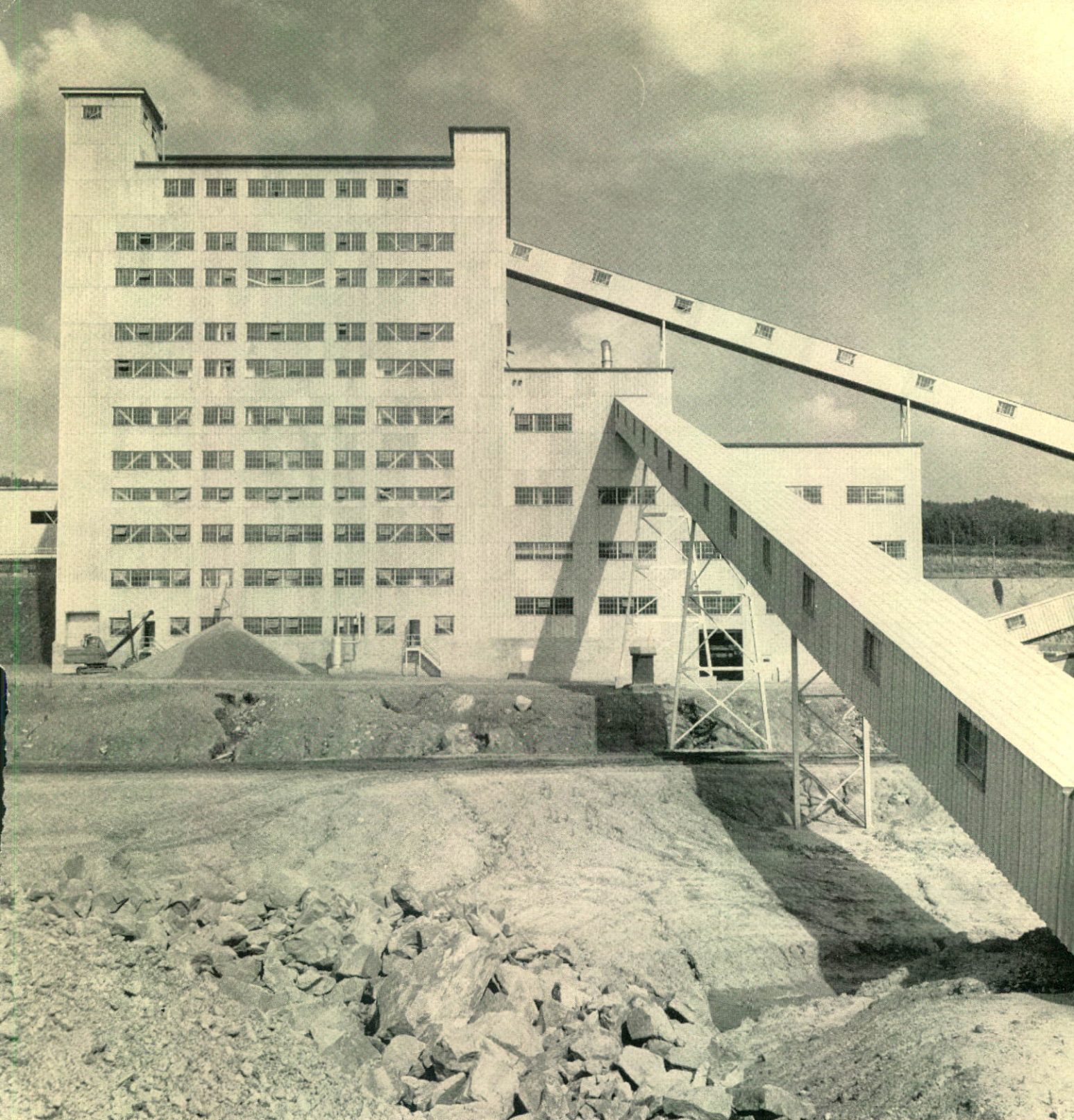
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The pictures forming a part of this Report are included to commemorate commencement of fibre production at Black Lake and further to give some slight indication of the size of the enterprise and the method employed to prepare and market ASARCO fibre.

The last time pictures were included in a UNITED ASBESTOS Report to Shareholders a quiet lake 540 acres in extent (Black Lake) was the subject of the front cover. The cover of this current report illustrates the open pit workings which have replaced Black Lake.

United Asbestos Corporation, having discovered the rich orebodies underlying Black Lake, expended approximately \$2,000,000 in diamond drilling and underground development beneath the lake, thereby succeeding in the establishment of more than 40,000,000 tons of asbestos ore of a grade better than average for the industry. Thereafter, and under agreement with your Company, LAKE ASBESTOS OF QUEBEC, LTD., proceeded to bring the properties to production and is now shipping fibre to world markets. LAKE ASBESTOS OF QUEBEC, LTD., is a wholly-owned subsidiary of the AMERICAN SMELTING AND REFINING COMPANY.





One view of the new mill which is considered by your management to be the most efficient in the industry. It was designed, built and equipped to produce 100,000 tons of fibre per year (about 7% of the free world's production) by treatment of approximately 5,000 tons of ore per day. Asbestos ore is conveyed from the outdoor wet rock storage pile to the huge mill building at Black Lake, Quebec. In the 14-storey mill, the ore is dried, crushed and the asbestos fibres are carefully separated from the host rock. The mill is specially designed to produce asbestos which is of precisely controlled fibre length and is free of rock dust and other impurities. Milling operations are linked by three miles of conveyor belts.



## UNITED ASBESTOS CORPORATION LIMITED

*(No Personal Liability)*

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*Directors*    A. B. DAVIDSON, *Toronto, Ont.*  
                  P. M. MALOUF, *Montreal, P.Q.*  
                  R. F. DOOLEY, *Chicago, Ill.*  
                  O. J. TAYLOR, *Chicago, Ill.*  
                  THE HONOURABLE GASPARD FAUTEUX,  
                  P.C., LL.D., D.D.S., L.D.S., *Quebec, P.Q.*  
                  W. R. SALTER, Q.C., *Toronto, Ont.*  
                  C. R. SCHULTZ, *Toronto, Ont.*

*Officers*      A. B. DAVIDSON, *President*  
                  P. M. MALOUF, *Vice-President*  
                  W. R. SALTER, Q.C., *Vice-President and Secretary*  
                  C. R. SCHULTZ, *Treasurer*

*Head Office*    132 St. James Street West, *Montreal, P.Q.*

*Executive Office*    320 Bay Street, *Toronto, Ont.*

*Transfer Agents  
& Registrars*      GUARANTY TRUST CO. OF CANADA,  
                                  *Toronto and Montreal*  
                                  THE BANK OF NEW YORK, *New York, N.Y.*

*Consulting Engineer*    PHILIP M. MALOUF, P.ENG., *Montreal, P.Q.*

# UNITED ASBESTOS CORPORATION LIMITED

*(No Personal Liability)*

To the Shareholders:

Your Directors present herewith the balance sheet of your Company for the fiscal year ended December 31st, 1957, and also present, in order to furnish you with a more up-to-date statement of your Company's affairs, a balance sheet covering the period ending September 30th, 1958. Accompanying such balance sheets are various related statements, together with the auditors' report thereon.

During the past year the vast project of silt and overburden removal from the top of the orebodies reached a stage that mining of ore could be commenced from the A and C orebodies. More solids have been dredged from Black Lake than in the entire St. Lawrence Seaway project. The highly mechanized mill, built at a cost of more than \$9,000,000, has been completed and on June the 29th commenced to treat ore from the mine on a tune-up basis.

The commitment of American Smelting and Refining Company to have its wholly-owned subsidiary, Lake Asbestos of Quebec, Ltd., bring the property to production had been reached at a cost in excess of \$35,000,000, in addition to more than \$2,000,000 spent by your Company. The cost was much greater than had been initially estimated but market surveys indicate an economic future well warranting the expenditure. The higher cost will delay shareholder benefits since these additional monies must be repaid before full participation in net proceeds can be reached. Furthermore, dredging will be continued well into 1959. It should be kept in mind that the first benches mined will leave a residue of fibre released by blasting which will not be recovered until the second bench is mined. The second and subsequent benches should mine out at average grade for the orebodies being mined.

In view of the above factors and keeping in mind the approximate six months tune-up period normally required to reach satisfactory production efficiency, shareholders should not look for United Asbestos to have income of a material nature for at least a year. It should, however, not be overlooked that the very large capital expenditure required to drain and dredge the lake to reach production has resulted in creating such a huge open pit — that capital expenditure for future pit expansion has largely been prepaid. Furthermore, the mill has been designed and built with a view to the ready increase of milling capacity. Therefore, expansion of production as, if and when required may be attained with relatively small capital expenditure.

The high quality fibre being produced is marketed under the trade name ASARCO and it is gratifying to know that the cleanliness and mix results in a product believed to be the finest of its kind available in the world. Furthermore, the preponderance of grades 3, 4 and 5 in the ore has resulted in an unusually high dollar value per ton of fibre produced.

Your management was on many occasions told that the job of mining the ore from Black Lake was impossible. To reach this "impossible" objective has required skill, ingenuity and determination far beyond the ordinary. The Officers and Directors of United Asbestos, therefore, wish to congratulate the Lake Asbestos of Quebec, Ltd., management for its successful engineering feat and the American Smelting and Refining Company for its vision, courage and support to an enterprise that now holds such sound promise for profitable production and delivery to the free world of a vitally required mineral.

Respectfully submitted,

On behalf of the Board,

November, 1958.

A. B. DAVIDSON, *President.*

# UNITED ASBESTOS

(No Personal Liability)

Incorporated under the laws of the Province of Ontario

*Balance*

SEPTEMBER 30, 1958

## ASSETS

### CURRENT ASSETS:

Cash .....	124,278.06		
Accounts receivable .....	495.82		
Returnable deposit .....	425.00		
Prepaid expenses .....	681.95	125,880.83	

HEAD OFFICE EQUIPMENT .....			3,314.41
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### EXPENDITURES RECOVERABLE FROM LAKE ASBESTOS OF QUEBEC, LTD., out of net proceeds of production (Notes 1 and 2):

Buildings .....	42,873.25		
Plant and equipment .....	322,936.87		
Mining claims and concessions .....	285,792.64		
Deferred charges to operations:			
Preproduction expenses, exploration and development .....	1,297,261.71		
Administration .....	159,335.73	1,456,597.44	2,108,200.20

### OTHER EXPENDITURES:

Mining claims still held by company (Note 2) .....	20,000.00		
Deferred charges to operations:			
Preproduction expenses, exploration and development .....	240,016.89		
Administration .....	565,540.49	805,557.38	825,557.38
			<u>\$ 3,062,952.82</u>

The accompanying notes are an integral part of this statement.

### AUDITORS'

To the Shareholders of  
United Asbestos Corporation Limited (No Personal Liability).

We have examined the balance sheet of United Asbestos Corporation Limited (No Personal Liability) as at September 30, 1958, 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.

Toronto, Canada,  
October 22, 1958.



# CORPORATION LIMITED

(Liability)

Quebec Mining Companies Act

Sheet

30, 1958

## LIABILITIES

### CURRENT LIABILITIES:

Accounts payable and accrued expenses ..... 32,448.52

DEFERRED ACCOUNT PAYABLE (Note 3) ..... 100,000.00

### CAPITAL STOCK:

#### Authorized:

5,000,000 shares of \$1.00 par value

Issued and fully paid (Note 4):

	No. of Shares and Par Value	Net Discount or (Premium)	Net	
Balance, December 31, 1957 .....	3,775,000	992,495.70	2,782,504.30	
Issued during period for cash .....	37,000	(111,000.00)	148,000.00	
	<u>3,812,000</u>	<u>881,495.70</u>	<u>2,930,504.30</u>	2,930,504.30

Approved on behalf of the Board:

A. B. DAVIDSON, Director.

PHILIP M. MALOUF, Director.

\$ 3,062,952.82

Balance sheet and should be read in conjunction therewith.

## REPORT

We report that, in our opinion, the above balance sheet, supplemented by the notes thereto, is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as at September 30, 1958, according to the best of our information and the explanations given us and as shown by the books of the company.

THORNE, MULHOLLAND, HOWSON AND McPHERSON,

Chartered Accountants.

# UNITED ASBESTOS CORPORATION LIMITED

(No Personal Liability)

## *Notes to Balance Sheet as at September 30, 1958*

1. Under an agreement dated September 17, 1952 and the supplemental agreements thereto between United Asbestos Corporation Limited and Lake Asbestos of Quebec, Ltd., referred to therein as Asarco, to which American Smelting and Refining Company is also a party, Asarco undertook to equip and operate the company's property at Black Lake, Quebec, and the agreement sets out the basis for the distribution of net proceeds of operations as defined therein. In general, until such time as the respective companies shall have received a share of the net proceeds equal to their respective preproduction and other expenditures referred to in the agreement, seventy-five per cent of the net proceeds is to be distributed between them in the proportion that their respective preproduction and other expenditures bear to the total of such expenditures of both companies. The remaining twenty-five per cent of net proceeds of operations is distributed on a different formula which also applies to the distribution of one hundred per cent of the net proceeds of operations after the respective companies have received a portion of net proceeds equal to their total preproduction and other expenditures as referred to above. The above mentioned agreement contains provisions relating to termination upon notice.

Commencement date of mining and milling operations on a tune-up basis was June 29, 1958. No financial figures are yet available as to net proceeds, if any, which may have accrued to the company since that date.

2. Pursuant to the above mentioned agreement, title to the company's principal lands, mining concessions and other rights relating thereto as set out and described in Article 1 thereof, and all buildings and improvements thereon, together with all the machinery, equipment, tools and other supplies, etc. owned by United and located on the properties, have been conveyed to Lake Asbestos of Quebec, Ltd.

3. Legal action against the company by a third party, claiming the sum of \$1,000,000.00, has been settled out of court. Under the terms of settlement the company is required to pay a total of \$120,000.00 in annual instalments of \$20,000.00 from 1957 to 1962 inclusive, of which the initial instalment has been paid. The company is not obliged to make the 1958 payment except to the extent that it has received revenues from Lake Asbestos of Quebec, Ltd. Any balance of the 1958 payment remaining unpaid at the end of 1958 is payable in 1959 out of the first revenues received from Lake Asbestos of Quebec, Ltd.

4. Options extending to September 28, 1959 are outstanding to certain directors and others to purchase a total of 138,000 shares of the company's capital stock at \$4.00 per share. On May 20, 1958 the company issued 37,000 shares to a director pursuant to the exercise of a similar option, for which cash of \$148,000.00 was received.



# UNITED ASBESTOS CORPORATION LIMITED

(No Personal Liability)

## *Statement of Preproduction Expenses, Exploration and Development*

NINE MONTHS' PERIOD ENDED SEPTEMBER 30, 1958

	Recoverable from Lake Asbestos of Quebec, Ltd.	Other	Total
Balance, December 31, 1957 .....	1,297,261.71	224,261.22	1,521,522.93
Expenditures during period:			
Engineering and consultants' fees and expenses .....		12,232.00	
Mining licenses and taxes .....		3,523.67	15,755.67
BALANCE, SEPTEMBER 30, 1958 .....	<u>\$ 1,297,261.71</u>	<u>\$240,016.89</u>	<u>\$ 1,537,278.60</u>

## *Statement of Administration*

NINE MONTHS' PERIOD ENDED SEPTEMBER 30, 1958

	Recoverable from Lake Asbestos of Quebec, Ltd.	Other	Total
Balance, December 31, 1957 .....	159,335.73	503,219.62	662,555.35
Expenditures during period:			
Public relations, advertising and reports to shareholders .....		13,060.56	
Office rent, taxes and lighting .....		2,759.53	
Executive fees .....		9,000.00	
Office salaries .....		1,260.00	
Office supplies and expenses .....		1,005.12	
Travelling .....		391.75	
Legal and registration fees and expenses .....		17,766.17	
Audit fees .....		1,575.00	
Telephone and telegraph .....		1,059.28	
Business taxes .....		183.70	
Transfer agents' fees and expenses .....		8,034.62	
Directors' fees .....		6,000.00	
Expenses of directors' meetings .....		609.15	62,704.88
	<u>159,335.73</u>	<u>565,924.50</u>	<u>725,260.23</u>
Less: Interest earned .....		384.01	384.01
BALANCE, SEPTEMBER 30, 1958 .....	<u>\$159,335.73</u>	<u>\$565,540.49</u>	<u>\$724,876.22</u>

# UNITED ASBESTOS

(No Personal Liability)

Incorporated under the laws of the Province of Ontario

*Balance Sheet*

DECEMBER 31, 1957

## ASSETS

### CURRENT ASSETS:

Cash .....	39,143.30		
Accounts receivable .....	475.51		
Returnable deposit .....	425.00	40,043.81	

HEAD OFFICE EQUIPMENT .....			3,314.41
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### EXPENDITURES RECOVERABLE FROM LAKE ASBESTOS OF QUEBEC, LTD. out of net proceeds of production (Notes 1 and 2):

Buildings .....	42,873.25		
Plant and equipment .....	322,936.87		
Mining claims and concessions .....	285,792.64		
Deferred charges to operations:			
Preproduction expenses, exploration and development .....	1,297,261.71		
Administration .....	159,335.73	1,456,597.44	2,108,200.20

### OTHER EXPENDITURES:

Mining claims still held by company (Note 2) .....		20,000.00	
Deferred charges to operations:			
Preproduction expenses, exploration and development .....	224,261.22		
Administration .....	503,219.62	727,480.84	747,480.84
			<u>\$ 2,899,039.26</u>

The accompanying notes are an integral part of this statement.

### AUDITORS'

To the Shareholders of  
United Asbestos Corporation Limited (No Personal Liability).

We have examined the balance sheet of United Asbestos Corporation Limited (No Personal Liability) as at December 31, 1957, 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.

Toronto, Ontario,  
April 18, 1958.



# CORPORATION LIMITED

Liability)  
Quebec Mining Companies Act

Sheet

31, 1957

## LIABILITIES

### CURRENT LIABILITIES:

Accounts payable and accrued expenses ..... 16,534.96

DEFERRED ACCOUNT PAYABLE (Note 3) ..... 100,000.00

### CAPITAL STOCK:

#### Authorized:

5,000,000 shares of \$1.00 par value

#### Issued and fully paid (Note 4):

3,775,000 shares ..... 3,775,000.00

Less: Discount on shares ..... 2,092,495.70

1,682,504.30

Add: Premium on shares ..... 1,100,000.00 2,782,504.30

Approved on behalf of the Board:

A. B. DAVIDSON, Director.

PHILIP M. MALOUF, Director.

\$ 2,899,039.26

balance sheet and should be read in conjunction therewith.

## REPORT

We report that, in our opinion, the above balance sheet, supplemented by the notes thereto, is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as at December 31, 1957, according to the best of our information and the explanations given us and as shown by the books of the company.

THORNE, MULHOLLAND, HOWSON AND McPHERSON,

Chartered Accountants.

# UNITED ASBESTOS CORPORATION LIMITED

*(No Personal Liability)*

## *Notes to Balance Sheet as at December 31, 1957*

1. Under an agreement dated September 17, 1952 and the supplemental agreements thereto between United Asbestos Corporation Limited and Lake Asbestos of Quebec, Ltd., referred to therein as Asarco, to which American Smelting and Refining Company is also a party, Asarco undertakes to equip and operate the company's property at Black Lake, Quebec, and the agreement sets out the basis for the distribution of net proceeds of operations as defined therein. In general, until such time as the respective companies shall have received a share of the net proceeds equal to their respective preproduction and other expenditures referred to in the agreement, seventy-five per cent of the net proceeds is to be distributed between them in the proportion that their respective preproduction and other expenditures bear to the total of such expenditures of both companies. The remaining twenty-five per cent of net proceeds of operations is distributed on a different formula which also applies to the distribution of one hundred per cent of the net proceeds of operations after the respective companies have received a portion of net proceeds equal to their total preproduction and other expenditures as referred to above. The above mentioned agreement contains provisions relating to termination upon notice.
2. Pursuant to the above mentioned agreement, title to the company's principal lands, mining concessions and other rights relating thereto as set out and described in Article 1 thereof, and all buildings and improvements thereon, together with all the machinery, equipment, tools and other supplies, etc. owned by United and located on the properties, have been conveyed to Lake Asbestos of Quebec, Ltd.
3. Legal action against the company by a third party, claiming the sum of \$1,000,000.00, has been settled out of court. Under the terms of settlement the company is required to pay a total of \$120,000.00 in annual instalments of \$20,000.00 from 1957 to 1962 inclusive, of which the initial instalment has been paid. The company is not obliged to make the 1958 payment except to the extent that it has received revenues from Lake Asbestos of Quebec, Ltd. Any balance of the 1958 payment remaining unpaid at the end of 1958 is payable in 1959 out of the first revenues received from Lake Asbestos of Quebec, Ltd.
4. Options extending to September 28, 1959 are outstanding to certain directors and others to purchase a total of 225,000 shares of the company's capital stock at \$4.00 per share.



# UNITED ASBESTOS CORPORATION LIMITED

(No Personal Liability)

## *Statement of Preproduction Expenses, Exploration and Development*

SIX MONTHS' PERIOD ENDED DECEMBER 31, 1957

	Recoverable from Lake Asbestos of Quebec, Ltd.	Other	Total
Balance, June 30, 1957 .....	1,297,261.71	92,439.13	1,389,700.84
Expenditures during period:			
Special financial expenses (Note 3) .....		120,000.00	
Engineering and consultants' fees and expenses .....		9,399.96	
Mining licenses and taxes .....		2,422.13	131,822.09
BALANCE, DECEMBER 31, 1957 .....	<u>\$ 1,297,261.71</u>	<u>\$224,261.22</u>	<u>\$ 1,521,522.93</u>

## *Statement of Administration*

SIX MONTHS' PERIOD ENDED DECEMBER 31, 1957

	Recoverable from Lake Asbestos of Quebec, Ltd.	Other	Total
Balance, June 30, 1957 .....	159,335.73	465,078.41	624,414.14
Expenditures during period:			
Public relations, advertising and reports to shareholders .....		8,908.85	
Office rent, taxes and lighting .....		1,894.07	
Executive fees .....		6,000.00	
Office salaries .....		840.00	
Office supplies and expenses .....		1,209.70	
Travelling .....		4,785.05	
Legal fees .....		7,969.79	
Audit fees .....		500.00	
Telephone and telegraph .....		650.35	
Business taxes .....		10.00	
Transfer agents' fees and expenses .....		2,885.26	
Directors' fees .....		3,000.00	
Expenses of directors' meetings .....		145.79	38,798.86
	<u>159,335.73</u>	<u>503,877.27</u>	<u>663,213.00</u>
Less: Interest earned .....		657.65	657.65
BALANCE, DECEMBER 31, 1957 .....	<u>\$159,335.73</u>	<u>\$503,219.62</u>	<u>\$662,555.35</u>





Clean, fluffy asbestos fibres pass through the bottoms of the cone-shaped cyclone separators shown at the new mill. Construction of the \$9.2 million mill, the world's newest and most modern, was begun two years ago. Now it is in full-scale operation and asbestos from this mill is being shipped to industrial consumers throughout the world.





United Asbestos shareholders may well be proud of the part they played in the establishment of an enterprise which is now providing to the free world a fibre of superior excellence. The fibres are being marketed under the trade name ASARCO and after careful grading are loaded into pressure-packed paper bags for shipment from the new mill at Black Lake, Quebec. Asbestos of shorter fibre lengths is used, for example, in the manufacture of shingles; longer fibres are woven into fire-resistant textiles and are used to make reinforced plastics.



