Sixth

Annual Report . . .

FROBISHER LIMITED

FOR YEAR ENDING
OCTOBER 31st, 1949

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   M. A. Thomson

Technical Consultants

Mining Engineers

A. J. Anderson
J. M. Cunningham-Dunlop
B. G. Edward
E. V. Neelands

Geologists

A. S. Dadson
D. R. Derry
E. L. Evans
D. C. Sharpstone
Alex Smith

Metallurgist: C. W. Dowsett

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

Annual Meeting of Shareholders

MONDAY, FEBRUARY 27TH, 1950, AT 11 A.M.

ROOM 1690, KING EDWARD HOTEL

TORONTO

FROBISHER LIMITED

Report of the Directors

To the Shareholders:

Your Directors submit herewith a balance sheet of Frobisher Limited and statements of income and surplus for the year ending October 31, 1949, as certified by your auditors, Messrs. Clarkson, Gordon & Co.

FINANCIAL

Confirming the pro forma balance sheet shown in the annual report for 1948, the sale of 500,000 shares to Messrs. Nesbitt Thomson & Company at $2.00 per share has now been completed. The accompanying options were not exercised last September, but since the close of the fiscal year 40,000 treasury shares have been taken up at $2.75 per share and an 18 months option granted on the remaining 160,000 shares at $3.00 per share.

The amounts expended by your Company on its main enterprises up to October 31, 1949, are shown in the following tabulation:—

		Percentage Interest at Oct. 31, 1949
Akaitcho Yellowknife Gold Mines Limited	$ 853,000	38.65%
Kilembe Copper Mines, Uganda, Africa	683,000	100.00%
Connemara Mines, Southern Rhodesia	1,350,000	100.00%
Giant Yellowknife Gold Mines Limited	1,290,000	27.97%
Guayana Mines Limited	480,000	14.75%
Mediterranean Mines Incorporated	203,000	48.17%
New Calumet Mines Limited	454,000	28.93%
St. Eugene Mining Corporation Limited, B.C.	585,000	34.76%
United Keno Hill Mines Limited, Yukon Territory	821,000	34.95%

GENERAL

The Connemara plant is now treating 400 tons per day and it is expected that this project will be a source of revenue beginning in 1951. At New Calumet the ore position is gradually unfolding and this operation should continue to provide a steady income. Results at Giant Yellowknife and United Keno Hill continue to be good and these properties should become a source of income beginning next year. Akaitcho Yellowknife, Mediterranean Mines, Kilembe and Guayana are development propositions that offer potentialities for the future but still require much time and work. Further details regarding the above are given in Mr. Anderson's report.

Your Directors once more wish to express their appreciation of the good work rendered by the staffs and employees of your various associated companies.

On behalf of the Board,

T. LINDSLEY,
President.

Toronto, Ontario,
January 25th, 1950.

FROBISHER LIMITED

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

Gentlemen:

On the following pages you will find reports on operations at the properties which comprised the principal interests of Frobisher Limited during the Fiscal Year ended October 31, 1949. The sections covering Connemara and Kilembe Mines were written by Mr. D. C. Sharpstone, general manager for Africa.

The year has been an encouraging one. New Calumet entered the dividend paying class, and Giant Yellowknife, United Keno Hill, and Connemara are established on a profitable operating basis. Guayana still faces many difficulties, but the potentialities of the property are large and warrant every effort to make it self sustaining. A relatively small increase in operating efficiency will accomplish this result. At the Kilembe mine diamond drilling and underground development are under way to determine the size of the orebodies which are now partially outlined. Mediterranean Mines has reached the stage of mill construction.

The above represents three major gold operations and four major base metal operations, of which four are well established and three in an advanced stage of development. In addition, Akaitcho Yellowknife has completed preparations for shaft sinking, which will be undertaken when conditions are more favourable.

GOLD

CONNEMARA MINE

Southern Rhodesia—Africa

During the year ended October 31st, 1949, Connemara enjoyed a period of excellent progress and has shown gratifying improvement in operating results and efficiency. A substantial operating profit was earned, placing the property on a self-sustaining and profitable basis. Gold production was more than doubled as compared with the preceding year, metallurgical recoveries were improved and production costs reduced. Even though development work was restricted, ore reserves were maintained and increased. A program of development and plant expansion, which will increase production capacity to the rate of approximately 150,000 tons per year, is well under way and should be completed in the first half of 1950.

Production

For the twelve month period, 105,000 tons averaging 0.245 ounces per ton were milled from which 21,341.54 ounces of gold were recovered. This compares with 10,305.6 ounces produced in the preceding year.

The average price received for gold during 1949 was 206.275 shillings per ounce. Since the devaluation of the pound, 248.25 shillings per ounce has been received. The increased revenue resulting from devaluation will be beneficially reflected in the Mine's earnings for 1950, although not to the full extent of the increase in revenue, since labour costs are expected to increase along with supplies imported from non-sterling areas.

Diamond Drilling

During the year, 9,061 feet of diamond drilling was done from underground and 7,302 feet from surface. Underground drilling was routine work laid out to guide development. Surface drilling was confined to claims on the North and South Extension of Zabonkwe and Connemara and consisted of:

(a) Exploration of the "South Group" of claims which are situated approximately 1½ miles south of Connemara No. 1 Shaft.

(b) Drilling to establish the extent of the Zarbola orebody.

(c) Exploration of the Cork Claims.

(d) Exploration of the Zazel Claims (Twilley Option).

The results of drilling under (a) above show the favourable ironstone formation to continue on to the south group of claims; the gold content of the reef in the diamond drill intersections was, however, below ore grade.

Drilling under program (b) above indicates the Zarbola orebody to have a length of approximately 400 feet, average width of 37.5 feet, and gold content of .215 ounces per ton.

The diamond drilling carried out under (c) and (d) above returned inconclusive results and further work in these areas is not warranted at the present time.

Development

The following is a summary of underground development accomplished during the year:

	Connemara Section	Zabonkwe Section
Drifting, Crosscutting and Raising	3,939 ft.	1,127 ft.
Shaft Sinking	140 ft.	236 ft.
Stations and Sumps	18,062 cu. ft.	7,782 cu. ft.

Connemara Section

Development in the Connemara Section was confined to the 3rd, 4th, and 5th Levels. Except for a long drive north from the 3rd Level to explore No. 6 Shaft Section, work was largely confined to routine development and preparation of ore for mining. Of the 3,939 feet of development completed, 1,375 feet were in ore averaging 0.22 ounces of gold across an estimated horizontal width of 21.9 feet. 675 feet of the latter were advanced in ore on the East Reef from the newly-opened 5th Level. This averaged 0.21 ounces across a width of 28.0 feet. No work has yet been done from the 5th Level on the West Reef, which, however, has been located by a borehole in its expected position. Development of the East Reef on the 4th Level between No. 1 and No. 3 Shafts proved substantially greater tonnages of ore than had been indicated by diamond drilling.

No. 3 Level was driven 700 feet to the north of No. 3 Shaft to explore the area below the old surface workings in the vicinity of No. 6 Shaft. This objective has not yet been reached but the drive encountered a new oreshoot approximately 600 feet north of No. 3 Shaft, which averages for its developed length of 110 feet, 0.255 ounces across 6.3 feet.

Zabonkwe Section

In the Zabonkwe Section the main North Shaft was sunk to a depth of 540 feet and stations were cut on the 4th and 5th Levels. Sinking of this shaft will be continued to the 7th Level after which lateral development will be started. This work will be below the main dolerite sill which was passed through between the 3rd and 4th Levels.

Development to the south on the 3rd Level extended the main Zabonkwe orebody for an additional 95 feet. This averaged .265 ounces across a width of 40 feet.

The 3rd Level was also extended to the north of the main shaft with the objective of exploring the orebody indicated by surface boreholes 7 and 9 below the Zarbola open cut. At year-end this drive was approximately 200 feet short of its objective. The intersections cut by boreholes 7 and 9 (located 300 feet apart) were as follows:

DH	True Width	Assay
7	46.2	.24 oz.
9	33.2	.195 oz.

Ore Reserves

Reasonably assured ore reserves as of October 31st, 1949, are estimated at 783,000 tons averaging 0.225 ounces gold per ton. This compares with 712,300 tons averaging 0.24 ounces per ton estimated October 31st, 1948.

The following table summarizes the distribution of reserves as of October 31st, 1949:

		Tons	Grade Oz/Ton
Connemara and Zabonkwe Sections	Broken in stopes	1,700	.27
	Blocked out	200,200	.25
	Partially blocked out or indicated by drilling	407,100	.22
	Total	609,000	.23
Zarbola Option	Indicated by drilling	174,700	.215
	Total	783,700	.225

Development and Construction Program

During the first half of 1950, additions to the milling plant will be completed which will permit increasing production to the rate of at least 400 tons per day or approximately 150,000 tons per year.

In addition, an expanding development and drilling program will be started for the purpose of not only maintaining ore reserves but of increasing them, with a view to further expansion of mill and plant capacity.

GIANT YELLOWKNIFE GOLD MINES LIMITED

Yellowknife, Northwest Territories—Canada

Since the start of milling in May, 1948, the Giant mine has been established on a profitable operating basis, with substantial reserves of excellent grade ore. After completion of stockpile reclaiming in September, 1949, mill tonnage was progressively increased from 235 tons per day to approximately 400 tons per day, resulting in a gratifying decrease in the per ton operating costs. Plans have been formulated for the long range development plan, which is designed to open up the full potentialities of the property, and sinking of No. 3 Shaft, which is the main project in this program, was well under way at date of writing.

Production

Until completion of the roasting and cyanide sections of the treatment plant in February, output consisted of bullion from amalgamation, and flotation concentrates which were stockpiled. In February, full treatment for the current mill feed, and reclaiming of stockpiled concentrates was commenced. Stockpile reclaiming was completed in September.

The abnormal situation created by the stockpiling and reclaiming of concentrates makes it difficult to summarize the production for any period during which the stockpile was in existence. The period from June 1, 1948, to October 31, 1949, is more satisfactory for showing the performance of the mine, and in addition it coincides with the end of the Frobisher fiscal year. During these 17 months, 126,803 tons, averaging 0.76 ounces of gold per ton, were milled. Metals recovered amounted to 83,858.34 ounces of gold and 33,736.43 ounces of silver, the gross value of production being $3,006,236.38. *

* FOOTNOTE: Includes metals obtained from concentrates produced from milling 3,383 tons in May, 1948, but does not include 277.46 ounces of gold and 78.29 ounces of silver from amalgamation during that month.

Underground Operations and Exploration

At No. 2 Shaft lateral development has been continued on all four levels, from the first to the fourth, with stope preparation and mining above the third level. As of May 31, 1949, the end of the Company's fiscal year, developed ore above the third level was estimated at 675,000 tons averaging 0.65 ounces per ton (with 20% dilution allowance). Ore being outlined between the third and fourth levels, plus further extensions above the third, will add considerably to the reserves, after replacing ore mined since the end of May.

Diamond Drilling below the fourth level is giving results of particular interest. This work is not advanced sufficiently for the outlining of ore shoots, but it has established the presence of a very important tonnage of good grade. Ore has been intersected to a depth of 330 feet below the fourth level, or approximately 900 feet below surface.

By the end of October construction and installation of equipment at No. 3 shaft was practically completed, with sinking scheduled to start by mid-November. This shaft will be sunk to an initial depth of 1,000 feet, with the bottom level at the 725 horizon. Over the next several years, development will be carried out along a length of some 10,000 feet and will include connections with the Nos. 1 and 2 shaft workings. This will give access to most of the orebodies which were located by the original surface diamond drilling, and will provide openings from which search for new orebodies can be carried out by diamond drilling, both laterally and to depth.

During the past summer further diamond drilling from surface was carried out in the southern part of the property, to obtain information necessary for development planning. Results were particularly encouraging in the West Zone, and have increased its ore potential in large amount, both as to tonnage and grade. In addition, direct evidence of important ore bearing conditions in the deeper horizons of the No. 1 Shaft area was obtained by a hole between the West Zone and the North Extension of the East Zone, which intersected excellent grade material at a depth of approximately 500 feet below surface.

GUAYANA MINES LIMITED

Venezuela—South America

Guayana Mines Limited holds the mining rights to some 132 square miles in the Callao district of Eastern Venezuela. The rights to 79 square miles were transferred to the company by New Goldfields of Venezuela Limited, and 53 square miles have been acquired, under lease, from the Compagnie Francaise de la Mocupia. There are a large number of veins, on which mining was carried out by former operators, and the extensive area of potential, untested, ground offers an almost unlimited field for exploration. The present endeavour is directed towards placing certain of the mines on a profitable operating basis, with expanding development to increase available ore reserves. The ore is of excellent grade and a high recovery of gold is obtained. With operations on a stable basis, attention can be given to exploration.

The chief difficulty faced by the company is in overcoming the problems of obsolete equipment, costly mining methods, and the lack of development. There has been considerable progress. Adequate power for present requirements is being obtained from the three diesel generator units which were installed last year, and every effort is being made to increase efficiency, through rehabilitation of the plant and mechanization of the mines.

For the immediate future mining and development will be confined to the Laguna, Sosa-Mendez and Colombia Mines. Presently available ore reserves are estimated at 240,000 tons averaging 0.6 ounces of gold per ton. New development is being carried out on the main Laguna shoot, to the sixth level, and on the America and Colombia veins at the Colombia mine.

During the company's fiscal year, ended August 31, 1949, 93,454 tons of ore were milled, including 4,903 tons of custom ore. Production totalled 54,162.6 ounces of gold, including 2,089.4 ounces purchased (custom ore). Revenue, after marketing expenses, amounted to $1,979,264.94.

AKAITCHO YELLOWKNIFE GOLD MINES LIMITED

Yellowknife, Northwest Territories—Canada

At the property of Akaitcho Yellowknife Gold Mines Limited, adjoining Giant Yellowknife on the north, present work is being limited to minor construction and assembling of equipment. No decision has been made as to when underground development will commence, but it is considered advisable to have preparations well advanced.

The three compartment shaft has been sunk to a depth of 35.5 feet, the bearing set placed, and the reinforced concrete collar put in. A 60″ x 36″ hoist, 1,000 cu. ft. compressor, and an 80 foot steel headframe,

(Continued on Page Ten)

FROBISHE

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Consolidated Balance She

ASSETS

Cash on hand and in banks		$ 292,746.81	
Bullion in transit		22,467.10	
Accounts receivable—trade	$ 18,695.46		
—sundry	11,983.52	30,678.98	
Inventory of graphite valued at 50% of selling price		87,109.08	$ 433,001.97
Interest in affiliated and other companies (Statement 4):			
Shareholdings at cost less amounts written off		$ 4,475,823.55	
Advances		616,718.34	5,092,541.89
Exploration expenditures carried forward:			
Kilembe property, Africa		$ 683,740.49	
Other properties		516,777.83	1,200,518.32
Mining properties at cost		$ 365,852.82	
Buildings, plant and equipment, at cost	$ 1,172,420.91		
Less reserve for depreciation	581,275.24	591,145.67	956,998.49
Deferred development expenses less amounts written off		$ 137,801.64	
Supplies and spare parts at cost		147,530.12	
Sundry prepayments and deferred charges		16,484.22	301,815.98
			$ 7,984,876.65

NOTES: (1) Current assets and liabilities in foreign currencies have been converted at the official rates of exchange.

(2) Contingent liabilities outstanding:

(a) United Keno Hill Mines Limited has pledged as security for a bank loan its production of silver a has guaranteed this loan which at October 31, 1949 amounted to $275,000;

(b) Guarantee of a loan of an affiliated company $51,870.

AUDITORS' REPORT TC

We have examined the consolidated balance sheet of Frobisher Limited and its wholly-owned subsidiary companies, l and the statements of consolidated profit and loss, deficit and special deficit for the year ended on that date. In cc the transactions, examined or tested the accounting records of the companies.

We report that in our opinion the above consolidated balance sheet and related statements of consolidated p the combined companies' affairs at October 31, 1949 and of the results of their operations for the year, according to the be as auditors have been complied with.

Toronto, Canada,
January 27, 1950.

R LIMITED

Ontario Companies Act)

et as at October 31, 1949

LIABILITIES

Accounts payable		$ 136,694.70	
Advances from affiliated companies		12,026.86	$ 148,721.56
Reserve for depletion on shares in affiliated companies			40,000.00
Capital:			
Authorized—5,000,000 shares of no par value			
Issued at October 31, 1948	3,118,956 shares	$ 5,446,256.99	
Issued for cash during the year ended October 31, 1949	1,320,000 shares	3,460,000.00	
Issued at October 31, 1949	4,438,956 shares	$ 8,906,256.99	
Less:			
Deficit (Statement 2)	$582,785.74		
Special deficit (Statement 2)	527,316.16	1,110,101.90	7,796,155.09
			$ 7,984,876.65

APPROVED ON BEHALF OF THE BOARD:

T. LINDSLEY, Director.

W. B. MALONE, Director.

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

) THE SHAREHOLDERS

Mines Incorporated, Frobrican Exploration Company Limited and Canada Iron Mining Limited, as at October 31, 1949 nnection therewith we made a general review of the accounting methods and, without making a detailed audit of

rofit and loss, deficit and special deficit have been drawn up so as to exhibit a true and correct view of the state of st of our information and the explanations given us and as shown by the books of the companies. All our requirements

CLARKSON, GORDON & CO.,
Chartered Accountants.

(Continued from Page Seven)

together with a tractor, truck, and other items of essential equipment have been delivered to the property. Building materials, including 500,000 feet of lumber and shaft timber, have been stockpiled. Buildings now erected consist of two prefabricated aluminum-steel structures, for hoist and compressor house and warehouse, and containing space for shops and offices during the period of initial development. There are also three 12-man frame bunkhouses. Surveys for the water supply line and transmission line have been completed.

The shaft is centrally located with respect to the ore bearing shear zone which traverses the property for a length of some 2,600 feet between the south boundary and the Akaitcho fault. Diamond drilling, which was suspended in 1947, indicated the presence of a number of high grade orebodies, to a vertical depth of over 900 feet. One body was intersected by sufficient holes to warrant ore calculations, which showed approximately 260,000 tons averaging 0.65 ounces of gold per ton, uncut, with a 15% dilution allowance. The shear zone has been located to the north of the Akaitcho fault but only one hole has been drilled in this area.

BASE METALS

NEW CALUMET MINES LIMITED

Quebec—Canada

During the company's fiscal year ended September 30, 1949, the mill operated at an average rate of 582 tons per day, the total treated being 212,441 tons. In the latter part of the year mill capacity was increased by the addition of a fourth ball mill and classifier unit, and for the last two months the average was 687 tons per day.

Metals produced in concentrate form amounted to:

Zinc	24,538,364.7 lbs.
Lead	6,953,483.5 lbs.
Silver	555,451.0 ozs.
Gold	2,686.4 ozs.

from which the company realized a net profit of $721,956.91 after provision for taxes. Dividends of 20 cents per share, totalling $699,481.40, were paid during the year, leaving a balance in the earned surplus account of $1,387,050.82.

Ore Reserves

	Tons	Zn %	Pb %	Ag Oz/T	Au Oz/T
No. 1 and No. 2 Shaft Areas	446,019	6.2	2.0	3.18	0.019
No. 3 Shaft Area	413,000	10.7	3.4	7.15	0.050
Broken in Stopes	29,923	5.0	1.3	3.56	0.010
Total	888,942	8.2	2.6	5.04	0.033

While reserves are lower than in the preceding year, it is expected that development, now under way, will add to them. The Longstreet and other orebodies are being developed between the 600 and 1350 foot levels from No. 3 Sub-shaft, which was completed to the 1500 foot level during the year. In addition, a drift has been pushed out to the Ste. Anne ore zone on the 300 foot level, and drifts have been driven west along the main zone on the 500 and 600 foot levels.

UNITED KENO HILL MINES LIMITED

Yukon Territory—Canada

During the twelve month period ended October 31, 1949, production in concentrates and crude ore amounted to 1,419,265 ounces of silver, 4,972,432 lbs. of lead, and 1,456,031 lbs. of zinc. This represents only 7.3 months' milling time. On June 11th, the 125 ton Elsa mill was destroyed by a fire of undetermined origin, and of necessity all efforts were concentrated on replacing it with a new 250 ton unit. It is pleasing to be able to report that mining was resumed in the latter part of October, and by the end of the same month the new mill was being tuned in for production.

In spite of the interruption of more than four months' duration, the company has had a successful year. Production compares very favourably with the 1,738,622 ounces of silver and 4,177,125 lbs. of lead produced during the preceding twelve months. Ore disclosures have been excellent. Results are particularly encouraging at the Hector mine, where underground work has been concentrated. Of the three levels now partially developed on the main vein, the first has yielded continuous ore for 1,000 feet, the second for 700 feet, and the third for 550 feet, with all three drifts still in ore. In addition, a parallel vein was discovered by diamond drilling, and this has now been opened on the middle level for a length of 250 feet, with both faces in ore.

With the increased mill tonnage and continuing good ore developments, the company can look forward to a profitable future.

MEDITERRANEAN MINES INCORPORATED

Greece—Europe

Mediterranean Mines has completed financing arrangements for its silver-lead-zinc properties in the Laurium district of Greece, and will proceed with installation of a 200 ton flotation mill. Certain locations have been prepared for mining and it is estimated that some 300,000 tons of sulphide ore are now in sight, with grade placed at a minimum of 5% lead, 6% zinc, and 2½ ounces of silver per ton. In addition there are 2½ million tons of old tailings carrying from 2 to 4% lead, and 1 to 2 ounces of silver per ton, which eventually will be re-treated.

Three ore bearing horizons, one underlying the other, have been established, but previous mining was confined to places where ore was near the surface, and most of the old workings are less than 100 feet in depth. The extensive area covered by the company's properties, has possibilities for development of large tonnages of "mine grade" ore, and in addition there are possibilities for big scale open pit mining of low grade material.

KILEMBE CONCESSION

Uganda—Africa

This property has responded exceptionally well to the intensive development program which has been carried on during the past year. Large potential bodies of commercial copper cobalt ore have been indicated or partially developed on the Eastern and Northern Deposits by underground development and diamond drilling, and additional ore possibilities of major importance have been suggested by geophysical surveys. Although much development work remains to be done before the ultimate importance of the property can be fully assessed, it is now apparent that very promising ore making possibilities exist.

During the year ending October 31st, 1949, approximately 9,700 feet of drilling from surface, 3,887 feet of underground drilling and 2,638 feet of underground development were completed on the Northern and Eastern Deposits. In addition, Magnetometer and Self Potential Geophysical surveys were made over the Eastern, Southern, and Stream Deposits, and over a portion of the Northern Deposit.

Eastern Deposit

This orebody has been developed by underground work for a distance along its strike of approximately 500 feet, from two adits (A and R) separated by a vertical interval of 225 feet. This work has indicated, and partially developed, approximately two million tons of ore estimated to average approximately 2.0% Copper and 0.2% Cobalt. Ore widths range between 30 and 175 feet. Diamond drilling and geophysical work have indicated that this orebody extends an additional 1,000 feet to the southwest and underground development is being continued to explore this extension. In addition, a new adit (E 48) has been started to explore the orebody approximately 150 feet above R level.

Northern Deposit

This deposit has been opened by three levels to a depth of 300 feet and for a length of 1,000 feet along its strike. This work has partially outlined an estimated 1,250,000 tons of mixed oxide and sulphide ores averaging approximately 3.5% Copper. Cobalt in the sulphide ores averages approximately 0.2%. A further extension of this deposit for an additional 1,000 feet to the East has been indicated by relatively widely spaced diamond drill holes. Values obtained in drill hole intersections are variable and in general lower than those found in the section developed by underground workings. However, important additional ore tonnages are indicated which are to be explored by underground development from a new adit (No. 39), which is being driven to intersect the mineral zone 1,000 feet to the East of and 125 feet below N adit. At the year end this adit had advanced approximately 640 feet to within 100 feet of the expected position of the orebody. At 500 feet from the portal a mineralized zone, not disclosed by drilling, was crossed, which averaged 2.4% Copper for a width of 16 feet.

Stream Deposit

Magnetometer and Self Potential geophysical surveys now being conducted along this deposit have shown strong continuous anomalies for a length of 1,800 feet and to a point approximately 200 feet west of A6 adit. As a result of this work the potentialities of this deposit are considered to be of major importance and further exploration by drilling or underground work is planned.

GRAPHITE

BLACK DONALD GRAPHITE MINE

Ontario—Canada

The year's operations at the wholly-owned Black Donald Graphite Mine yielded 6,652,100 lbs. of raw graphite from the treatment of 13,508 tons of ore. Sales of finished product totalled 4,519,086 lbs. for a gross value of $234,603.51, yielding a net profit of $2,993.21. The problem of maintaining a satisfactory market has become increasingly difficult.

Toronto, Ontario,
January 12th, 1950.

A. J. ANDERSON,
Vice-President.

FROBISHER LIMITED

STATEMENT OF CONSOLIDATED DEFICIT
FOR THE YEAR ENDED OCTOBER 31, 1949

Balance October 31, 1948	$755,276.91
Deduct net profit for year (Statement 3)	172,491.17
Balance October 31, 1949	$582,785.74

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, 1949

Balance October 31, 1948		$443,934.27
Exploration expenses written off	$25,423.55	
Advances to affiliated and other companies written off	1,251.80	
Provision for depreciation on prospecting equipment	196.94	
Administration expenses of exploration subsidiaries	11,222.18	
Net loss on security transactions for the year	49,485.42	
	$87,579.89	
Deduct recovery of advance to an affiliated company written off in a prior year	4,198.00	83,381.89
Balance October 31, 1949		$527,316.16

FROBISHER LIMITED

STATEMENT OF CONSOLIDATED PROFIT AND LOSS
FOR THE YEAR ENDED OCTOBER 31, 1949

Head office:			
Dividends received and interest earned	$212,656.93		
Less portion thereof transferred to reserve for depletion	40,000.00	$172,656.93	
Deduct:			
Administrative and general expenses	$ 60,976.50		
Interest on bank advances, etc.	10,063.13	71,039.63	$101,617.30
Connemara Division (Southern Rhodesia):			
Net proceeds from production		$857,903.44	
Operating expenses		628,652.85	
		$229,250.59	
Provision for depreciation and deferred development		146,569.66	
		$ 82,680.93	
Sundry income		11,489.45	
Loss on disposal of fixed assets		*5,576.60*—	
Net profit of Connemara Division			88,593.78
Black Donald Graphite Division:			
Net sales		$234,600.41	
Operating expenses		190,621.68	
		$ 43,978.73	
Provision for depreciation		40,985.52	
Net profit of Black Donald Graphite Division			2,993.21
			$193,204.29
Deduct:			
Net loss resulting from devaluation of currencies		$ 16,713.12	
Provision for sundry taxes		4,000.00	20,713.12
Net profit for year (excluding items in consolidated special deficit) (see note)			$172,491.17

NOTE: Under the loss carry-forward provisions of the Income Tax Act there are no Dominion Government taxes payable on the income of the current year as a result of losses sustained in prior years.

FROBISHER LIMITED

CONSOLIDATED STATEMENT OF INTEREST IN AFFILIATED AND OTHER COMPANIES AS AT OCTOBER 31, 1949

Company	Shareholdings				
		Indicated market values			
	Number of shares or par value	Price per share	Amount	Cost less amounts written off	Advances
Akaitcho Yellowknife Gold Mines Limited	1,140,300	$ .70	$ 798,210.00	$ 355,312.59	
Dominion Magnesium Limited	8,334	8.25	68,755.50	66,672.00	
Dupresnoy Mines Limited	656,200			74,050.00	
Eureka Corporation Limited	102,625	.44	45,155.00	128,281.25	
Ferrum Limited					
—shares	26,265			100,693.00	
—5% debentures due 1957/1958	$106,667.50				
Giant Yellowknife Gold Mines Limited (See Note A)	1,133,415		7,252,398.15	644,132.96	
Guayana Mines Limited	586,945	.46	269,994.70	199,647.50	$307,063.19
Horne Fault Mines Limited	681,634	.09	61,347.06	60,900.10	
Joliet-Quebec Mines Limited	1,076,400	.52	559,728.00	143,521.77	
Mediterranean Mines Inc. (See Note B)	1,250,000			175,000.00	28,022.00
Michipicoten Iron Mines Limited	874,111			304,819.49	
Nepheline Products Limited	204,963			81,985.20	
New Calumet Mines Limited	1,012,639	1.38	1,397,441.82	161,547.18	
Rainville Copper Mines Limited	761,089	.10	76,108.90	82,344.17	
St. Eugene Mining Corporation Limited	839,184			319,388.24	265,371.07
United Keno Hill Mines Limited					
—shares	803,739	3.10	2,491,590.90	527,888.82	
—5% debentures due April 1, 1953	$190,000			190,000.00	
Miscellaneous participations of less than $60,000 each			301,249.34	859,639.28	16,262.08
			$ 13,321,979.37	$ 4,475,823.55	$616,718.34

NOTES: (A) Shares of Giant Yellowknife Gold Mines Limited held in Canada priced at $6.40 per share Canadian funds, shares held in United States priced at $6.32 per share Canadian funds ($5.75 U.S.).

(B) An option until January 24, 1951 has been granted to Ventures Limited to purchase 500,000 shares Mediterranean Mines Inc. at cost.

CONNEMARA DIVISION

of

FROBISHER LIMITED

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED OCTOBER 31, 1949
(With comparative figures for the year ended October 31, 1948)

	1949		1948
Tons ore milled	105,504 tons		57,305 tons
Ounces gold produced	21,341 ounces		10,305 ounces

	1949	Shillings per ton ore milled		1948	Shillings per ton ore milled	
Bullion produced including subsidy of £24,587:13:0 in 1949 and £10,667:2:3 in 1948 (see note)	£220,113: 0:10	41.726	shs.	£ 99,878: 9: 3	34.858	shs.
Less realization charges	2,595: 2: 8	.492		1,198:11: 1	.418	
	£217,517:18: 2	41.234	shs.	£ 98,679:18: 2	34.440	shs.
Expenses:						
Development	£ 24,321: 6: 3	4.611	shs.	£ 8,071: 9: 5	2.817	shs.
Diamond drilling	9,222: 3: 1	1.748		3,469:14: 5	1.211	
Mining	36,018:14: 9	6.828		32,596: 1: 2	11.376	
Milling	67,900:18:11	12.872		46,947: 8:11	16.385	
General	21,821: 4: 9	4.136		16,712:16: 0	5.833	
	£159,284: 7: 9	30.195	shs.	£107,797: 9:11	37.622	shs.
Operating profit or *loss* before provision for depreciation and deferred development expenses	£ 58,233:10: 5	11.039	shs.	£ *9,117:11: 9*	*3.182*	shs.
Provision for depreciation	£ 30,293: 1: 8	5.743	shs.	£ 18,434: 8: 7	6.434	shs.
Provision for deferred development expenses	7,813:11: 3	1.481		4,897:11: 4	1.709	
	£ 38,106:12:11	7.224	shs.	£ 23,331:19:11	8.143	shs.
Operating profit or *loss* for the year	£ 20,126:17: 6	3.815	shs.	£ *32,449:11: 8*	*11.325*	shs.
Sundry income	2,890:14: 3	.548		1,570:15: 6	.548	shs.
Net profit or *loss* for the year	£ 23,017:11: 9	4.363	shs.	£ *30,878:16: 2*	*10.777*	shs.

NOTE: Subsidy was discontinued in September, 1949 upon devaluation of sterling currencies.