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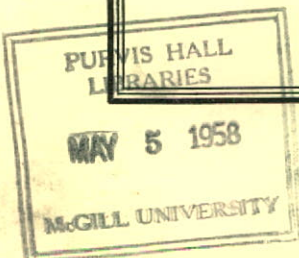
*Tenth*

*Annual Report...*

**FROBISHER LIMITED**



FOR THE PERIOD ENDED  
DECEMBER 31st, 1953





# 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
H. H. Hemming	- - - - -	Vice-President
A. G. Fulton	- - - - -	Secretary
W. B. Malone	- - - - -	Treasurer
G. T. N. Woodrooffe	- - - - -	Assistant Secretary & Assistant Treasurer

## DIRECTORS

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

## TECHNICAL CONSULTANTS

### Mining Engineers

B. G. Edward  
E. V. Neelands  
A. E. Pugsley

### Geologists

R. C. Bacon	D. R. Derry
J. D. Bateman	J. A. Harquail
A. S. Dadson	D. C. Sharpstone
A. G. Darling	Alex Smith

### Metallurgists

F. R. Archibald	W. G. Hubler	G. M. Lee	L. J. Lichty
	J. M. Mortimer		

## TRANSFER AGENTS AND REGISTRARS

**National Trust Company Limited**  
20 King Street East, Toronto, Ont.  
and  
225 St. James St., Montreal, Que.

**Registrar and Transfer Company**  
50 Church St., New York 7, N.Y.  
and  
15 Exchange Place, Jersey City 2, N.J.

## AUDITORS

Clarkson, Gordon & Co.  
Toronto

## BANKERS

The Canadian Bank of Commerce  
Toronto

# FROBISHER LIMITED

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## *Report of the Directors*

To the Shareholders:

Your Directors respectfully submit herewith the Tenth Annual Report, together with the Auditors' Report on the Financial Statements for the year ended October 31st, 1953 and for the two months ended December 31st, 1953, as certified by your Auditors.

### FINANCIAL

You will note from the Balance Sheet that your Company has entered into commitments totalling \$8,400,000. Not all of this amount falls due in 1954. In the case of Kilembe the calls to be met during 1954 do not exceed \$1,300,000 and the final amount will depend on what is provided by the various governments concerned. In the case of Williston Oil and Gas Company it is hoped that arrangements can be made to postpone \$1,750,000 of this commitment until 1955, leaving \$1,500,000 to be met in July 1954.

In February, 1953 your Company sold an issue of \$5,000,000 15-year 4% Convertible Debentures. As the purchaser insisted on diversified collateral, it was arranged to borrow 150,000 shares of Falconbridge Nickel Mines Limited from Ventures Limited. In April, 1954 your Company, subject to shareholders' approval, agreed to purchase these shares from Ventures Limited for 300,000 shares of Giant Yellowknife Gold Mines Limited.

Advances made to your Company by Ventures Limited amounted to \$6,600,087 at December 31, 1953. Ventures Limited has agreed that \$4,955,120 of this amount may be considered as a prepayment of Ventures' obligation to purchase any part of the 495,512 shares of Frobisher Limited at \$10.00 per share which may not be taken up by the holders of the purchase warrants now outstanding. The advances in excess of \$4,955,120 will bear interest at 5% per annum from January 1st, 1954.

In August, 1952 your Company purchased a 60% interest in Associated Tin Mines (South West Africa) Limited which company controls the Uis Tin Mines. To assist in bringing the Uis mine into production Ventures Limited guaranteed a loan made by Barclays Bank, Johannesburg, in the amount of £100,000.

In view of the above transactions your Company has granted Ventures an option to purchase 50% of Frobisher's interest in Associated Tin Mines at cost; an option to purchase 30% of Frobisher's interest in Chavin Mines Corporation S.A. at cost and 30% of Frobisher's interest in the Mantos Blancos project at cost for a period of three years from January 1st, 1954 or until all advances made by Ventures to Frobisher have been paid, whichever is the longer period. These options are subject to shareholders' approval.

Because of the close relationship between the two companies, the shareholders will be asked to approve, ratify and confirm the above transactions with Ventures Limited.

**Change of Fiscal Year:**

The activities of your Company tie in so closely with those of Ventures Limited that it has been deemed advisable to change the fiscal year of Frobisher to agree with that of Ventures. Accordingly, you will be asked to approve By-Law No. 20 changing the fiscal year of the Company from October 31st to December 31st.

**Purchase Warrants:**

In April, 1954 your Directors extended for two years the time for exercising the right to purchase shares of this Company's capital stock at \$10.00 per share under share purchase warrants now outstanding. These purchase warrants will now expire on June 27th, 1956. The option to Ventures Limited to purchase 500,000 shares of Frobisher at \$8.00 per share was also extended for a two year period and will now expire on February 12th, 1957.

**GENERAL**

During the past year progress has been made on the following enterprises which are shaping up to become important and significant projects:

Northwest Power Industries Limited  
Seaoil Limited  
Chavin Mines Corporation S.A.

These will be described in greater detail in the body of the report. In addition, definite progress has been made by the Williston Oil and Gas Company and Quebec Metallurgical Industries Ltd.

The production at the Giant Yellowknife mine has been very satisfactory. New developments have been in keeping with the history of this outstanding mine.

Work at the United Keno Hill mine continues on an encouraging and satisfactory basis.

Your Directors again wish to express their appreciation of those whose sustained efforts have made possible the growth and success of this enterprise.

On behalf of the Board,

T. LINDSLEY,  
President.

Toronto, Ontario,  
April 26, 1954.

# FROBISHER LIMITED

The President and Directors,  
Frobisher Limited.

Gentlemen:

The following summarizes the activities during the fourteen months ended December 31, 1953, at the properties in which your Company holds a substantial interest.

## *Producing Mines*

### GIANT YELLOWKNIFE GOLD MINES LIMITED Mine at Yellowknife, N.W.T.

#### Production

	Tons Milled	Gross Value Metals Produced
Total to June 30, 1952 .....	528,760	\$13,142,371
Year ended June 30, 1953 .....	245,559	6,071,412
	<u>774,319</u>	<u>\$19,213,783</u>

During the Giant fiscal year ended June 30, 1953, an average of 672.7 tons of ore per day, with calculated mill heads of 0.846 ounces of gold per ton, was treated. Daily tonnage has been gradually increased and in December, 1953, it averaged 762 tons. During the 6-month period ended December 31, 1953, 137,141 tons, averaging 0.79 ounces gold per ton, were milled, the gross value of production being \$3,173,878.

At the end of June, 1953, reserves of developed ore above the 750 level were estimated at 1,638,500 tons averaging 0.77 ounces per ton. This includes the exceptional 409 orebody, estimated to contain 279,000 tons averaging 1.50 ounces per ton, between the 750 and 575 levels.

Development work is continuing on and above the 750 level. Encouraging results have been obtained by diamond drilling below the 750 level, and the deepening of C Shaft, preparatory to development of the next 500 feet of depth started in January, 1954.

A new zone, which appears to be of major importance, has been located to the east of the present workings by diamond drilling, and at least one ore shoot has been indicated. Present information suggests a westerly dip. On the 750 level the zone, in part, is adjacent to the Lolor boundary. A new company, Lolor Mines Limited, has been incorporated to which the Lolor claims have been transferred. Giant holds 87½% of the authorized shares which are all issued.

The initial dividend of 20 cents per share was paid in July, 1953 and a second dividend of 20 cents per share was paid in January, 1954.

General Manager — P. N. PITCHER

**UNITED KENO HILL MINES LIMITED**

Mine in the Mayo District, Yukon Territory

Production	Metals Produced				
	Tons Milled	Silver Ozs.	Lead Lbs.	Zinc Lbs.	Cadmium Lbs.
Total to Sept. 30, 1952 .....	355,727	14,286,601	53,966,322	26,767,864	314,847
Year ended Sept. 30, 1953 .....	156,684	6,252,483*	27,313,584	21,245,493	304,722
	<u>512,411</u>	<u>20,539,084</u>	<u>81,279,906</u>	<u>48,013,357</u>	<u>619,569</u>

\* 405,695 ounces of silver were recovered from the treatment of tailings in the cyanide plant.

Of the ore milled 89.2% came from the Hector Mine, with small amounts from the Calumet, Jock, No Cash and Bermingham Mines.

At the end of September ore reserves, exclusive of the Onek Mine, totalled 612,937 tons averaging 38.4 oz. silver per ton, 9.1% lead and 8.2% zinc. Because of the lower price of zinc no further work was done at the Onek Mine, and reserves here remain at 123,491 tons averaging 10.27 oz. silver per ton, 4.4% lead, and 13.0% zinc.

The deeper level work at the Hector mine has been most encouraging, with excellent ore being developed on both the 775 and 900 levels. At the Calumet Mine, 31.8% of the 1,405 feet of drifting, accomplished during the 1953 fiscal year, was in ore averaging 24.2 oz. silver per ton over a width of 7.8 feet. Re-sampling of the Shamrock surface dumps indicated 6,000 tons averaging 39.6 oz. silver per ton and 7.9% lead. A road has been built to this property and development plans are under consideration.

Since November, 1952, following completion of the Mayo project of the Northwest Territories Power Commission, the mine has been operating on Hydro-electric power.

*General Manager* — C. E. WHITE

**NEW CALUMET MINES LIMITED**

Mine at Calumet Island, Quebec

Production	Metals Produced in Concentrate Form				
	Tons Milled	Zinc Lbs.	Lead Lbs.	Silver Ozs.	Gold Ozs.
Total to Sept. 30, 1952 .....	1,909,619	219,378,477	63,082,550	4,981,493	27,230
Year ended Sept. 30, 1953 .....	192,233	19,082,821	4,583,923	387,569	2,971
	<u>2,101,852</u>	<u>238,461,298</u>	<u>67,666,473</u>	<u>5,369,062</u>	<u>30,201</u>

As of Sept. 30th, 1953, the end of the fiscal year, ore reserves were estimated at 734,548 tons averaging 6.9% zinc, 1.5% lead, 3.18 oz. silver per ton and 0.015 oz. gold per ton. Of this total 411,500 tons, averaging 8.9% zinc, 1.7% lead, 3.71 oz. silver per ton and 0.014 oz. gold per ton, is indicated ore between the 1,500 and 2,100 foot levels. The main shaft is being deepened to 2,200 feet.

The authorized capital of the company was increased during the fiscal year, from 3,500,000 to 5,000,000 shares and 1,000,000 of the new shares were disposed of for \$700,000. An additional 123,749 shares were issued to acquire 494,990 shares of Grand Calumet Mines Limited, and New Calumet now owns this company completely, and thus its properties adjoining the mine.

*Mine Manager* — G. H. MUSTARD

# *Development Projects*

## **NORTHWEST POWER INDUSTRIES LIMITED**

Since the fall of 1952 Frobisher Limited and Quebec Metallurgical Industries Ltd., a subsidiary, have been conducting an intensive survey of the water power resources of Northern British Columbia and the Yukon and have applied to the Dominion Government and the Government of British Columbia for a reservation of the water power rights involved in this area. According to our consultants, Mr. J. M. Wardle, formerly Dominion Water Power Commissioner, and Dr. Thomas Hogg, formerly Chairman of the Ontario Hydro-Electric Commission, 4½-million horsepower can be developed economically by diverting into the Taku River waters from the upper Yukon River, the Dezadeash River and the Salmon River. Ultimately a potential greatly exceeding 5 million horsepower can be developed in this area.

The proposed power project will utilize the upper watershed of the Yukon River in the Yukon Territory and northern British Columbia. Large lakes in this area such as Atlin, Tagish Lake, Taku Arm, Marsh Lake, Lake Lebarge and Teslin Lake provide excellent storage reservoirs so that water can be stored in the high-flow summer period for use in the low-flow winter months. A large uniform flow throughout the year can thus be obtained. The main storage reservoirs will be formed by two dams, one in the Miles Canyon on the Teslin River above Whitehorse and the other on the Yukon River below its confluence with Big Salmon River.

The stored water in these reservoirs with elevations above 2,000 ft. will be conducted southward from Atlin Lake through rock tunnels to be used under heads totalling 1,900 ft. to give from 4,300,000 to 4,500,000 h.p. This power will be available for twelve months of the year and will be generated at very low cost. Besides storing the waters of the upper Yukon River, water will also be diverted to the reservoirs from watersheds situated east and west of the main Yukon River. Industrial plants will be located on the Taku River in Canada only a maximum of 44 miles from the two main power plants.

In December, 1952 a Survey Permit covering the Yukon waters was secured from the Dominion Government under the Dominion Water Power Regulations, and shortly thereafter a general reservation of all the lands and waters involved in British Columbia was secured from the Government of British Columbia. Acting under these authorities, Quebec Metallurgical Industries Ltd. engaged parties in 1953 to survey the whole area, measure the water flow of the various rivers and study the engineering problems involved in diverting into the Taku River from the Yukon watershed the amount of water necessary to produce the projected 4½-million horsepower. This work consisted of traverse lines and levelling, surveys of possible diversions, stream-flow measurements and inspection of tentative dam sites. Information was obtained on areas that would be flooded by the proposed reservoirs. Our engineers have confirmed the amounts of water and heads available and have advised that the project is entirely feasible and capable of producing the horsepower required at a very cheap cost.

In 1954, these basic surveys will be continued and detailed information will be obtained in regard to tunnel locations, dam sites and other data necessary for the design of the initial plants. Plans for the 1954 survey program have been completed and the first survey party took to the field at the end of March.

Formal applications for conditional water licenses will be submitted to both Governments in the near future. Your company is assured that its development is in accordance with national policy and will be encouraged by the Dominion Government in accordance with its policy of retaining for use in Canada hydro electric energy that can be developed and utilized within the country.

Quebec Metallurgical Industries Ltd. has incorporated two subsidiaries to carry on this work, one Northwest Power Industries Limited to develop the hydro electric energy on the Taku and utilize it in metallurgical and electro-chemical reduction in the vicinity of the power plant, and the other Yukon Metallurgical Industries Limited to utilize a substantial portion of the power in the Yukon on zinc, lead and other metal refining processes and to serve the growing mining industry in Northern British Columbia and Yukon Territory.

It is planned to erect two units on the west coast of British Columbia near established power sources as soon as plans can be finalized. The first of these units would have as its objective the production of 100 tons per day of iron or steel in a form in which it could be sold on the west coast of North America. The



second unit has to do with the treatment of cobalt concentrates originating in the concessions which Quebec Metallurgical Industries controls in New Caledonia. These concentrates would be matted in an electric furnace and the matte would be shipped for metal refining to the plant of Cobalt Chemicals Limited at Cobalt, Ontario, which is being managed by Q.M.I. It is expected that the final plants for these metallurgical operations will be located close to the main power site and thus benefit from the low cost power available there.

Further reduction plants in the Taku River area, based on this hydro electric power, will include facilities for the production of calcium and magnesium, alumina, phosphorus, and heavy water for atomic reactors. Negotiations are being conducted with other mining and metallurgical groups who are interested in securing substantial blocks of this power for their processes.

It is the confident expectation of your management that with cheap power available in this area, and with year round ocean transportation to within twenty-five miles of the industrial site chosen in British Columbia, this area will become a metallurgical and electro-chemical centre for the refinement of ores from many parts of the world, and will develop into an important Canadian industrial centre.

*General Manager* — L. J. LICHTY

### SEAOIL LIMITED

Seaoil Limited was incorporated under Canadian Charter in 1952 for the purpose of acquiring and developing potential oil lands in Peru, mainly in the coastal region. The company holds an undivided one-half interest in some 500,000 acres in the Sechura Desert sedimentary Basin near the coast in northern Peru. In partnership with International Petroleum Company Limited, chief producer of oil in Peru, exploration work is being carried on in the Sechura Basin. So far this work has consisted of geological and geophysical studies and one exploratory well.

Recent seismic and other geophysical interpretations in conjunction with observed surface geology have indicated the presence of several favourable structural anomalies or closures of considerable magnitude at depth.

Extensive preliminary geological work has also been done in the Pisco Basin, about 150 miles south of Lima, where a 100 per cent interest is held in about 275,000 acres. Similar work is presently under consideration for the Sacramento Dome area of eastern Peru where a 40 per cent interest is held in lands covering the Dome structure.

Over 400 million barrels of oil have already been produced from the Piura Basin, on the west coast of Peru immediately north of Sechura. In the Sechura area the existence of known oil seepages, and seismic and geological indications of the presence of structural closures in which petroleum accumulations may be trapped, encourage the belief that oil will be encountered there in commercial quantities.

*Resident Manager* — R. C. BACON

### CHAVIN MINES CORPORATION

Early in 1953 Frobisher and Associated Companies acquired the remaining 75% of outstanding capital in the above company giving the Ventures group of companies 100% control. The property lies high in the Andes, slightly over 100 air miles southeast of Lima. It is at present reached by a very roundabout road but the direct route west from the mine to join the Pan American Highway is at present under study.

The operations started with a single high grade vein of galena and sphalerite but as underground work by adit progressed, it was found that this was only one, possibly the strongest, of a complex pattern of veins all carrying the same type, but varying grades, of mineralization. To date work from adits on three levels has shown some nine parallel, branching or cross-cutting structures carrying ore shoots. At the end of 1953 the underground work had indicated 430,600 metric tons (2200 lbs.) of ore grading 9.1%

lead, 15.4% zinc, 1.3% copper, and 4.5 ounces per ton silver. This represents an increase of 60% in tonnage over the corresponding figure of a year ago. The veins appear to be strong on the lowest of the three levels and there is every reason to believe that they will continue to greater depth.

Some test shipments have been made to a smelter in the district and the ore appears to be quite amenable to orthodox treatment, confirming independent ore-dressing tests. Since there is now sufficient ore indicated to justify production on a moderate scale plans are being made to finance the construction of a mill and of the road necessary to connect the mine directly with the coast.

*Manager* — R. C. BACON

### **WILLISTON OIL AND GAS COMPANY**

This company, wholly-owned by Frobisher Limited and Federated Petroleum, continued during 1953 to explore its land holdings, and to acquire additional interests, in the United States and Canada. In the United States the work included the seismic evaluation of holdings in Montana and North Dakota, the completion of two producing wildcat wells in Glendive, Montana, and South Clareton, Wyoming, and the acquisition of a fifty per cent interest in Badger Basin, a producing oil field in the Bighorn Basin of Wyoming.

In Canada two moderate producing wells were drilled on a farm-out obtained from Bobjo Mines Limited in the Forget area of Saskatchewan. Early in 1954 Williston took a 10.3% interest in the acquisition of a 79,982 acre block of land in the South Alhambra area of Alberta, south of the recent Pembina discoveries, and this block is now being studied by geophysical methods. Williston has also participated, to the extent of 20%, in the acquisition and exploration of a 71,873 acre "spread" in the Cremona area, Alberta, where a recent well on adjoining ground obtained a high-distillate gas flow from 140 feet of porosity in the Madison formation.

The greater emphasis of the company's activities in Canadian projects in recent months is considered wise in view of the important developments in several different fields in Alberta and Saskatchewan.

*Managing Director* — ALEXANDER CLARK

### **QUEBEC METALLURGICAL INDUSTRIES LTD.**

During 1953 the efforts of this company, with research laboratories and offices in Ottawa, were concentrated especially on the development of hydro-electric power for metallurgical purposes. The Company has also designed, constructed and is operating a cobalt-nickel plant situated at Cobalt, Ontario. This plant has now been running for several months and satisfactory refined metals are being produced.

In the development of hydro-electric power the plans in connection with the Yukon Territory and Northern British Columbia, announced a year ago, are taking form and preliminary surveys and plans are being made, as described in the section of this report devoted to 'Northwest Power Industries Limited'.

With regard to its work on cobalt, considerable progress has been made during the year in acquiring properties in Idaho and New Caledonia, and substantial reserves of good ore have been indicated at the latter point. Estimates show that good profits can be made from the New Caledonia laterites using the method developed by this Company.

Q.M.I. also holds interests in a number of mining companies which are actual or potential producers of raw materials necessary to its metallurgical developments.

*General Manager* — L. J. LICHTY

## **MANTOS BLANCOS**

This property, situated 30 miles inland from the Port of Antofagasta, Northern Chile, is being operated in partnership with a well-known Base Metal Company. A program of diamond drilling, churn drilling and underground work is in progress to prove up an indicated large tonnage of oxidized ore. Indications at present are that there is a large tonnage of medium grade ore that would be available by open-cut methods. When this has been satisfactorily proved plans for production will be commenced.

In addition to the oxidized ore now being developed there is the possibility of deeper, and richer, secondary sulphide mineralization which will be investigated in the next stage of exploration.

## **CONNEMARA MINE (Wholly-owned)**

### **Mine in Southern Rhodesia, Africa**

During the 14 months ended December 31, 1953, the mine produced 39,597 ounces of gold from 212,620 tons of ore. At the end of October, 1953, ore reserves were estimated at 471,700 tons averaging 4.3 dwt. gold per ton; with a further 129,500 tons in the probable and possible classifications. All of this ore is in the Connemara and Zabonkwe sections of the mine. In the Lindsley shaft section main development headings were driven southwards on the 9th, 11th and 13th levels, underneath the dolerite sill and below the productive area of the main Connemara workings. The 9th level was advanced northwards below the No. 6 Shaft workings. Extensive cross-sectional diamond drilling was carried out from these headings. The results of this work so far are disappointing, in that no ore was found, and the favourable ironstone horizons appear to be almost non-existent in the area explored.

*General Manager*—A. E. PUGSLEY

## **KILEMBE MINES LIMITED**

Underground development during the year was confined to preparing the mine for production. No change has been made in the ore reserves position which remains at 10,024,000 tons of developed and probable ore averaging 2.16% copper and 0.162% cobalt, plus 4,030,000 tons of inferred ore averaging 1.54% copper and 0.135% cobalt. Engineering plans for an initial reduction plant are nearing completion. The Colonial Development Corporation and the Uganda Development Corporation are participating in the required financing of this project.

*Managing Director* — D. C. SHARPSTONE

*General Manager* — A. E. PUGSLEY

## *Other Projects*

## **AKAITCHO YELLOWKNIFE GOLD MINES LIMITED**

### **Mine at Yellowknife, N. W. T.**

Development of the Akaitcho property has again been deferred pending an improvement in the conditions facing the gold mining industry.

## **RAINVILLE COPPER MINES LIMITED**

### **Mine in the Val d'Or Area, Quebec**

Because of the encouraging results obtained on the three upper levels during 1951-52, the shaft was deepened from 425 to 725 feet, sinking being completed in February, 1953. On the 550 foot level the zone, to the west of the shaft, was explored by 1,623 feet of drifting. The Nos. 1, 2 and A ore sections did not make ore at this horizon, but in the No. 6 section a length of 405 feet averaged 2.08% copper across 12.6 feet. Operations were suspended in June, at which time only a very minor amount of drifting had been done on the 700 foot level. Study is being given to plans for further financing.

## **CONSOLIDATED GUAYANA MINES LIMITED**

With the acquisition by Frobisher of the remaining 75% of Chavin Mines Corporation, Guayana's 25% interest in this property has been strengthened. Development at the Chavin Mine during 1953 was most encouraging and further details are given in the section of this report headed Chavin Mines Corporation.

The Company continued to carry on an active exploration program in Peru, Chile and Bolivia. Several likely looking prospects have been found and will be followed up as soon as conditions permit.

The Company's 10% interest in Seaoil Limited may be considered as an outstanding asset.

## **CONSOLIDATED RANWICK URANIUM MINES LIMITED**

### **Properties in Ontario and Saskatchewan**

Frobisher has a participation in this Company which is investigating several promising uranium prospects and has a share interest in Pronto Uranium Mines Limited.

## **LABRADOR CONCESSIONS**

### **Property in Labrador**

During the summer of 1953, the copper discoveries at Adeline and Snegamook Lakes were explored by trenching, mapping and diamond drilling. General prospecting and geological mapping were carried out in the non-granitic portions of the concession, not investigated in 1952, and additional detailed prospecting was done along the south shore of Seal Lake and in the area north of Salmon Lake.

The work so far completed on the concession has not revealed an orebody, but the widespread copper mineralization still beckons.

## **MIFERMA (Societe des Mines de Fer de Mauritanie)**

### **Mine in French West Africa**

The first stage of exploration of the high-grade iron ores by tunnelling and diamond drilling was completed with the assurance of sufficient ore to justify plans for the building of a railway and production. Negotiations on the question of a railway are now in progress.

## **ASSOCIATED TIN MINES (SWA) LIMITED**

### **Mine in South West Africa**

A large tonnage of low-grade tin ore has been outlined and production, on the first 1,000 tons per day stage of an eventual larger operation, was commenced late in 1953.

## **BLACK DONALD GRAPHITE (Wholly-owned)**

### **Mine at Calabogie, Ontario**

Production for the year amounted to 7,324,800 pounds of graphite. The mine has been on a salvage basis for the past few years and work was suspended early in 1954.

## **NORTHERN MINING COMPANY (Nordisk Mineselskab A/S)**

### **Properties in Greenland**

A vigorous underground campaign is proving up a tonnage of lead-zinc ore which may be sufficient to justify plans for production.

## **MEDITERRANEAN MINES INC.**

### **Mine in Greece**

The drop in price of lead and zinc beginning in 1952 made it unprofitable to treat the low grade ore being mined at Laurium. The operation was suspended at the end of February, 1953.

Toronto, Ontario,  
April 26, 1954.

A. J. ANDERSON,  
Vice-President.

# FROBISHER LIMITED

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## *Auditors' Report*

To the Shareholders of  
Frobisher Limited:

We have examined the consolidated balance sheet of Frobisher Limited and its wholly-owned subsidiary companies as at December 31, 1953 and the statements of consolidated profit and loss, deficit and special deficit for the fourteen months ended on that date. 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. All our requirements as auditors have been complied with.

In our opinion the accompanying consolidated balance sheet and statements of consolidated profit and loss, deficit and special deficit, when read in conjunction with the notes appended thereto, are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31, 1953 and the results of their operations for the fourteen months ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies.

CLARKSON, GORDON & CO.,  
Chartered Accountants.

Toronto, Canada,  
April 28, 1954.

# FROBISHER

(Incorporated under the

## Consolidated Balance Sheet

(with comparative figures

ASSETS	December 31, 1953	October 31, 1952
<b>CURRENT:</b>		
Cash on hand and in banks .....	\$ 128,223	\$ 64,776
Bullion in transit .....	43,081	76,929
Accounts receivable .....	65,045	63,761
Inventory of graphite valued at 50% of selling price .....	67,735	36,723
	\$ 304,084	\$ 242,189
<b>INTEREST IN SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES (Statement 4)</b>		
(Note 3):		
Subsidiary companies—		
Shareholdings at cost less amounts written off .....	\$ 8,688,966	\$ 4,279,031
Advances .....	435,603	1,346,764
	\$ 9,124,569	\$ 5,625,795
Associated and other companies—		
Shareholdings at cost less amounts written off .....	\$13,169,185	\$ 8,541,834
Advances .....	1,115,137	849,529
	\$14,284,322	\$ 9,391,363
	\$23,408,891	\$15,017,158
<b>FIXED:</b>		
Buildings, plant and equipment, at cost .....	\$ 1,807,704	\$ 1,699,683
Less accumulated depreciation .....	1,376,611	1,071,723
	\$ 431,093	\$ 627,960
Mining properties at cost .....	374,863	374,863
	\$ 805,956	\$ 1,002,823
<b>OTHER:</b>		
Exploration expenditures carried forward .....	\$ 1,244,761	\$ 1,084,746
Deferred development expenses less amounts written off .....	7,674	55,011
Supplies and spare parts at cost .....	306,021	323,071
Sundry prepayments and deferred charges .....	27,464	47,480
	\$ 1,585,920	\$ 1,510,308
	\$26,104,851	\$17,772,478

### NOTES TO FINANCIAL STATEMENTS

1. The attached statements reflect the financial position and operating results of the company and its wholly-owned subsidiaries, Bushveld Limited, Canada Iron Mining Limited, Frobrican Exploration Company Limited and Mines Incorporated. The company's interest in its other subsidiaries is shown as a separate item in the balance sheet. No dividends were received from such non-consolidated subsidiaries during the two months ended December 31, 1953. The interest of Frobisher Limited in the current period's losses less profits of these subsidiaries amounted to \$6,667, no portion of which has been provided for in the accounts of Frobisher Limited.
2. Assets and liabilities in currencies other than Canadian dollars are converted into Canadian funds at the current quoted rates of exchange at December 31, 1953, except fixed assets (and the related accumulated depreciation), exploration expenditures and deferred development expenses which are converted at the rates of exchange prevailing when the expenditures on the assets were made. Revenues and expenses in currencies other than Canadian dollars are converted into Canadian funds at approximately the average monthly quoted rates of exchange, except the provision for depreciation and deferred development which is converted at the rates of exchange prevailing when the expenditures on the related assets were made.
3. The company has pledged 500,000 shares of Giant Yellowknife Gold Mines Limited and 500,000 shares of United Keno Hill Mines Limited under the trust indenture securing the 4% convertible debentures. It has also pledged thereunder 150,000 shares of Falconbridge Nickel Mines Limited borrowed from Ventures Limited. At December 31, 1953, the borrowed shares had a market value of \$2,250,000. The company has loaned 20,000 shares of United Keno Hill Mines Limited to Ventures Limited.

# LIMITED

(Companies Act, Ontario)

Statement 1

— December 31, 1953

for October 31, 1952)

LIABILITIES	December 31, 1953	October 31, 1952
	<u>          </u>	<u>          </u>
CURRENT:		
Bank loans (secured) .....	\$ 1,641,239	\$ 1,500,000
Bank overdraft .....	28,863	24,095
	<u>          </u>	<u>          </u>
Accounts payable and accrued charges .....	\$ 1,670,102	\$ 1,524,095
Amounts owing to associated companies .....	208,784	214,114
Income taxes payable .....	46,529	51,160
	<u>          </u>	<u>          </u>
	3,020	2,711
	<u>          </u>	<u>          </u>
	\$ 1,928,435	\$ 1,792,080
	<u>          </u>	<u>          </u>
COMMITMENTS AND CONTINGENT LIABILITIES—see Notes 3 and 4		
ADVANCES FROM VENTURES LIMITED (Note 5) .....	\$ 6,600,087	\$ 2,418,606
	<u>          </u>	<u>          </u>
4% CONVERTIBLE DEBENTURES DUE FEBRUARY 15, 1968 (Note 3) .....	\$ 5,000,000	
	<u>          </u>	
RESERVE FOR DEPLETION ON SHARES OF ASSOCIATED COMPANIES .....	\$ 226,000	\$ 181,000
	<u>          </u>	<u>          </u>
CAPITAL AND DEFICIT:		
Capital (Note 5)		
Authorized—7,500,000 shares of no par value		
Issued —5,504,488 shares .....	\$14,739,489	\$14,739,439
	<u>          </u>	<u>          </u>
Less—		
Deficit (Statement 2) .....	\$ 652,578	\$ 373,759
Special deficit (Statement 2) .....	1,736,582	984,888
	<u>          </u>	<u>          </u>
	\$ 2,389,160	\$ 1,358,647
	<u>          </u>	<u>          </u>
	\$12,350,329	\$13,380,792
	<u>          </u>	<u>          </u>
	\$26,104,851	\$17,772,478
	<u>          </u>	<u>          </u>

## AS AT DECEMBER 31, 1953

4. The company has agreed to make expenditures subsequent to December 31, 1953, amounting to approximately \$8,400,000 of which it is estimated \$4,630,000 will be payable within one year. These expenditures include the following:

	Portion payable within one year	Portion payable in 1955 and subsequent years
Purchase of 393,940 shares of Williston Oil and Gas Company .....	\$3,250,000	
Purchase of 37,553 shares of Quebec Metallurgical Industries Ltd. prior to May 1, 1955 ...		\$ 281,648
Purchase at par of shares of Kilembe Copper Cobalt Ltd. and debentures of Kilembe Mines Limited during the next 2½ years (£1,658,953) .....	1,281,000	3,281,121
	<u>          </u>	<u>          </u>
	\$4,531,000	\$3,562,769

5. Share purchase warrants outstanding at December 31, 1953 entitle the holders to purchase 495,512 shares at \$10 per share on or before June 27, 1954 (since extended to June 26, 1956). Ventures Limited has agreed to purchase at \$10 per share any shares not taken up by the holders of share warrants. Advances from Ventures Limited at December 31, 1953 were in excess of the maximum amount which might be receivable from that company under the agreement.

There is also an option outstanding to sell 500,000 shares of capital stock to Ventures Limited at \$8 per share on or before February 12, 1955 (since extended to February 12, 1957).

# FROBISHER LIMITED

Statement 2

—◆—

## STATEMENT OF CONSOLIDATED DEFICIT FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 1953

	Twelve months ended October 31, 1953	Two months ended December 31, 1953	Fourteen months ended December 31, 1953
Balance at beginning of period .....	\$ 373,759	\$ 571,612	\$ 373,759
Net loss transferred from statement of consolidated profit and loss (Statement 3) .....	197,853	80,966	278,819
Balance at end of period .....	<u>\$ 571,612</u>	<u>\$ 652,578</u>	<u>\$ 652,578</u>

## STATEMENT OF CONSOLIDATED SPECIAL DEFICIT

*(Consisting of the amounts written off exploration and  
research expenditures and interest in and advances to  
associated and other companies less the profit (net)  
on sales of securities.)*

## FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 1953

	Twelve months ended October 31, 1953	Two months ended December 31, 1953	Fourteen months ended December 31, 1953
Balance at beginning of period .....	\$ 984,888	\$ 1,730,643	\$ 984,888
Add:			
Exploration expenses written off .....	\$ 379,203	\$ 24,482	\$ 403,685
Net loss or profit (-) on sales of securities .....	395,667	13,629-	382,038
Incorporation expenses written off .....	2,852		2,852
Loss or profit (-) on conversion of the net foreign currency assets of exploration subsidiaries .....	1,814	91-	1,723
	<u>\$ 779,536</u>	<u>\$ 10,762</u>	<u>\$ 790,298</u>
Deduct service fees earned by an exploration subsidiary less administration expenses .....	33,781	4,823	38,604
	<u>\$ 745,755</u>	<u>\$ 5,939</u>	<u>\$ 751,694</u>
Balance at end of period .....	<u>\$1,730,643</u>	<u>\$1,736,582</u>	<u>\$1,736,582</u>

The notes to financial statements are an integral part of the above statements of consolidated deficit and consolidated special deficit and should be read in conjunction therewith.



# FROBISHER LIMITED

Statement 3

## STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 1953

	Twelve months ended October 31, 1953	Two months ended December 31, 1953	Fourteen months ended December 31, 1953
<b>HEAD OFFICE:</b>			
Dividends received from associated companies—			
Giant Yellowknife Gold Mines Limited .....	\$ 232,446		\$ 232,446
Other .....	80	\$ 24	104
	\$ 232,526	\$ 24	\$ 232,550
Less portion thereof transferred to reserve for depletion .....	45,000		45,000
	\$ 187,526	\$ 24	\$ 187,550
Interest earned and dividends received from other companies .....	8,320	37	8,357
	\$ 195,846	\$ 61	\$ 195,907
Deduct:			
Administrative and general expenses .....	\$ 159,256	\$ 19,080	\$ 178,336
Interest on debentures .....	87,288	33,425	120,713
Interest on bank loan and overdraft .....	83,413	11,080	94,493
	\$ 329,957	\$ 63,585	\$ 393,542
Net loss of Head Office .....	\$ 134,111	\$ 63,524	\$ 197,635
<b>CONNEMARA DIVISION (Southern Rhodesia):</b>			
Net proceeds from production .....	\$1,200,810	\$ 196,863	\$1,397,673
Sundry income .....	12,259	1,263	13,522
	\$1,213,069	\$ 198,126	\$1,411,195
Deduct:			
Operating expenses .....	\$1,040,114	\$ 170,660	\$1,210,774
Provision for depreciation and deferred development	235,747	39,188	274,935
Provision for income taxes .....		275	275
	\$1,275,861	\$ 210,123	\$1,485,984
Less profit or loss (-) on conversion of foreign currencies .....	4,122	1,735-	2,387
	\$1,271,739	\$ 211,858	\$1,483,597
Net loss of Connemara Division .....	\$ 58,670	\$ 13,732	\$ 72,402
<b>BLACK DONALD GRAPHITE DIVISION:</b>			
Net sales .....	\$ 348,636	\$ 46,297	\$ 394,933
Sundry income .....	13,362	1,580	14,942
	\$ 361,998	\$ 47,877	\$ 409,875
Deduct:			
Operating expenses .....	\$ 304,053	\$ 41,492	\$ 345,545
Provision for depreciation .....	63,017	10,095	73,112
	\$ 367,070	\$ 51,587	\$ 418,657
Net loss of Black Donald Graphite Division .....	\$ 5,072	\$ 3,710	\$ 8,782
Net loss for the period (excluding items in consolidated special deficit) .....	\$ 197,853	\$ 80,966	\$ 278,819

The notes to financial statements are an integral part of the above statement of consolidated profit and loss and should be read in conjunction therewith.

# FROBISHER LIMITED

Statement 4

## CONSOLIDATED STATEMENT OF INTEREST IN SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES AS AT DECEMBER 31, 1953

Indicated market values	Number of shares or par value	% of outstanding capital	Company	Cost less amounts written off	Advances
			Subsidiary companies:		
	720,000	60.0%	Associated Tin Mines (South West Africa) Ltd.	\$ 577,858	
	1,500	75.0	Chavin Mines Corporation .....	735,000	
	457,153	*28.6	Kilembe Copper Cobalt Ltd. ....	} 4,904,852	\$ 408,254
	3,607,032	90.2	Kilembe Copper Limited .....		
		*	Kilembe Mines Limited .....		26,449
\$ 2,233,440	620,400	52.2	Quebec Metallurgical Industries Ltd. ....	1,991,450	
	1,250,000	†	Tonopah Nicaragua Company .....	414,983	
			Miscellaneous participations of less than \$40,000 each .....	64,823	900
<u>\$ 2,233,440</u>				<u>\$ 8,688,966</u>	<u>\$ 435,603</u>
			* Controlled through a subsidiary company.		
			† The company disposed of its entire interest in Tonopah Nicaragua Company at cost subsequent to December 31, 1953.		
			Associated and other companies:		
\$ 873,922	1,165,230	35.7%	Akaitcho Yellowknife Gold Mines Limited .....	\$ 380,243	
	200,000	40.0	Anyox Metals Limited .....		\$ 78,117
	40,565	3.2	Beaver Lodge Uranium Mines Limited .....	76,250	
	152,296	35.6	Charlebois Lake Uranium Limited .....	209,838	
	207,160	28.0	Consolidated Guayana Mines Limited .....	538,048	254,624
	89,842	1.8	Dominion Magnesium Limited .....	58,672	
	746,802	27.0	Dupresnoy Mines Limited .....	78,580	
	114,902	2.8	Eureka Corporation Limited .....	232,098	63,168
			Ferrum Limited—		
	\$111,667		5% debentures due 1957/1960 .....	} 105,693	
	26,265	34.6	Shares .....		
	1,500,005		Fort Chimo Mines Limited .....	5	89,313
8,716,770	1,162,236	29.1	Giant Yellowknife Gold Mines Limited .....	907,732	
	70,531	33.8	Horne Fault Mines Limited .....	84,900	6,400
366,289	1,031,800	20.1	Joliet-Quebec Mines Limited .....	134,602	
	204,693	27.5	Lakefield Research Limited .....	81,985	
	1,733,185	49.5	Mediterranean Mines Inc. ....	381,517	90,404
	874,111	32.6	Michipicoten Iron Mines Limited .....	304,819	90,786
739,615	1,332,639	28.8	New Calumet Mines Limited .....	383,767	
150,773	83,300	2.5	New Larder "U" Island Mines Limited .....	167,550	
	2,250	15.0	Northern Mining Company .....	317,873	
	20,004	19.0	Northfield Canada Limited .....	90,004	
19,980	222,000	7.4	Pershcourt Goldfields Ltd. ....	133,920	
	600,000	50.0	Pilley's Island Copper Pyrite Limited .....	125,000	
212,668	1,772,230	38.6	Rainville Copper Mines Limited .....	394,194	4,000
	841,185	34.8	St. Eugene Mining Corporation Limited .....	319,989	402,682
	426,364	35.0	Seaoil Limited .....	426,364	7,669
			Societe Anonyme des Mines de Fer de Mauritanie—		
	17,000	34.0	Ordinary shares .....	} 481,989	
	6,778		Founders shares .....		
5,614,527	819,639	33.2	United Keno Hill Mines Limited .....	583,539	
	606,060	43.5	Williston Oil and Gas Company .....	4,999,995	
			Miscellaneous participations of less than \$60,000 each .....	1,170,019	27,974
<u>406,551</u>				<u>1,170,019</u>	<u>27,974</u>
<u>\$17,776,391</u>				<u>\$13,169,185</u>	<u>\$1,115,137</u>

# FROBISHER LIMITED

## *Consolidated Balance Sheet*

as at October 31, 1953

# FROBISHER

*(Incorporated under the*

## *Consolidated Balance Sheet*

### ASSETS

**CURRENT:**

Cash on hand and in banks .....	\$	132,704	
Bullion in transit .....		34,192	
Accounts receivable .....		66,929	
Inventory of graphite valued at 50% of selling price .....		55,465	\$ 289,290

**INTEREST IN SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES**

(Note 3):

**Subsidiary companies—**

Shareholdings at cost less amounts written off .....	\$ 6,488,159		
Advances .....	268,654	\$ 6,756,813	

**Associated and other companies—**

Shareholdings at cost less amounts written off .....	\$14,619,139		
Advances .....	1,277,557	\$15,896,696	22,653,509

**FIXED:**

Buildings, plant and equipment, at cost .....	\$ 1,813,779		
Less accumulated depreciation .....		1,334,731	
Mining properties at cost .....	\$ 479,048	374,863	853,911

**OTHER:**

Exploration expenditures carried forward .....	\$ 1,213,488		
Deferred development expenses less amounts written off .....		12,879	
Supplies and spare parts at cost .....		310,019	
Sundry prepayments and deferred charges .....		27,944	1,564,330

\$25,361,040

### NOTES TO FINANCIAL STATEMENTS

1. The attached statements reflect the financial position and operating results of the company and its wholly-owned subsidiaries (Bushveld Limited, Canada Iron Mining Limited, Frobrican Exploration Company Limited and Mines Incorporated). The company's interest in its other subsidiaries is shown as a separate item in the balance sheet. No dividends were received from such non-consolidated subsidiaries during the 1953 fiscal year. The interest of Frobisher Limited in the current year's losses less profits of these subsidiaries amounted to \$4,907, no portion of which has been provided for in the accounts of Frobisher Limited for the year.
2. Assets and liabilities in currencies other than Canadian dollars are converted into Canadian funds at the current quoted rates of exchange at October 31, 1953, except fixed assets (and the related accumulated depreciation), exploration expenditures and deferred development expenses which are converted at the rates of exchange prevailing when the expenditures on the assets were made. Revenues and expenses in currencies other than Canadian dollars are converted into Canadian funds at approximately the average monthly quoted rates of exchange, except the provision for depreciation and deferred development which is converted at the rates of exchange prevailing when the expenditures on the related assets were made.
3. The company has pledged 500,000 shares of Giant Yellowknife Gold Mines Limited and 500,000 shares of United Keno Hill Mines Limited under the trust indenture securing the 4% convertible debentures. It has also pledged thereunder 150,000 shares of Falconbridge Nickel Mines Limited borrowed from Ventures Limited.

The company has loaned 20,000 shares of United Keno Hill Mines Limited to Ventures Limited.

# LIMITED

(Companies Act, Ontario)

— October 31, 1953

## LIABILITIES

### CURRENT:

Bank loans (secured) .....	\$ 1,539,181	
Bank overdraft .....	13,238	
		\$ 1,552,419
Accounts payable and accrued charges .....		180,813
Amounts owing to associated companies .....		42,974
Income taxes payable .....		2,759
		<u>\$ 1,778,965</u>

COMMITMENTS AND CONTINGENT LIABILITIES—see Notes 3 and 4

ADVANCES FROM VENTURES LIMITED (Note 5) .....	5,918,841
4% CONVERTIBLE DEBENTURES DUE FEBRUARY 15, 1968 (Note 3) .....	5,000,000
RESERVE FOR DEPLETION ON SHARES OF ASSOCIATED COMPANIES .....	226,000

### CAPITAL AND DEFICIT:

#### Capital (Note 5)

Authorized—7,500,000 shares of no par value

Issued —5,504,488 shares .....

\$14,739,489

#### Less—

Deficit (Statement 2) .....

\$ 571,612

Special deficit (Statement 2) .....

1,730,643

2,302,255

12,437,234

\$25,361,040

## AS AT OCTOBER 31, 1953

4. The company has agreed to make expenditures subsequent to October 31, 1953, which it is estimated may amount to \$9,300,000. This amount includes the following:

Purchase of 393,940 shares of Williston Oil and Gas Company prior to July 2, 1954 .....	\$3,250,000
Purchase of 106,667 shares of Quebec Metallurgical Industries Ltd. prior to May 1, 1955 .....	800,000
Purchase at par of shares of Kilembe Copper Cobalt Ltd. and debentures of Kilembe Mines Limited during the next 2½ years (£1,721,666) .....	4,751,798
	<u>\$8,801,798</u>

5. Five shares of capital stock were issued for \$50 cash during the year.

Share purchase warrants outstanding at October 31, 1953 entitle the holders to purchase 495,512 shares at \$10 per share prior to June 28, 1954.

Ventures Limited has agreed to purchase at \$10 per share any shares not taken up by the holders of share warrants. Advances from Ventures Limited at October 31, 1953 were in excess of the maximum amount which might be receivable from that company under the agreement.

There is also an option outstanding to sell 500,000 shares of capital stock to Ventures Limited at \$8 per share on or before February 12, 1955.

# FROBISHER LIMITED

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## *Auditors' Report*

To the Shareholders of  
Frobisher Limited:

We have examined the consolidated balance sheet of Frobisher Limited and its wholly-owned subsidiary companies as at October 31, 1953 and the statements of consolidated profit and loss, deficit and special deficit for the year ended on that date. 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. All our requirements as auditors have been complied with.

In our opinion the accompanying consolidated balance sheet and statements of consolidated profit and loss, deficit and special deficit, when read in conjunction with the notes appended thereto, are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at October 31, 1953 and the results of their operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies.

CLARKSON, GORDON & CO.

Chartered Accountants.

Toronto, Canada,  
February 10, 1954.



