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*Fifth*  
*Annual Report . . .*

**FROBISHER LIMITED**



FOR YEAR ENDING  
OCTOBER 31st, 1948

*Annual Meeting of Shareholders*

MONDAY, APRIL 25, 1949 AT 3.00 P.M.  
PRIVATE DINING ROOM No. 7  
ROYAL YORK HOTEL  
TORONTO

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NOTE—This is the second printing of this report correcting errors in paging of first printing.

McGILL UNIVERSITY



# FROBISHER LIMITED

## Head Office

25 King Street West, Toronto, Canada

## OFFICERS

Thayer Lindsley	President
A. J. Anderson	Vice-President
J. M. Cunningham-Dunlop	Vice-President
W. B. Malone	Secretary
J. C. Rix	Treasurer
G. T. N. Woodrooffe	Assistant Secretary

## DIRECTORS

A. J. Anderson	J. M. Cunningham-Dunlop	
A. G. Fulton	T. Lindsley	W. B. Malone

## Technical Consultants

A. J. Anderson	Mining Engineer
A. S. Dadson	Geologist
D. R. Derry	Geologist
C. W. Dowsett	Metallurgist
J. M. Cunningham-Dunlop	Mining Engineer
B. G. Edward	Mining Engineer
E. L. Evans	Geologist
E. V. Neelands	Mining Engineer
D. C. Sharpstone	Geologist
Alex Smith	Geologist

## Transfer Agents and Registrars

**National Trust Company Limited**  
20 King Street East  
Toronto, Ontario

**Registrar and Transfer Company**  
2 Rector St., New York 6, N.Y.  
and  
15 Exchange Place, Jersey City 2, N.J.

## Auditors

Clarkson, Gordon & Co.  
Toronto, Ontario

# FROBISHER LIMITED

## *Report of the Directors*

To the Shareholders:

Your Directors submit herewith the Fifth Annual Report, together with the report of the auditors, for the year ending October 31st, 1948.

### FINANCIAL

The amounts expended by your Company on its main holdings during the period January 1st, 1948, to October 31st, 1948, and the total amounts to that date are shown in the following tabulations:—

	Jan. 1/48 to Oct. 31/48	Total to Oct. 31/48	Percentage Interest Oct. 31/48
Kilembe and African Exploration .....	\$ 334,000	\$ 577,000	100.0%
Akaitcho Yellowknife Gold Mines Limited .....	277,000	853,000	38.65%
Connemara Mines .....	265,000	1,173,000	100.0%
Giant Yellowknife Gold Mines Limited .....	100,000	1,290,000	26.62%
Guayana Mines Limited .....	.....	248,000	17.15%
Joliet-Quebec Mines Limited .....	.....	287,000	22.97%
New Calumet Mines Limited .....	.....	454,000	27.86%
St. Eugene Mining Corporation Limited .....	30,000	545,000	34.76%
United Keno Hill Mines Limited .....	283,000	726,000	34.24%
	<u>\$1,289,000</u>	<u>\$6,153,000</u>	

The transactions shown on the pro forma balance sheet, whereby Ventures Limited subscribes for 800,000 treasury shares at \$3.00 per share, have now been completed and all bank loans have been paid off.

Out of eight major enterprises started by your Company, it is interesting to note that New Calumet has reached the dividend stage and three others are now well established and on a profitable operating basis. In view of the short time that your Company has been operating and the difficulties created by post-war world conditions, this is a satisfactory record.

### OPERATIONS

The individual properties are described in the body of the report by your Vice-President, Mr. A. J. Anderson.

Your Directors again record their sincere appreciation of the excellent work rendered by your staff, as well as by the staffs and employees of your various operations.

On behalf of the Board,

T. LINDSLEY,

President.

Toronto, Ontario,  
January 28th, 1949.

# FROBISHER LIMITED

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To The President and Directors,  
Frobisher Limited,  
Toronto, Ontario.

Gentlemen:

I submit herewith a Report on the Operations of Frobisher Limited for the Fiscal Year ended October 31, 1948.

Noteworthy progress has been made during the year at many of the Company's properties and five mines are now in the producing class. Your Company holds substantial interests in—

Four major gold properties—  
and

Four major base metal properties.

Other interests and holdings are considered of importance but owing to the prevailing conditions only sufficient work has been done to maintain the Company's equity in the properties. All effort has been directed to place the more advanced developments on a producing and self-sustaining basis.

## G O L D

### CONNEMARA MINE

#### Southern Rhodesia—Africa

During the year good progress was made in plant and housing construction, mine installations and repairs, and in improvements of the treatment plant. Mining was concentrated on preparation of stopes, and actual ore breaking was limited to the milling rate. However, the latter has been gradually stepped up to the current figure of 230 to 250 tons per day. No. 1 Shaft has been deepened to the fifth level, with a station excavated at that horizon; and during October sinking to the sixth level was in progress. Rehabilitation of the Zabonkwe North Shaft, consisting of stripping and placement of new shaft sets, was carried out to the second level, and will be continued when further material is received. Because of the shaft sinking, and stope preparation, a relatively small amount of lateral development was completed on the third and fourth levels in the Connemara section of the mine. This has opened up a considerable amount of ore, and in combination with the results from underground diamond drilling, has thrown much light on the nature of the ore structures.

Very encouraging results were obtained in surface drilling on the Zarbola option and a substantial ore-body has been indicated. This will be accessible from the Zabonkwe Shaft.

The mine and mill are now in a condition that a good operating profit can be made. Some further equipment now being installed in the mill is needed before the plant can perform at its maximum capability. The following year should show continuing improvement. With the two shafts completed to their present objectives, and with the accelerated development which will then be possible, it can be considered that mill expansion is now warranted. The great length of favourable formation, along which ore bodies have been found, suggests that successive increases in the size of the operation can be looked for, as underground development is extended. An ultimate rate of 1,000 to 1,500 tons, or more, per day is contemplated.

### PRODUCTION:

During the twelve month period ending October 31st, a total of 57,305 tons averaging 0.24 oz./ton (calculated head value) was milled, from which 10,305.6 ounces of gold was recovered. A new filter is being installed and with some further refinements in precipitation, it is expected that extraction will be improved.

The following is a brief summary of the production and operating costs for the fiscal year ending October 31st, 1948. While these figures show a loss for the year it should be pointed out that each of the last three months has shown an operating profit with progressive improvement.

Tons Milled .....		57,305 tons
Gold Produced .....		10,305.6 ozs.
		Per Ton
	Total	Milled
Value of production .....	\$361,314.94	\$ 6.304
Subsidy .....	43,202.87	.754
	<u>\$404,517.81</u>	<u>\$ 7.058</u>
Less realization charges .....	4,854.31	.085
	<u>\$399,663.50</u>	<u>\$ 6.973</u>
Operating expenses .....	436,590.64	7.618
	<u>\$ 36,927.14</u>	<u>\$ .645</u>
Operating loss .....	94,496.92	1.649
Provision for depreciation and deferred development .....	<u>\$131,424.06</u>	<u>\$ 2.294</u>
Less sundry income .....	6,361.80	.111
	<u>\$125,062.26</u>	<u>\$ 2.183</u>
Net loss for year .....		

#### SUMMARY OF ORE RESERVES AS OF OCTOBER 31, 1948.

		Reasonably Assured Ore	
		Tons	Grade Oz./Ton
Connemara and Zabonkwe Sections	}	Broken in stopes .....	6,000 .46
		Blocked out .....	135,200 .275
		Partially blocked out or indicated by drilling .....	396,400 .24
		Total .....	<u>537,600</u> .25
Zarbola Option			
	Indicated by drilling .....	174,700 .215	
	Total .....	<u>712,300</u> .24	

In this category of ore, in the Connemara and Zabonkwe sections, there is an increase of 50,600 tons over the reserves as of June 30, 1947 (Frobisher Annual Report 1947), exclusive of the ore mined since that date. The above tabulation refers only to ore which is considered to be reasonably outlined by underground development and diamond drill hole intersections, and does not include possible extensions beyond the limits used in the calculations. The ore bodies occur as a series of lenses in the two main ironstone belts, and work to date indicates that there is an encouraging repetition of these lenses. The Company controls a length of nearly four miles of the ore-bearing formation, and with the extensive underground development which is planned, ore reserves should soon reach a large figure.

#### GIANT YELLOWKNIFE GOLD MINES LIMITED

##### Northwest Territories—Canada

The past year marked the beginning of a new era in the history of Giant Yellowknife. The preliminary exploration, development and construction is completed, and the mine is now in production. As underground development is expanded, production will continue at an increasing rate until the full capacity of the present plant, of 500 tons per day, has been reached. If world conditions permit, an expansion of the treatment plant can be looked for in the not too distant future. To date, the grade of, and recovery from the ore have been fully up to estimates, and good operating profits should be obtained during the coming year. With Emergency Assistance payments, this will permit a rapid reduction of the bank advances.

The amalgamation and flotation sections of the treatment plant were put in operation on May 12th, and after the tune-up period, the mine was officially declared in production on June 1st. Current production consists of bullion from amalgamation, and flotation concentrates, which are being stockpiled for further

treatment by roasting and cyanidation. It is expected that the roaster and the cyanide unit will be in operation in January, 1949, allowing full treatment for the mill feed, plus recovery of gold from the stored concentrates.

#### PRODUCTION:

##### May 12—31, 1948

Tons Milled .....	3,383 tons	
Average Mill Heads, gold per ton .....	0.63 oz.	
Recovery:		
1) By Amalgamation .....	277.46 oz.	\$ 9,711.10
2) In Flotation Concentrates .....	1,697.60 oz.	\$ 59,426.00

##### June 1—October 31, 1948

Tons Milled, Total .....	35,918 tons	
Average per day .....	235 tons	
Average Mill Heads, gold per ton .....	0.83 oz.	
Recovery:		
1) By Amalgamation .....	5,104 oz.	\$178,640.00*
2) In Flotation Concentrates .....	22,472 oz.	\$796,520.00

\* In part estimated from mine assays prior to mint returns.

#### UNDERGROUND OPERATIONS:

During the year, underground operations were confined to the small portion of the ore structure which is served by No. 2 shaft. The shaft was deepened to 780 feet, and the third and fourth levels were established at the 425 and 575 foot horizons. Lateral development is now well advanced on the third level, and is under way on the fourth level.

On the second level work was concentrated on preparation for mining, and by the end of the period seven stopes were being mined or were nearly ready for mining. Of these, three are in No. 2 shoot, two in No. 1 shoot, one in the Saddle Reef vein, and one in the North A.S.D. zone. Further lateral development on the second level, supplemented by diamond drilling, had indicated the presence of some small high-grade shoots, lying between the main Nos. 1 and 2 shoots. At the end of October a stope was being started on one of these.

Development results of particular importance are being obtained on the third level. The main drift in the A.S.D. zone exposed an aggregate length of 365 feet of ore in a distance of 400 feet, and a series of vertical drill holes above the drift has given consistently good intersections, several being over ounce grade. The southern portion of the ore section represents the downward extension of the ore in the second level drift. For the remainder, the full extent between the third and second levels has not been determined. Preliminary down drilling has intersected good ore in this zone at a point 100 feet below the 4th level horizon, and it is expected that the 4th level drift will make available a very substantial tonnage. Westerly horizontal drill holes on the third level have shown the presence of a number of parallel ore lenses. It is interesting to note that none of this ore, which has been found by third level work, could be projected from the results of surface diamond drilling. In this sense, it can be considered as a new discovery. The North A.S.D. zone, from the overburden down to the deeper intersections, obtained between 700 and 800 feet depth, by holes S-266 and S-274 towards the end of the surface drilling campaign, now assumes the aspect of a major source of ore supply. There are probably several separate shoots in a north plunging structure. The structure is still open to the north and future development at greater depths can be looked forward to with interest.

The third level crosscut to the high-grade zone, was driven north-westerly on the section line 950 feet north of the shaft. At the end of October it had reached its objective, assumed to be the downward extension of No. 1 shoot, and drifting had been started in exceptionally high-grade material. A short distance west of the main A.S.D. zone drift the crosscut intersected two ore sections which are believed to represent another shoot in the A.S.D. zone.

#### DEVELOPMENT PROGRAM:

Complete development of the high-grade and North A.S.D. zones on the third and fourth levels at No. 2 shaft is the primary objective of the present programme of work. Plans are being formulated for the sinking of No. 3 shaft, and for the initial lateral development from this opening. Development from No. 3 shaft to the fifth level horizon, with eventual connections with the No. 1 shaft and No. 2 shaft workings, will give access to most of the ore bodies which were located by surface diamond drilling and which were estimated to contain over 3,000,000 tons. It will allow exploration of a great length of favourable ore structure, including depth investigation, and many new discoveries should result.

## DEVELOPED ORE:—(No. 2 Shaft Workings)

Estimates based on drifting, raising, and cross-sectional diamond drilling show a total of 520,000 tons averaging 0.60 oz./ton, which includes 20% dilution allowance, above the second level, being 400,000 tons averaging 0.64 oz./ton in No. 1 and No. 2 shoots, 5,000 tons averaging 0.60 oz./ton in the Saddle Reef, 55,000 tons averaging 0.41 oz./ton in the Low Angle shoots, and 60,000 tons averaging 0.47 oz./ton in the A.S.D. zone. The total includes rib and surface pillars which in large part should eventually be recovered. No ore estimates have been made on third level developments.

## POWER:

The hydro electric plant at the Snare River was completed early in October and power became available at the mine on a temporary basis during that month. The contract for power went into effect on November 1st.

## GUAYANA MINES LIMITED

### Venezuela—South America

The following is taken from the report by Mr. George W. Tower, President, Guayana Mines Limited, as submitted on behalf of the Directors' of that Company in the Annual Report for the year 1948.

Guayana Mines Limited was incorporated in October, 1946, and in November of that year commenced operating, under an option agreement, the mining and other rights then held by New Goldfields of Venezuela Limited. These rights were formally transferred to Guayana Mines Limited on July 28, 1947. The area covered represents some 79 square miles. In May, 1947, the mining rights of the Compagnie Francaise de la Mocupia, covering 53 square miles, were acquired under lease. At that time, due in part to war-imposed conditions and restrictions, mining operations in the Callao district, either were being conducted at a loss or were dormant. To rehabilitate the area, a thorough going reorganization has been necessary. Mining operations were suspended entirely after Guayana took over and only a limited development programme carried on during most of the first fiscal year.

In September, 1947, small scale production was resumed at the property and during the period September, 1947, to August, 1948, 45,324 tons of ore were milled, carrying 0.76 ounces gold per ton. A total of 33,154 ounces gold was produced with a value of \$1,196,726.00. Without this output, the cost of maintaining the mines while preparing for increasing production, would have been a heavy burden. The restricting factor on operations was the intermittent and limited supply of high cost power. During the same period a complete new power plant consisting of three diesel generator units with a total capacity of 2,100 kilowatts was ordered. Installation was greatly delayed by slow deliveries, particularly of the generators. The plant was finally placed in operation in September, 1948. To supply adequate power for the Mocupia operation, two old units were overhauled and altered to provide some 500 kilowatts.

Operation of the new power plant has permitted immediate expansion of operations and these results are already reflected in increased production and return for the three months following the end of the fiscal year August 31, 1948, which are as follows:

	Tons Milled	Heads Oz. Au/Ton	Total Ozs. Gold Produced
September .....	4,828	0.86	3,713
October .....	6,186	0.78	4,679
November .....	7,300	0.75	5,140

Tonnage treated will continue to expand in the coming months and the daily mine production raised from the 100 tons per day figure of last year, to 400 and then 600 tons daily. With the increased tonnage milled and the cheaper power supply, per ton operating costs should drop substantially.

Ore reserves are estimated at 377,105 tons averaging \$18.43 per ton. Of this, 316,285 tons carrying \$20.45 gold are considered commercial available ore. The above figures do not include a tonnage of ore available in Mocupia ground where indications are that a substantial reserve and production will be developed. The development programme under way will make the main Laguna ore shoot on the 6th level ready for stoping, unwater and place in production the Sosa-Mendez mine which has wide widths of good grade ore available on the bottom levels; prepare for production by continuing the new shaft, the 400 level Columbia Mine, also Austin 5 in this area. There has been very little development work carried on in recent years, and it is believed that a substantial addition to ore reserves will result from an active programme. Guayana has mining rights to nearly the entire highly mineralized Callao district.



It has been the feeling of the Board of Directors that, with such an extensive area controlled, Guayana Mines Limited should confine its activities to placing those properties in profitable production for the purpose of initiating dividend payments to shareholders when warranted, and should not engage in outside exploration.

The operations of Guayana Mines Limited may now be said to have passed through the necessary initial period of reorganization and rehabilitation. Although new development expense is still necessary, constantly expanding output is in prospect with increasing returns from operations. Such earnings should make it possible to pay off the outstanding advances from various sources and to place the company in a sound financial position. Should permission be granted to the company to export even one-half of its current production for sale in the free gold market, as is possible, this end could be achieved rapidly.

## AKAITCHO YELLOWKNIFE GOLD MINES LIMITED

### Northwest Territories—Canada

The property of the Akaitcho Yellowknife Gold Mines Limited adjoins the Giant Yellowknife Gold Mines property on the north.

During the summer of 1948, work was carried out in preparation for underground mining. A three-compartment shaft was sunk to a depth of 35 feet and collared, ready for the erection of the headframe. Two large prefabricated metal-clad buildings were erected, one for shops and the other for warehousing and general purpose, and three twelve-man bunkhouses were also erected. Essential equipment for mining, such as compressor, hoist, transformers and headframe were purchased. However, no decision has been made to proceed with further underground development.

As reported last year a programme of diamond drilling was completed in July, 1947, which indicated several bodies of ore lying within a shear zone extending north from the Giant property to the Akaitcho fault where it has been displaced. The shear has now been found to extend north beyond the Akaitcho fault and within the boundaries of the property. While this drilling indicated several ore bodies, only one body was intersected by sufficient holes to warrant ore calculations. These calculations show approximately 260,000 tons, having an average grade of 0.65 oz. per ton uncut, but using a dilution factor of 15%.

## BASE METALS

### NEW CALUMET MINES LIMITED (N.P.L.)

#### Quebec—Canada

During the year ended September 30th, 1948, the mill operated at an average rate of 530 tons a day—the total tonnage treated was 193,647.7 tons.

#### Metals Produced:

Zinc .....	23,225,436 lbs.
Lead .....	6,877,423 lbs.
Silver .....	571,832 ozs.
Gold .....	2,095 ozs.

having a gross value of \$3,051,763.22, or \$15.76 per ton, from which the Company realized a net profit of \$909,369.76.

Development has extended the mine workings from 600 feet to 1,500 feet in depth and six entirely new levels have been made ready to open up in 1949. High grade ore has been entered on the first new level at 750 feet.

#### Ore Reserves:

Ore reserves at 986,270 tons (lead-zinc ore) show an increase over the preceding year with grade well maintained.

	Tons	Zinc	Lead	Silver	Gold
No. 1 and No. 2 Shaft Areas (considered positive ore) .....	465,387	7.8%	2.4%	4.21 ozs.	0.024 oz.
Broken Ore in Stopes .....	19,233	6.3%	1.8%	3.85 ozs.	0.020 oz.
No. 1, No. 2, and No. 3 Shaft Areas (considered indicated ore) .....	501,650	9.8%	3.2%	6.49 ozs.	0.045 oz.
	<u>986,270</u>	<u>8.8%</u>	<u>2.8%</u>	<u>5.36 ozs.</u>	<u>0.035 oz.</u>

(Continued on Page Ten)

PAGE SEVEN

# FROBISHER

(Incorporated under the  
and its wholly-owned

## Pro Forma Consolidated Balance Sheet

After giving effect, as at that date, to:

- (1) The subsequent issue and sale to Ventures Limited of 800,000 shares of no par value at \$3.00 per share and the Retirement of the advances owing to Ventures Limited of \$1,761,710.56;  
Retirement of the companies' indebtedness to bankers of \$507,421.44 and provision for a loss on exchange of Addition to the cash funds of the company of the balance of the proceeds—\$102,441.34.
- (2) The granting of an option until January 24, 1951, to Ventures Limited to purchase 500,000 shares Mediterranean
- (3) The release to Frobisher Limited of shares formerly hypothecated as security for bank loans of affiliated companies
- (4) The return by Frobisher Limited of 50,000 shares of Falconbridge Nickel Mines Limited previously borrowed
- (5) The subsequent issue and sale to Nesbitt, Thomson & Company Limited of 500,000 shares of no par value at \$2.00
- (6) The granting of an option to Nesbitt, Thomson & Company Limited to purchase 200,000 shares of no par value

### ASSETS

Cash on hand and in banks .....		\$ 1,160,545.27	
Bullion in transit .....		1,505.19	
Accounts receivable—trade .....	\$ 23,789.63		
—sundry .....	6,163.20	29,952.83	
		<hr/>	
Inventory of graphite valued at 50% of selling price .....		37,392.54	\$ 1,229,395.83
		<hr/>	
Interest in affiliated and other companies:			
Shareholdings at cost less amounts written off (indicated market value \$11,460,253.83) (see Note 1) .....		\$ 4,180,462.17	
Advances .....		454,879.23	4,635,341.40
		<hr/>	
Exploration expenditures carried forward .....			868,171.76
Mining properties at cost .....		\$ 363,776.13	
Buildings, plant and equipment, at cost (see Note 2) .....	\$935,358.21		
Less reserve for depreciation .....	423,027.29	512,330.92	876,107.05
		<hr/>	
Deferred development expenses less amounts written off .....		\$ 93,065.21	
Supplies and spare parts at cost .....		98,981.39	
Sundry prepayments and deferred charges .....		22,228.28	214,274.88
		<hr/>	
			<u>\$ 7,823,290.92</u>

- NOTES: (1) An option until January 24, 1951, has been granted to Ventures Limited to purchase 500,000 shares Mediterranean
- (2) The mining property of Black Donald Graphite Division has been sold under an agreement which provides for the purchase price to be paid at any time after December 31, 1949. After deducting the purchase price received and the accumulated depreciation thereon, the balance of the proceeds is to be paid to the company.
- (3) An option has been granted on 200,000 shares of no par value at \$3.00 per share.
- (4) Assets and liabilities in foreign currencies have been converted at the official rates of exchange.
- (5) Contingent liabilities outstanding:
- (a) United Keno Hill Mines Limited has pledged as security for a bank loan its production of silver and has guaranteed this loan which at October 31, 1948 amounted to \$432,500.
  - (b) Guarantee (secured) of bank loan of an affiliated company \$27,300.
  - (c) Agreement to repurchase securities for \$65,000 on March 15, 1949 at the option of the owners.

The Directors,  
Frobisher Limited,  
Toronto, Ontario.

We have made an examination of the above pro forma consolidated balance sheet of Frobisher Limited and its subsidiaries, as at October 31, 1948, and we report that in our opinion it is drawn up so as to exhibit a true and correct view of the financial position of the company according to the best of our information and the explanations given us.

Toronto, Canada,  
February 18, 1949.

# R LIMITED

(Ontario Companies Act)

subsidiary companies

## Balance Sheet as at October 31, 1948

application of the proceeds as follows—

\$28,426.66 incurred in retiring a loan in U.S. funds;

Mines Inc. at cost;

ies;

from Ventures Limited, the parent company, and hypothecated as security for a bank loan;

00 per share and the application of the proceeds therefrom to increase the cash funds of the company;

at \$3.00 per share for a period of six months from the date of delivery of the said 500,000 shares.

### LIABILITIES

Accounts payable, including advances from affiliated companies of \$16,945.50	\$ 122,816.37	
Balance of purchase price of Connemara property (£20,000 Southern Rhodesian) payable on or before August 15, 1949 plus interest accrued to October 31, 1948	81,855.40	\$ 204,671.77

Capital (see Note 3):

Authorized—5,000,000 shares of no par value

Issued and to be issued—

For cash	4,310,120 shares	\$ 8,729,920.99	
For shares in other companies	108,836 shares	116,336.00	
	<u>4,418,956 shares</u>		\$ 8,846,256.99

Less:

Deficit	\$755,276.91		
Special deficit	472,360.93	1,227,637.84	7,618,619.15

APPROVED ON BEHALF OF THE BOARD:

A. J. ANDERSON, Director.

W. B. MALONE, Director.

\$ 7,823,290.92

Tranean Mines Inc. at cost.

that the company may retain possession and carry on its normal operations subject to four months' notice by the purchaser of depreciation reserve, the fixed assets retained are included in the above balance sheet at \$77,674.16.

and lead concentrates and bagged ore. Frobisher Limited in conjunction with Conwest Exploration Company Limited has

wholly-owned subsidiary companies, Mines Incorporated, Frobrican Exploration Company Limited and Canada Iron Mining of the state of the combined companies' affairs as at October 31, 1948, after giving effect to the changes set forth above,

CLARKSON, GORDON & CO.,

Chartered Accountants.

PAGE NINE

(Continued from Page Seven)

Balance of notes outstanding, amounting to \$302,301.75, were paid off during the year, making a total of \$1,157,310.75 paid during the past five years. The Company is now free from any long-term indebtedness and a dividend of ten cents per share has been declared.

#### **UNITED KENO HILL MINES LIMITED**

##### **Yukon—Canada**

In January, 1948, the shareholders of the Keno Hill Mining Company Limited approved the consolidation of the capital of the Company from 4,000,000 shares to 2,000,000 shares without par value, and subsequent increase to 2,500,000 shares, and the name of the Company was changed to "United Keno Hill Mines Limited". To provide working capital, bonds in the amount of \$500,000.00 were issued and were purchased by the two principal shareholders of the Company.

The Company owns or controls a large acreage in the Mayo Silver-Lead district in Yukon. The mine went into production in July, 1947, and has a flotation concentrator of 125 tons per day capacity. During the 12 months ending October 31, 1948, the production totalled 1,738,622 oz. silver and 4,177,125 lbs. lead. It is estimated that the operating profit for this period will approximate \$700,000. Production has been mainly from the Hector Mine, with some ore from the Elsa Mine. These operations are on the Galena Hill section of the property. The underground developments, though limited by the power available, have been quite satisfactory. Ore reserves are considerably more than a year ago.

A development of great importance is the discovery in September on the "Keno" claim wholly owned by the Company on Keno Hill, where a vein has been traced for some 400 feet averaging 11 feet in width. The exposure shows considerable high grade lead-silver ore as well as values in gold and zinc.

The properties of the United Keno Hill Mines offer great potentialities for future development and production.

#### **MEDITERRANEAN MINES INCORPORATED**

##### **Greece—Europe**

This Company is operated through Mines Inc., a wholly owned subsidiary of Frobisher Limited, and has acquired extensive holdings in the Laurium lead-zinc-silver district in Greece. This mineral field is very old and was mentioned in Greek history as far back as the 12th Century, B.C. The most recent active period was from 1901 to 1916, when the annual production ranged from a high of 9,000 metric tons to a low of 2,300 metric tons of lead, with corresponding silver range from 600,000 oz. to 120,000 oz. Operations were suspended on account of low metal prices.

The ore occurs at two main stratigraphic contacts where shale overlies limestone. Within these contacts concentrations are controlled by gentle folding, two systems of fractures and rhyolite porphyry dikes. Most of the old production came from the "upper contact". The "lower contact" being more inaccessible, has only been explored over limited areas in more recent operations, but with very indicative results. A large area of this "lower contact" exists on the Company's property and remains to be explored. The geological features suggest that a large tonnage lead-zinc operation is possible.

Known ore developed in the Company's mines totals 265,000 tons, averaging 6% lead, 5% zinc and 4 oz. silver. Tailings estimated at 500,000 tons averaging 4.12% lead, 4.5% zinc and 2.22 oz. silver are available for retreatment.

#### **ST. EUGENE MINING CORPORATION LIMITED (N.P.L.)**

##### **British Columbia—Canada**

This Company owns and controls a number of properties in the West Coast region; among them are two in British Columbia, one in Alaska, and one in the State of Washington, that are considered of particular merit.

The St. Eugene Mine at Moyie, British Columbia, was operated many years ago and produced relatively large tonnages of lead-zinc ore. No mining has been done in recent years but geological study of the area indicates excellent possibilities of developing ore along the extensions of the old workings, as well as finding new bodies not previously known. The location of this property is ideal, in that it is traversed by a main line of the C.P.R. and provincial highway. Hydro-electric power is also available. In the light of present metal prices, consideration is now being given to the reopening of the mine.

The Maid of Erin property, located in Northern British Columbia, has a high-grade copper-silver orebody indicated, with possibilities of further ore being found by exploration.

The Kasna Creek property, in Alaska, is a medium grade copper prospect on which quite large tonnages of ore are indicated.

The Lone Star Mine, just south of the Canadian border, in the State of Washington, is a copper prospect that has produced ore in the past. A body of ore has been indicated by drilling and there are good prospects of finding additional ore with further exploratory work.

## OTHER INTERESTS

### BLACK DONALD GRAPHITE MINE

#### Ontario—Canada

The Black Donald Graphite Mine, wholly owned by Frobisher, located at Calabogie in Eastern Ontario, produced 5,543,300 lbs. of raw graphite from 11,369.7 tons of ore. Sales totalled 5,183,241 lbs. of finished Graphite products having a value of \$247,044.50. While the market for our Graphite products is maintained, the average selling price has dropped off since the return of Ceylon and Madagascar graphite to the American market.

### RAINVILLE COPPER MINES LIMITED

#### Quebec—Canada

As a result of a geomagnetic and geological survey, which was made on the west claims (Jacques Cartier group), three magnetic anomaly zones were outlined and a programme of diamond drilling recommended. During the year approximately 7,500 feet of diamond drilling was carried out and holes Nos. R13 to R24 inclusive were completed. This work was concluded on August 5th, 1948. Small amounts of chalcopyrite mineralization and low gold values were found. However, no new copper ore possibilities were indicated, as the values were below commercial grade.

### AFRICAN EXPLORATION

The Kilembe Copper-Cobalt deposits are located in the Toro District of Western Uganda on the Eastern slopes of the Rouwenzori Mountains, at an elevation of approximately 4,700 feet. This property was acquired in 1947 through an Exclusive Prospecting License, granted to Frobisher Limited by the Uganda Government.

To date, five ore occurrences have been found within a radius of one-half mile. An aggregate strike length of 2,000 feet averaging 55 feet in horizontal width has been developed by underground workings, to a maximum depth of 300 feet below the outcrops. Approximately 1,750,000 tons have been outlined by underground workings.

During 1948, diamond drill equipment was shipped to the property and a limited long-range programme of diamond drilling was carried out to test the structure beyond the known ore. Results of this drilling were interesting from a geological standpoint, but disclosed only a moderate extension to the ore bodies. One new body was indicated, but little is yet known of its importance. Mining equipment has also been shipped to the property and further underground work is now under way. The Uganda Government has indicated their desire to assist in the development of this property, by way of road construction and canalization of rivers flowing into Lake Victoria which would provide all year water transportation to a rail head at Kisumu on the east shore of the Lake.

A. J. ANDERSON,

Vice-President.

Toronto, Ont.,  
January 6th, 1949.

# FROBISHER

(Incorporated under the

## Consolidated Balance Sheet

### ASSETS

Cash on hand and in banks .....		\$	58,103.93	
Bullion in transit .....			1,505.19	
Accounts receivable—trade .....	\$ 23,789.63			
—sundry .....	6,163.20		29,952.83	
Inventory of graphite valued at 50% of selling price .....			37,392.54	\$ 126,954.49
Interest in affiliated and other companies (Statement 4):				
Shareholdings at cost less amounts written off (indicated market value per Statement 4 \$11,460,253.83) (see Note 1)		\$	4,180,462.17	
Advances .....			454,879.23	4,635,341.40
Exploration expenditures carried forward .....				868,171.76
Mining properties at cost .....		\$	363,776.13	
Buildings, plant and equipment, at cost (see Note 2) .....	\$935,358.21			
Less reserve for depreciation .....	423,027.29		512,330.92	876,107.05
Deferred development expenses less amounts written off .....		\$	93,065.21	
Supplies and spare parts at cost .....			98,981.39	
Sundry prepayments and deferred charges .....			22,228.28	214,274.88
				<u>\$ 6,720,849.58</u>

NOTES: (1) Shares having a book value of \$70,894 and a market value of \$140,922 have been hypothecated as security for bank loans of affiliated companies.

(2) The mining property of Black Donald Graphite Division has been sold under an agreement which provides that the company may retain possession and carry on its normal operations subject to four months' notice by the purchaser at any time after December 31, 1949. After deducting the purchase price received and the accumulated depreciation reserve, the fixed assets retained are included in the above balance sheet at \$77,674.16.

(3) Assets and liabilities in foreign currencies have been converted at the official rates of exchange.

(4) Contingent liabilities outstanding:

(a) 50,000 shares of Falconbridge Nickel Mines Limited have been borrowed from Ventures Limited, the parent company, and hypothecated as security for a bank loan.

(b) United Keno Hill Mines Limited has pledged as security for a bank loan its production of silver and lead concentrates and bagged ore. Frobisher Limited in conjunction with Conwest Exploration Company Limited has guaranteed this loan which at October 31, 1948, amounted to \$432,500.

(c) Guarantee (secured) of bank loan of an affiliated company \$27,300.

(d) Agreement to repurchase securities for \$65,000 on March 15, 1949, at the option of the owners.

## LIMITED

*(Ontario Companies Act)**as at October 31, 1948*

## LIABILITIES

Bank loans and overdraft (secured) .....		\$ 507,421.44	
Accounts payable—trade .....		105,870.87	
Balance of purchase price of Connemara property (£20,000 Southern Rhodesian) payable on or before August 15, 1949 plus interest accrued to October 31, 1948 .....		81,855.40	\$ 695,147.71
Advances—Ventures Limited, parent company .....		\$ 1,761,710.56	
—other affiliated companies .....		16,945.50	1,778,656.06
Capital:			
Authorized—5,000,000 shares of no par value			
Issued—			
For cash .....	3,010,120 shares	\$ 5,329,920.99	
For shares in other companies .....	108,836 shares	116,336.00	
	<u>3,118,956 shares</u>		\$ 5,446,256.99
Less:			
Deficit (Statement 2) .....		\$755,276.91	
Special deficit (Statement 2) .....		443,934.27	1,199,211.18
			<u>4,247,045.81</u>
APPROVED ON BEHALF OF THE BOARD:			
	A. J. ANDERSON, Director.		
	W. B. MALONE, Director.		
			<u>\$ 6,720,849.58</u>

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Frobisher Limited and its wholly-owned subsidiary companies, Mines Incorporated, Frobrican Exploration Company Limited and Canada Iron Mining Limited, as at October 31, 1948 and the consolidated statements of profit and loss, deficit and special deficit for the year ended on that date. In connection therewith we made a general review of the accounting methods and, without making a detailed audit of the transactions, examined or tested the accounting records of the companies.

We report that in our opinion the above consolidated balance sheet and related consolidated statements of profit and loss, deficit and special deficit have been drawn up so as to exhibit a true and correct view of the state of the combined companies' affairs at October 31, 1948 and of the results of their operations for the year, according to the best of our information and the explanations given us and as shown by the books of the companies. All our requirements as auditors have been complied with.

Toronto, Canada,  
January 11, 1949.

CLARKSON, GORDON & CO.,

Chartered Accountants.

# FROBISHER LIMITED

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## STATEMENT OF CONSOLIDATED DEFICIT FOR THE YEAR ENDED OCTOBER 31, 1948

Balance October 31, 1947 .....	\$553,798.52
Net loss for year (Statement 3) .....	201,478.39
	201,478.39
Balance October 31, 1948 .....	\$755,276.91

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## STATEMENT OF CONSOLIDATED SPECIAL DEFICIT

*(Consisting of the amounts written off exploration and research expenditures and investments in and advances to affiliated and other companies less the profit (net) on security transactions)*

### FOR THE YEAR ENDED OCTOBER 31, 1948

Balance October 31, 1947 .....		\$156,768.24
Exploration and research expenses written off .....	\$174,564.90	
Advances to affiliated and other companies written off .....	5,597.42	
Provision for depreciation on prospecting equipment .....	435.92	
Administration expenses of exploration subsidiaries .....	48,327.35	
Net loss on security transactions for the year .....	58,240.44	
		287,166.03
Balance October 31, 1948 .....		\$443,934.27



# FROBISHER LIMITED

## STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED OCTOBER 31, 1948

Head Office:			
Administrative and general expenses .....	\$ 42,300.93		
Interest on bank advances, etc. ....	21,724.54		
		\$ 64,025.47	
Deduct:			
Dividends and interest earned .....	\$6,847.35		
Management fees .....	5,718.49	12,565.84	\$ 51,459.63
Connemara Division:			
Net proceeds from production .....	\$399,663.50		
Operating expenses .....	436,590.64		
		\$ 36,927.14	
Provision for depreciation and deferred development .....	94,496.92		
		\$131,424.06	
Sundry income .....	6,361.80		
Net loss of Connemara Division .....			125,062.26
Black Donald Graphite Division:			
Net sales .....	\$246,879.12		
Operating expenses .....	232,404.86		
		\$ 14,474.26	
Provision for depreciation .....	41,252.13		
		\$ 26,777.87	
Sundry income .....	1,821.37		
Net loss of Black Donald Graphite Division .....			24,956.50
Net loss for year (excluding items in consolidated special deficit) .....			\$201,478.39

# FROBISHER LIMITED

## CONSOLIDATED STATEMENT OF INTEREST IN AFFILIATED AND OTHER COMPANIES AS AT OCTOBER 31, 1948

Company	Shareholdings			Cost less amounts written off	Advances
	Indicated market values				
	Number of shares	Price per share	Amount		
Akaitcho Yellowknife Gold Mines Limited	1,140,300	\$ .62	\$ 706,986.00	\$ 355,312.59	
Dominion Magnesium Limited .....	8,334	8.00	66,672.00	66,672.00	
Dupresnoy Mines Limited .....	656,200			74,050.00	
Eureka Corporation Limited .....	102,625	1.71	175,488.75	128,281.25	\$ 50.00
Giant Yellowknife Gold Mines Limited (See Note A) .....	1,133,303		5,575,014.45	662,309.87	102,163.69
Guayana Mines Limited (See Note B) .....	679,445	.80	543,556.00	245,897.56	
Joliet-Quebec Mines Limited .....	1,176,400	.48	564,672.00	163,521.77	
Mediterranean Mines Inc. ....	1,000,000			93,131.35	100,000.00
Michipicoten Iron Mines Limited .....	874,111			304,819.49	
New Calumet Mines Limited .....	975,139	2.12	2,067,294.68	112,797.18	
St. Eugene Mining Corporation Limited .....	839,184			319,388.24	225,360.97
United Keno Hill Mines Limited					
—Shares (See Note C) .....	684,789	1.92	1,314,794.88	373,938.82	
—5% debentures due April 1, 1953 .....	\$190,000			190,000.00	
Miscellaneous participations of less than \$100,000 each .....			445,775.07	1,090,342.05	27,304.57
			<u>\$ 11,460,253.83</u>	<u>\$ 4,180,462.17</u>	<u>\$ 454,879.23</u>

## NOTES:—

- (A) Shares of Giant Yellowknife Gold Mines Limited held in Canada priced at \$4.95 per share Canadian funds; shares held in United States priced at \$4.50 per share U.S. funds.
- (B) Ventures Limited had an option which it exercised on December 28, 1948, to repurchase 62,500 of these shares at 35¢ per share.
- (C) The company holds warrants which entitles it to purchase 95,000 shares at \$1 per share before April 1, 1949.



