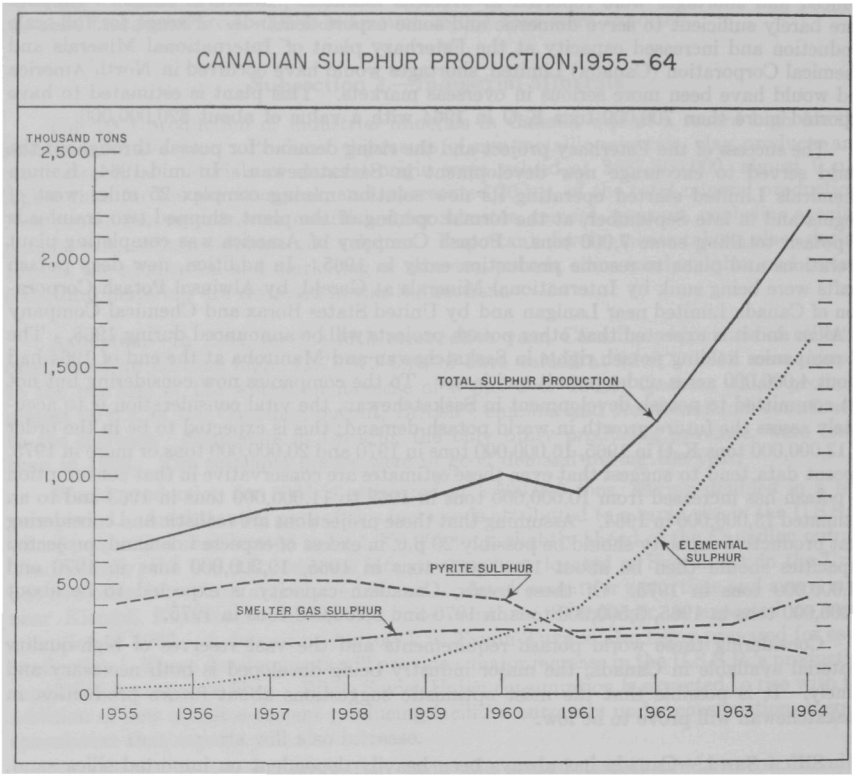
Corporation, in a move to consolidate operations, sold its silica milling plant at Lachine, Que., and embarked on a $1,000,000 expansion program at St. Donat, which will include a wet silica processing plant that, when completed in 1965, will have a rated output of 360,000 tons of products annually.

Sulphur.—The major part of Canadian elemental sulphur production is derived from "sour" natural gas in Western Canada. During 1964 elemental sulphur was produced at 15 plants in Alberta, at one plant in British Columbia and at one in Saskatchewan. Minor amounts are obtained during the refining of oil and base metals at plants in Ontario and Manitoba. The marked increase in elemental sulphur production and the decrease in pyrite sulphur, especially since 1960, is clearly shown by the accompanying chart.



Total production capacity is about 2,100,000 tons a year and preliminary estimates indicate that production in 1964 was about 1,600,000 tons. The completion of three new plants and expansion at another plant will increase capacity to more than 2,500,000 tons in 1965.

During 1963 and 1964, world sulphur consumption increased at a higher than normal rate mainly due to increased demand for fertilizer but also to expanding needs in a multitude of other industries. This increased demand has created a situation in which sulphur stockpiles are becoming depleted and prices are rising. Canada occupies a strong position in the world sulphur industry. A large proportion of domestic needs are served by smelter gas and consequently most of the elemental sulphur production is exported. Because Canadian elemental sulphur is largely a co-product of natural gas production, the unit cost is believed