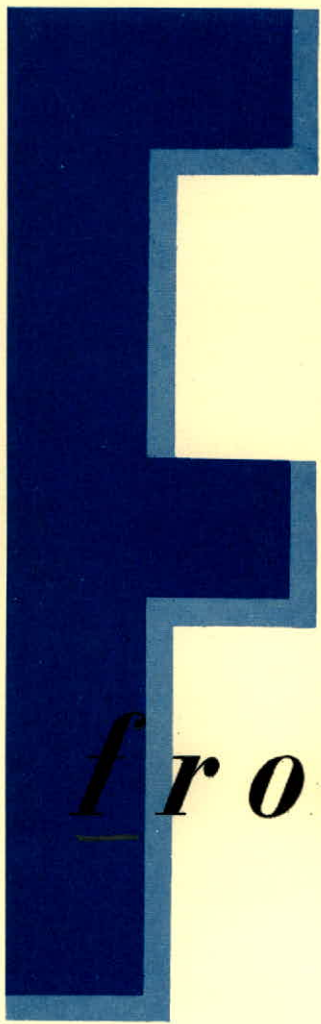


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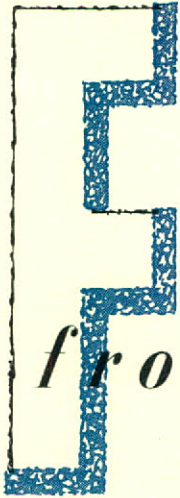
LIMITED

*Thirteenth
Annual
Report*

for the year ended December 31, 1956

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frobisher LIMITED

HEAD OFFICE: 25 KING STREET WEST, TORONTO, CANADA

OFFICERS

A. J. ANDERSON..... President
B. G. EDWARD..... Assistant to the President
G. T. N. WOODROOFFE..... Secretary and Treasurer
S. F. TAIT..... Assistant Treasurer
A. C. KILGOUR..... Assistant Secretary

DIRECTORS

A. J. ANDERSON H. J. CARMICHAEL
R. B. ANDERSON T. LINDSLEY
B. S. W. BUFFAM J. LANCE RUMBLE
P. W. ZECKHAUSEN

TRANSFER AGENTS AND REGISTRARS

NATIONAL TRUST COMPANY LIMITED
20 King Street East, 225 St. James Street West,
Toronto, Ontario Montreal, Quebec

REGISTRAR AND TRANSFER COMPANY
50 Church Street, 15 Exchange Place,
New York 7, N.Y. Jersey City 2, N.J.

BANKERS

THE CANADIAN BANK OF COMMERCE, Toronto, Ontario.

AUDITORS

CLARKSON, GORDON & CO., Toronto, Ontario.

MINING ENGINEERS

A. J. ANDERSON E. V. NEELANDS
B. G. EDWARD A. E. PUGSLEY

GEOLOGISTS

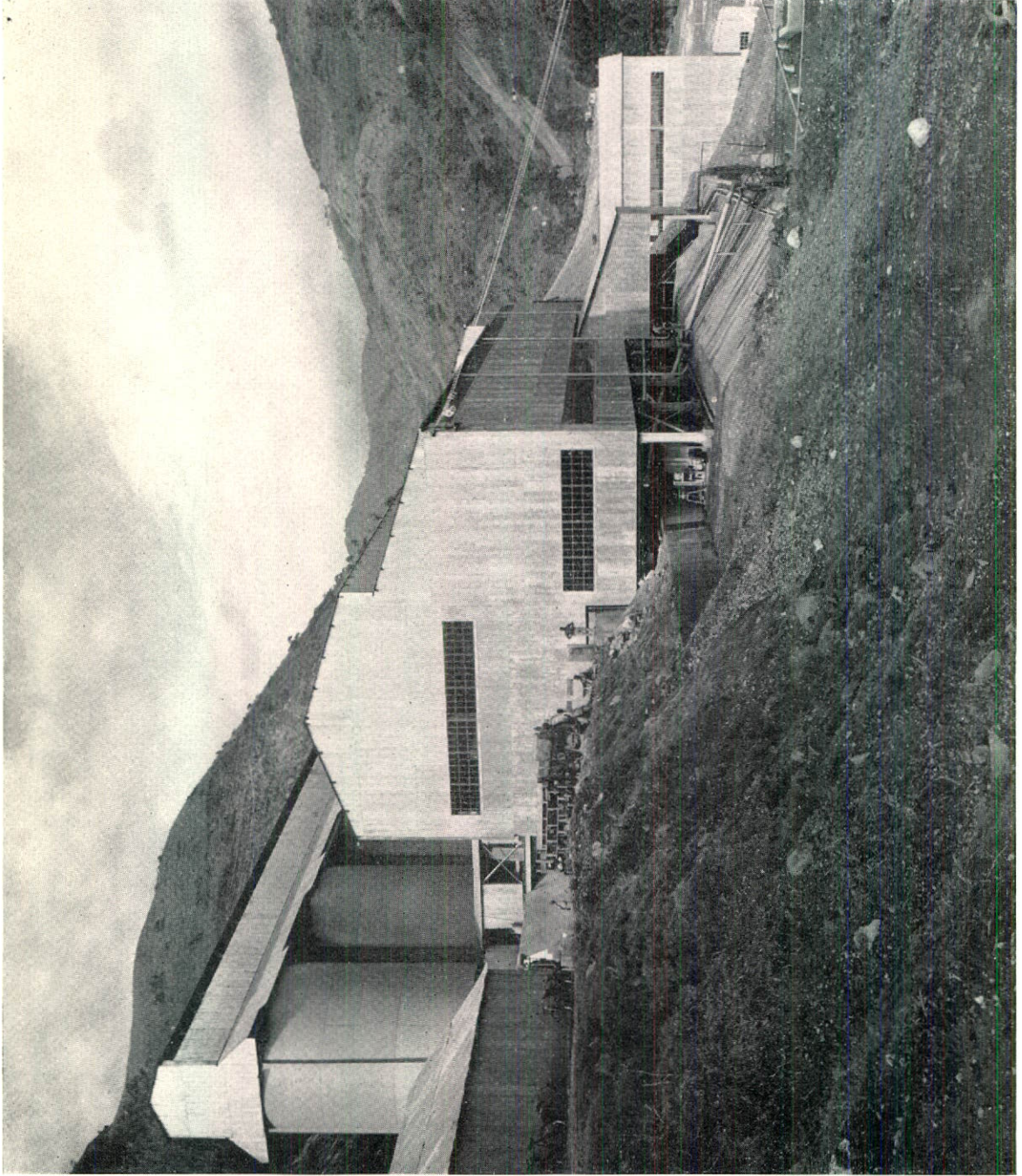
A. S. DADSON W. G. ROBINSON
A. G. DARLING D. C. SHARPSTONE
J. B. GORDON ALEXANDER SMITH
W. H. GROSS W. B. G. WALKER

METALLURGISTS

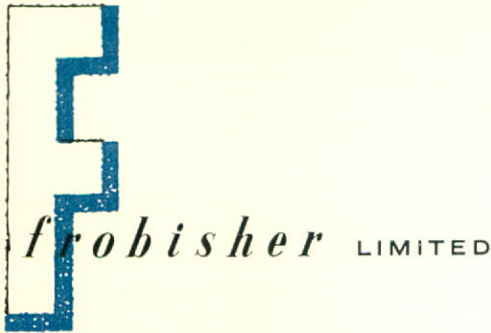
F. R. ARCHIBALD G. M. LEE
W. G. HUBLER J. M. MACKAY

J. M. MORTIMER

Annual Meeting of Shareholders — The Library, Royal York Hotel, Toronto, Ontario,
Wednesday, May 29, 1957, at 2.30 p.m. E.D.T.



Ore storage silos and concentrator building, Kilembe Mines Limited, Kilembe, Uganda.



Report of the Directors

To the Shareholders:

Your Directors take pleasure in submitting for your consideration the Thirteenth Annual Report of Frobisher Limited, together with financial statements and Auditors' Report, for the year ended December 31, 1956.

FINANCIAL

You will note that the balance sheet reflects a reduction in your Company's liabilities as a result of the purchase by Ventures Limited, on June 26th, of 495,512 shares from the Treasury at a price of \$10 each. Previous reference was made to this transaction in our Mid-year Report, when you were advised that the indebtedness of Frobisher Limited to Ventures Limited was reduced from \$6,532,638, a year ago, to the present amount of \$1,577,517.

During the year, your Company received in cash an amount of \$1,585,000 through the sale of 363,333 Treasury shares under options granted during 1955. Your Company's issued capital therefore now stands at 6,808,333 shares out of an authorized total of 7,500,000 shares.

GENERAL

We would particularly direct your attention to the fact that the section of the following report dealing with producing companies in which Frobisher Limited holds a major interest has been enlarged through the addition of three projects at which regular production was initiated during the year. *Northern Mining Company*, in Greenland, began milling operations in mid-March. *Rainville Mines Limited*, in the Val d'Or district of Quebec, commenced production of copper concentrates on April 23, and *Kilembe Mines Limited* concentrator was put into service about the middle of June. The consistent level of base metal prices throughout the year has permitted profits at *United Keno Hill Mines Limited* and *New Calumet Mines Limited* to be maintained at satisfactory levels. Despite a further reduction in the price received for gold and increasing costs for labour and supplies, *Giant Yellowknife Gold Mines Limited* and your *Connemara Division* were both able to show creditable earnings for the year.

The value of your Company's oil interests, held through 52.1% ownership of *Geoil Limited*, was greatly enhanced through further favourable developments in Alberta during 1956. Interest is now held in more than 100 producing wells and, since the close of the period under review, two wildcat wells 25 miles apart, drilled by a group in which *Geoil* is participating, have made successful and most encouraging commercial intersections in a new area approximately 125 miles northwest of Edmonton, Alberta. While it cannot yet be said that these two holes presage the development of a new field, they may certainly be taken as indicative of the fact that *Geoil's* interest in approximately 350,000 acres in the area may ultimately prove to be a very valuable one.

Consistent with your Directors' policy of bringing inactive prospects to the productive stage just as quickly as possible, three new associated companies were formed during the year. *Wesfrob Mines Limited* was formed in February to investigate copper-magnetite deposits located at Tassoo Harbour on the most southerly island of the Queen Charlotte group in British Columbia. *Sukulu Mines Limited*, in which Frobisher shares interest with the Uganda Development Corporation Limited and Olin Mathieson Chemical Corporation, was incorporated in May to develop and exploit deposits of apatite and columbium pentoxide in the Sukulu Hills near Tororo, Uganda. *Supercrest Copper Mines Limited* also became a corporate entity in May, 1956, with the purpose of carrying out a development program on the old Superior Copper property north of Sault Ste. Marie, Ontario. Progress of the development operations carried out during the year on these projects is detailed in subsequent sections of this report.

Investigations carried out by your company, in its own right, were restricted in nature and were confined to the further detailed study of the uranium occurrences on our *Seal Lake (Labrador) Concession* and the magnetic iron ore reserves in south-eastern Ontario. It is hoped that these investigations will lead, in due course, to the inception of more detailed development programs.

Your Directors are pleased with the company's progress during the past year and look forward, with every confidence, to the continued growth of the equity which your shareholdings represent.

On behalf of the Board,

A. J. ANDERSON,
President.

Toronto, Ontario,
April 29, 1957.



frobisher LIMITED

Report of Operations – Year 1956

Producing Companies

Development Projects

Other Projects

CLASSIFICATION	COMPANY NAME	FROBISHER INTEREST	REFER TO PAGE No.
Gold.....	Connemara Division	100.0%	14
Oil and Gas.....	Geoil Limited	52.1%	12
Gold.....	Giant Yellowknife Gold Mines Limited	19.6%	6
Copper - Cobalt.....	Kilembe Copper Cobalt Ltd. (Kilembe Mines Limited)	77.4%	10
Zinc - Lead	New Calumet Mines Limited	27.7%	9
Lead - Zinc.....	Northern Mining Company	15.0%	16
Copper.....	Rainville Mines Limited	21.9%	15
Silver - Lead - Zinc.....	United Keno Hill Mines Limited	29.5%	7
Cobalt - Nickel - Rare Metals.....	Quebec Metallurgical Industries Ltd.	22.1%	18
Copper - Silver - Uranium.....	Seal Lake (Labrador) Concession	100.0%	20
Apatite - Columbium.....	Sukulu Mines Limited	40.0%	21
Copper - Magnetite.....	Wesfrob Mines Limited	85.0%	22
Gold.....	Akaitcho Yellowknife Gold Mines Limited	35.7%	23
Mineral - Timber - Hydro Power.....	British Newfoundland Corporation Limited	8.0%	23
Magnetic Iron Ores	Canada Iron Mining Limited	100.0%	23
Nickel - Copper - Platinoids.....	Falconbridge Nickel Mines Ltd.	4.0%	23
Copper - Gold.....	Joliet-Quebec Mines Limited	20.1%	24
Hematite and Siderite Iron Ores.....	Michipicoten Iron Mines Limited	32.5%	24
Hydro - electric Power.....	Northwest Power Industries Limited	*	24
Copper - Silver - Lead - Zinc.....	St. Eugene Mining Corporation Limited	34.8%	24
Copper.....	Supercrest Copper Mines Ltd. ..	50.8%	25

NOTE:

* Contingent upon the exercise of certain options under which Frobisher Limited has the right to acquire up to a 30% interest.



**PRODUCING
COMPANIES**



f r o b i s h e r LIMITED



frobisher LIMITED



Giant Yellowknife Gold Mines Limited

Property and Interests

1. Main property, 26 claims, Yellowknife area, N.W.T.
2. 87.5% interest in Lolor Mines Limited, adjoining to east.

Scale of Operations

Mill Capacity: 800 tons per day.

Treatment Rate, 1956: 813 tons per day.

Production Record

	Tons Milled	Gold Ounces	Silver Ounces
To June 30, 1955	1,337,046	882,709	224,216
Year Ended June 30, 1956	297,582	180,267	32,672
Total	<u>1,634,628</u>	<u>1,062,976</u>	<u>256,888</u>

Ore Reserves

	Tons	Gold Ozs. per ton
Developed ore above 1,250 level	3,040,000	0.77
Preliminary estimate of Ore under development in N. ASD zone	490,000	0.81
	<u>3,530,000</u>	<u>0.78</u>

Developments in 1956

A major development program, initiated in 1954, to open up the 950, 1,100, and 1,250 levels from the C Shaft was almost completed at fiscal year end. Between the 1,250 and 750 levels proven ore reserves total 1,902,000 tons averaging 0.82 ounce gold per ton, while preliminary estimates of ore still under development, in the North ASD Zone, indicate an additional 490,000 tons. Diamond drilling below the 1,250 level has also indicated that important future tonnages will be developed below the deepest workings. Most of the intersections are above the 1,450 foot horizon but one intersection was cut at the 1,650 foot horizon.

The new cyanide plant for treatment of flotation tailings was put into operation in May, 1956. The additional gold recoveries achieved through its use are helping to offset the increasing amounts of refractory ore it is necessary to feed to the mill. The metallurgical complexity of the highly refractory newly-developed ores continues to be Giant's most serious problem. However, developments since the end of the company's fiscal year, arising out of the continuing metallurgical research program, encourage the belief that at least its partial solution may be in sight.

A limited outside exploration campaign was conducted by the company during the 1956 field season. A large number of property examinations were



frobisher LIMITED

Earnings Record

carried out and two prospects were diamond drilled but no commercial orebodies were found.

	1956	To date
Metal Sales and Other Income	\$6,427,145	\$41,760,095
Total Cost of Operation	5,589,583	34,866,458
Net Profit	<u>\$ 837,562</u>	<u>\$ 6,893,637</u>

Management

M. K. PICKARD - - - - - *General Manager*

United Keno Hill Mines Limited

Property and Interests

- 489 mineral claims and two placer claims in the Galena-Keno Hill area, Mayo District, Yukon Territory, on which a number of former mines are situated including the Elsa, No Cash, Birmingham, Onek, Shamrock, etc. Production operations are confined to the re-opened Hector and Calumet Mines, but certain others are under development.
- 50% ownership (with Cassiar Asbestos Corporation Limited) of the Territorial Supply Company Limited which has 100% ownership of the Yukon Coal Company, Carmacks, Yukon.

Scale of Operations

Mill Capacity: 500 tons per day.

Treatment Rate, 1956: 425 tons per day.

Production Record

	Tons Milled	Silver Ounces	Lead Pounds	Zinc Pounds	Cadmium Pounds
To Sept. 30, 1955	854,967	32,400,820	138,293,653	98,184,056	1,234,797
Year ended Sept. 30, 1956	155,702	5,582,979	25,083,145	24,107,851	322,379
Total	<u>1,010,669</u>	<u>37,983,799</u>	<u>163,376,798</u>	<u>122,291,907</u>	<u>1,557,176</u>

Ore Reserves

	Tons	Silver Ozs. per ton	Lead Per Cent	Zinc Per Cent
All Mines Except Onek	598,020	36.9	7.8	7.0
Onek Mine	123,491	10.3	4.4	13.0



frobisher LIMITED

*Developments
in 1956*

Of the 155,702 tons of ore treated in the mill, 58.37% came from the Hector Mine, 39.25% from the Calumet Mine, and 2.38% from exploration and development work at the Elsa Mine. In its first year of production the Calumet Mine, which is exempt from taxation for three years from June 1, 1955, produced 61,106 tons of ore for an average of 167 tons per day. Ore reserves in the Hector and Calumet areas were maintained at approximately four years' supply through development work completed during the year.

Underground investigation of other former producing mines on the property continued. The underground hoist installation was completed at the Elsa Mine and limited development work on the 525 level disclosed several small irregular isolated ore occurrences of exceptionally high grade. Ore production totalled 3,713 tons grading 75.44 ounces silver per ton. At the Keno Mine a two-year program was initiated to check the downward continuation of the breaks exposed on the surface and to give access to a former producer known as No. 9. Due to a shortage of experienced underground workers, the planned re-assessment of the Ladue Mine was not carried out. A limited work program was confined to underground mapping of the low level adit, surface stripping and surface mapping.

General activities at the property included geological mapping of all major surface showings and contacts on Galena Hill and completion of an eight-mile road between Elsa and Keno Hill.

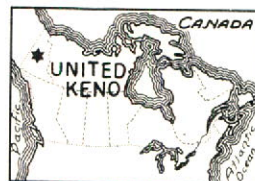
Throughout the year skilled labour was in short supply and the excellent operating record reported herein constitutes a most creditable achievement by the management in the face of a consistently inadequate labour force.

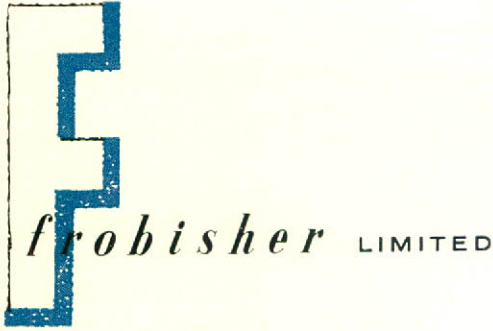
Earnings Record

	1956	To Date
Metal Sales and Other Income	\$7,733,621	\$45,575,807
Total Cost of Operation	5,728,315	33,913,960
Net Profit	<u>\$2,005,306</u>	<u>\$11,661,847</u>

Management

C. E. WHITE - - - - - *General Manager*
A. E. PIKE - - - - - *Resident Manager*





New Calumet Mines Limited

Property and Interests

1. Main property, 370 acres, Grand Calumet Township, Pontiac County, Quebec, plus adjoining wholly-owned Grand Calumet Mining Company Limited property, 15 claims, 1,100 acres, contiguous to the east.
2. Controlling interest in Jarviston Mines Limited, near Sault Ste. Marie, Ontario, and in Cadieux Mines Limited, near Renfrew, Ontario.
3. 100% interest in Tetagouche Exploration Company Limited which owns 47 claims, Tetagouche Group, in New Brunswick.

Scale of Operations

Mill Capacity: 800 tons per day.

Treatment Rate, 1956: 530 tons per day.

Production Record

	Tons Milled	Zinc Pounds	Lead Pounds	Silver Ounces	Gold Ounces
To Sept. 30, 1955	2,372,722	265,842,121	75,863,414	6,119,955	35,442
Year ended Sept. 30, 1956	161,388	15,996,362	4,343,170	362,701	3,373
Total	2,534,110	281,838,483	80,206,584	6,482,656	38,815

Ore Reserves

	Tons	Zinc Per Cent	Lead Per Cent	Silver ounces	Gold ounces
Total Proven	383,396	7.49	1.64	3.26	0.013

Developments in 1956

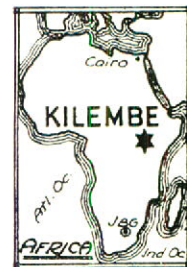
Operations continued on a satisfactory basis throughout the year with underground development being concentrated on the exploration of the four new deep levels served by No. 4 Shaft. Ore developments were such that active mining could be started on all four levels and 43% of the feed delivered to the mill during the year came from this new section of the mine. Metal prices remained steady throughout the year and, as a result of the slight increase in tonnage milled, net metal production income showed an increase of \$150,000 over the comparable figure for last year. The company's finances are being maintained in satisfactorily liquid position with working capital of \$1,464,870 being on hand as of September 30, 1956.

Earnings Record

	1956	To Date
Metal Sales and Other Income	\$1,757,336	\$26,461,785
Total Cost of Operation	1,540,537	21,873,229
Net Profit	\$ 216,799	\$ 4,588,556

Management

A. E. CAVE - - - - - General Superintendent



Kilembe Copper Cobalt Ltd.

Property and Interests

Control of Kilembe Mines Limited through ownership of 70.0% of the issued capital of that company. Kilembe Mines Limited operates a copper-cobalt property with extensive acreage (26.4 square miles) in the western part of Uganda, British East Africa. The following sections relate thereto:

KILEMBE MINES LIMITED

Mill Capacity: 1,335 tons per day.

Treatment Rate, 1956: 1,076 tons per day.

Scale of Operations

Production Record

	Tons Milled	Estimated Recoverable Copper in Concentrates Pounds
July 1, 1956 to December 31, 1956	193,695	5,859,840

Ore Reserves

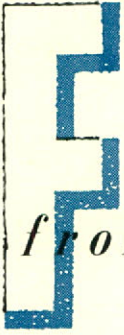
	Tons	Copper %	Cobalt %
Proven and Indicated	11,159,000	2.11	0.16

In addition, there are estimated to be 6,460,000 tons of "inferred" ore.

Developments in 1956

All phases of the plant construction program, initiated in 1955, were completed during the year under review and the Kilembe Mine was put into regular production. In June, work on the concentrator at Kilembe and the 6,000 h.p. hydro plant on the Mobuku River had advanced sufficiently to permit the commencement of milling operations. Commissioning of the copper roasting plant at Kasese and the electric smelter at Jinja followed later in the year. This sequence of events marked the birth, in Uganda, of a major base metal mining industry. Official recognition of the significance of the Kilembe project to the economy of the Protectorate was given at formal opening ceremonies late in November which were honoured by the presence of His Excellency The Governor, Sir Andrew Cohen. On this same occasion the 208-mile extension of the East African Railway from Kampala to Kasese, which had been built to serve the mine, was declared officially open.

Mill performance, as to both tonnage treated and metals recovered, has shown regular improvement over the six months of operation to date. The rated capacity of 40,000 tons per month has now been reached and, by the end of the year, copper recoveries, in copper concentrates, of better than 87% were being achieved. More than 11,000 short tons of cobalt concentrates were also produced and were stockpiled to await the provision of treatment facilities. Delay in providing these facilities has been occasioned by the need for further study and research to determine optimum profit-making conditions as they are related to capital requirements.



frobisher LIMITED

The first heat in the electric smelter was run on November 20 and the weeks remaining until the end of the year were largely used as a training period for the native labour force which will henceforth operate the unit. In this educational undertaking, which was necessary not only at the smelter but throughout all parts of the plant, the company was materially assisted by the Government-aided African Training Program initiated during the year. By early 1957 a marked improvement in the efficiency of native labour was evident. There is consequently every reason to think that operations during the first full year of production in 1957 will go forward smoothly and at full rated capacity in all departments.

Financial Record

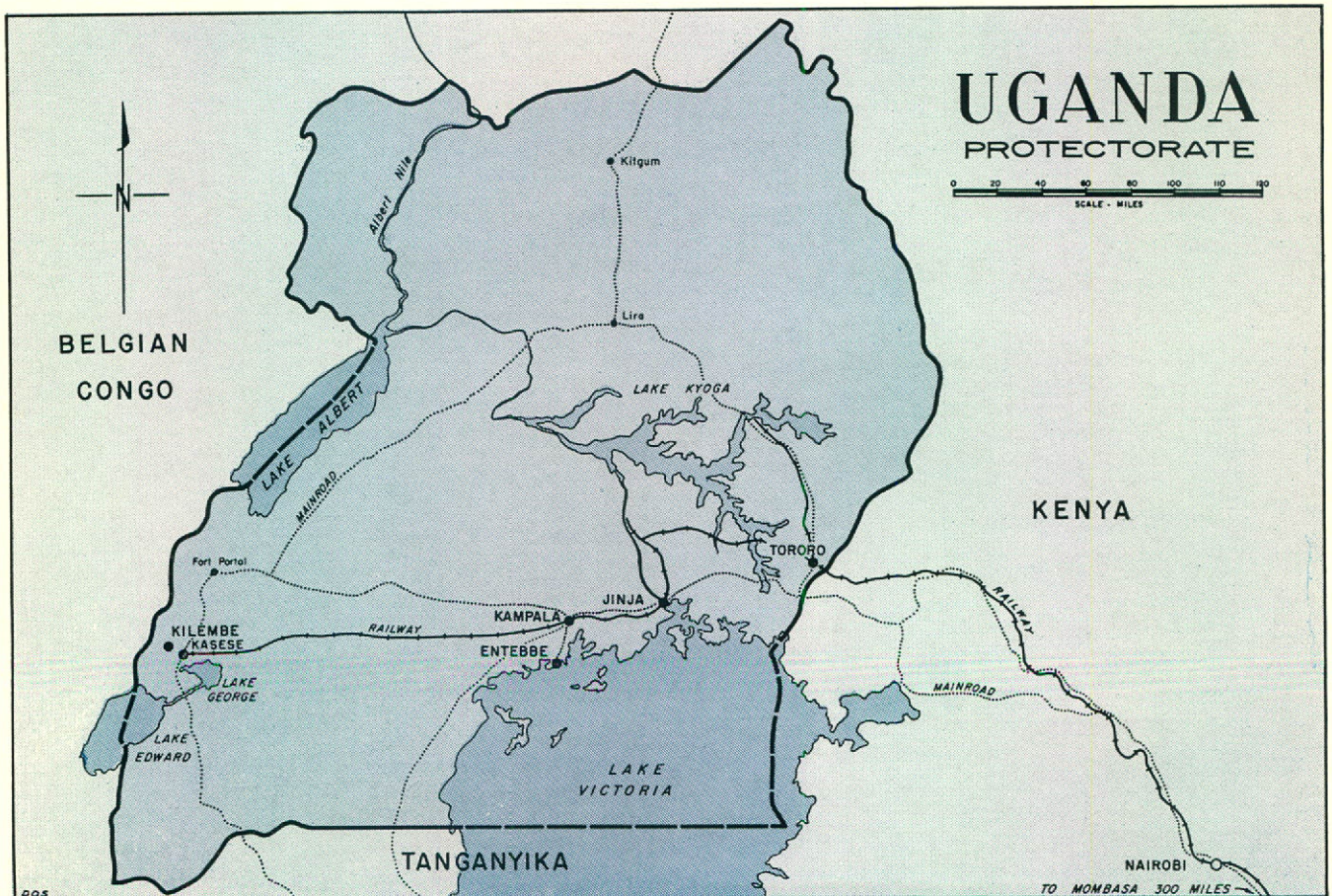
	1956	Total to date
Funds expended	\$3,100,000	\$19,100,000

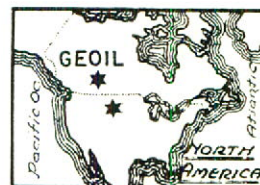
Management

KILEMBE MINES LIMITED

D. C. SHARPSTONE, *Managing Director*

A. E. PUGSLEY, *General Manager*





Geoil Limited

Summary of Interests

1. A working interest, ranging from 2.00% to 15.38%, in a total of 516,800 acres in Alberta.
2. A working interest, ranging from 6.25% to 50%, in a total of 101,760 acres in Saskatchewan.
3. 50% interest in Trans-Border Oils Limited which, in turn, owns 100% of Williston Oil and Gas Company.
4. 100% interest in Seoil Limited.
5. 20.79% interest in Lake St. Clair Gasfields Limited.

Corporate Developments in 1956

As of January 1, 1956, by mutual agreement, all undeveloped acreage of Trans-Border Oils Limited was divided equally between Geoil Limited and Home Oil Company Limited, leaving Trans-Border only those lands on which production had been obtained prior to that date. New participations during 1956 have been taken directly by Geoil Limited in association with the Home Oil group.

Field Developments in 1956

Land Acquisitions

In addition to land purchases at Alberta Crown sales made in January, 1956, and mentioned in the 1955 Annual Report, further purchases were made during the year in the Pembina, Sundre, Harmattan and Bonnie Glen fields.

Late in the year Geoil participated with the Home Oil group in obtaining three farmouts about 135 miles northwest of Edmonton:

- (a) Virginia Hills (Geoil 4.167% working interest in 92,160 acres). The first well drilled in this block discovered Basal Blairmore gas and Devonian gas and light oil.
- (b) Swan Hills (Geoil 6.25% working interest in 92,160 acres), on which the first test is now drilling.
- (c) Grizzly Mountain (Geoil 4.167% working interest in 162,880 acres), drilling to be carried out in 1957.

Exploratory Drilling

Exploratory drilling was commenced on the southeast portion of the Cremona Block. In this program commercial Mississippian gas was discovered three miles southeast of the Harmattan-Elkton field. A second well is drilling nine miles farther southeast, and a third well, 17 miles southeast of the first, was abandoned as non-commercial although small gas flows were obtained.

Drilling of the initial test on the Virginia Hills farmout resulted in discovery of commercial gas in the Basal Blairmore and gas and light gravity oil in the



frobisher LIMITED

Slave Point member of the Devonian. The latter is a new producing horizon in Alberta. In addition, the first test drilling on the Swan Hills acreage, located 26 miles to the northeast, has encountered light gravity crude in the Slave Point horizon.

Development Drilling

Development drilling continued in the Pembina, Westward-Ho and Hartman-Elkton fields. Two successful wells were drilled to give a one-mile south-east extension of the Sundre field and one unsuccessful well was completed at Bonnie Glen.

The total number of successful wells completed on the Cremona Block to January 31, 1957, in which Geoil has direct or indirect working interests varying between 3.33% and 15.38% is as follows: Oil — 39; Wet Gas — 1; Gas — 1. In the Pembina field Geoil owns 5% working interest in 58 and 15.38% working interest in two producing wells.

Consultants

J. D. BATEMAN

A. G. DARLING

NOTES ON SUBSIDIARY AND ASSOCIATED COMPANIES OF GEOIL LIMITED

SEAOIL LIMITED

This company, which has been investigating a large concession area in the Sechura Desert of Peru, has now abandoned all its Peruvian holdings except a 40% interest with Peruvian Oils & Minerals Limited in the Sacramento Dome structure.

LAKE ST. CLAIR GASFIELDS LIMITED

Lake St. Clair Gasfields completed wells Lake No. 7, 8 and 9 in the vicinity of 5A. The open flows ranged from 100,000 to one million cubic feet per day and thus must be considered non-commercial. Four dry holes were drilled on farm-outs from Imperial Oil Limited northwest of London, Ontario, and a dry hole was drilled on the shore of Lake St. Clair north of the mouth of the Thames River. An offset well to last year's gas discovery near Tilbury, Ontario, yielded a non-commercial flow of gas.

The company earned a 50% interest in approximately 3,200 acres in the Onondaga field near Brantford, Ontario, by drilling three shallow wells, one of which is capable of small oil production. More recently the company has acquired two off-shore parcels in Lake Erie adjacent to the Tilbury gas field.



frobisher LIMITED

Connemara Division

Property and Interests

1. Gold properties at Hunter's Road, Southern Rhodesia, on which active mining and milling operations are conducted.
2. An active outside exploration department, operating out of Bulawayo, Southern Rhodesia, which is maintaining an active search for new properties.

Scale of Operations

Mill Capacity: 600 tons per day.

Treatment Rate, 1956: 522 tons per day.

Production Record

	Tons Milled	Gold Ounces
To December 31, 1955	1,159,005	224,316
Year Ended December 31, 1956	159,270	29,710
Total	<u>1,318,275</u>	<u>254,026</u>

Ore Reserves

	Tons	Gold ozs. per ton
Total, proven and possible	280,790	0.17

Developments in 1956

Planned extraction of the remaining known orebodies in the Connemara Mine continued during 1956. Some small tonnages of new ore were again found as a result of the restricted development program carried out, but it must be conceded that the unprospected areas throughout the mine are now few in number and limited in extent. It will be noted that both ounces of gold produced and the overall grade of the remaining reserves show a decrease from last year.

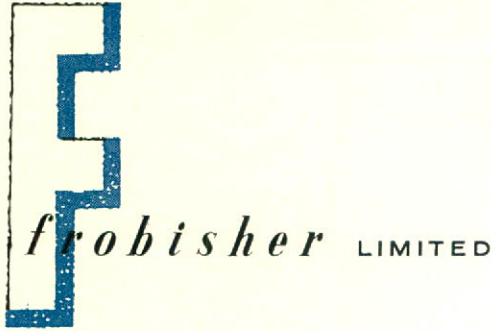
The development programs at the Frog and Just in Time Mines and at the Regent Mine, to which reference was made in our previous report, were continued until June and October respectively. In the former case, the results proved to be disappointingly erratic and the operation was consequently abandoned. In the case of the Regent Mine, after milling some 6,000 tons and carrying out considerable underground development work, it became apparent that the mine was not living up to expectations. After an abortive attempt to re-negotiate the option agreement on more favourable terms, in view of the disappointing results, the option was dropped.

Earnings Record

	1956	To Date
Metal Sales and Other Income	\$1,092,676	\$9,311,891
Total Cost of Operation	1,000,248	9,384,032
Net Profit or (Loss)	<u>\$ 92,428</u>	<u>(\$ 72,141)</u>

Management

D. L. COULTER - - - - - Resident Manager



Rainville Mines Limited

Property and Interests

- 67 claims in Louvicourt Township, Val d'Or District, Quebec, on which copper orebodies have been under intermittent investigation since 1941.
- 52.72% interest in Dunterra Copper Mines Limited.

Scale of Operations

Mill Capacity: 500 tons per day.

Treatment Rate, 1956: 335 tons per day.

Production Record

	Tons Milled	Copper Pounds	Gold Ounces	Silver Ounces
May 1, 1956, to December 31, 1956	84,354	2,547,920	529	8,851

Ore Reserves

	Tons	Copper %
Probable and Possible	360,200	2.12

Developments in 1956

Pursuant to the decision taken in 1955 to equip the property for production and use the proven reserves in the No. 4 Zone to finance the further exploration of the potentially larger No. 2 Zone West, mill construction was completed and treatment of ore began on May 1. To develop the ore indicated in the No. 2 Zone West and permit exploration activities to go forward in this potentially favorable zone, a new shaft, the No. 2 Shaft was started. By year end it had reached a depth of 429 feet. Meanwhile, underground exploration of the No. 4 Zone was resumed, as conditions permitted, and resulted in development of a total new ore length of 498 feet grading 1.49% copper across a width of 9.8 feet. Additions to the ore reserves through this limited program were insufficient to replace the tonnage milled, but it is confidently expected that, on completion of the present sinking program at No. 2 Shaft, this situation will undergo material change during the forthcoming year.

Earnings Record

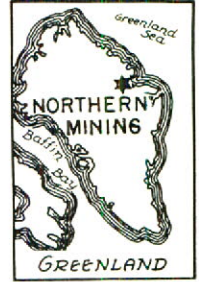
	1956	To Date
Metal Sales and Other Income	\$721,972	\$721,972
Total Cost of Operation	642,694	642,694
Net Profit	<u>\$ 79,278</u>	<u>\$ 79,278</u>

Management

W. HUBACHECK - - - - - Mine Manager



frobisher LIMITED



Northern Mining Company

(Nordisk Mineselskab A/S)

Property and Interests

Immense concessions in northeast Greenland on which a high grade lead-zinc deposit, at Blyklippen, near Mesters Vig, has been under development since 1952. Frobisher Limited shares interest in the project with two Swedish mining houses, a Danish syndicate and the Danish Government.

Scale of Operations

Mill Capacity: 250 tons per day.
Treatment Rate, 1956: 231 tons per day.

Production Record

	Metric Tons Milled	Lead Contained In Concentrates pounds	Zinc Contained In Concentrates pounds
April 1, 1956 to Sept. 30, 1956	44,970	7,130,645	8,593,616

Ore Reserves

	Tons	Lead Per Cent	Zinc Per Cent
Total Proven	600,000	11.1	8.6

Developments in 1956

This company, the property of which is situated close to the Arctic Circle, is conducting one of the most northerly mining enterprises in the world. Consistent progress has been reported since the underground concentrator went into production on March 15, 1956, the rated capacity of 7,800 tons per month being reached in September. During these initial months of operation the ore fed to the mill had a predominance of zinc rather than lead. In spite of difficult navigation conditions during the latter part of the open season, the entire year's output, with the exception of 1,500 tons, was shipped to the smelter in Belgium. The entire 1957 production has been contracted for by Belgian and German firms.

Limited underground diamond drilling carried out during the year indicated an additional 50,000 tons of high-zinc ore. An active outside exploration program was also carried out by the company during the short summer field season. The molybdenite deposit in the Werner Mountains area was re-examined and sampled with rather inconclusive results. While the indicated grade appears to be low, the mineralization is extremely widespread. Hence, it is felt there is justification for limited amounts of further work. Elsewhere on the concession a number of encouraging base metal occurrences have been located on which it is intended to do further detailed work during the 1957 field season.

Financial Record

	1956
Sales of Metal and Other Income	\$1,174,030
Total Cost of Operation	1,174,030
Profit*	Nil

* This year's operations resulted in a profit of \$374,374 before depreciation, but it had been agreed that an annual depreciation allowance would be made in proportion to the ore mined each year over the seven years of proven ore reserves.

Management

V. BRINCH - - - - - General Manager



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*Property and
Interests*

1. Metallurgical laboratory, research and manufacturing facilities at Billings Bridge, Ottawa, Canada.
2. Patent rights on ten metallurgical processes and pending patent applications on four other metallurgical reduction methods.
3. Widely varied interests in a large number of mining, metallurgical, and power projects in various stages of development. The salient features of 1956 operations with respect to the more important of these are recorded below.

*Developments
in 1956*

General

Quebec Metallurgical Industries Ltd. was organized in 1951 as a research and development company with the object of achieving close integration of the mining, ore dressing, and extractive metallurgical aspects of the mineral industry. Special emphasis has been consistently placed on strategic and new metals such as cobalt, nickel, molybdenum, columbium, lithium, uranium, and thorium, for which new and daily expanding uses ensure lucrative future markets. Realizing that the economic production of metals and alloys in the future will depend in large part on the availability of low-cost hydro-electric power, the company has taken a leading position in the preliminary development of one of the world's few remaining major hydro power sites, located in Northern British Columbia.

Subsidiary Companies

Lakefield Research Limited, in which Q.M.I. holds 68.8% of the issued capital, operates ore dressing and metallurgical research laboratories at Lakefield, Ontario. In addition to the provision of research facilities which are both supplemental and complementary to those available at Ottawa, this company holds a controlling interest in *La Corne Lithium Mines Limited*. The latter company's chief asset is its ownership of 329,300 shares of Quebec Lithium Corporation Limited which has now completed its first year of regular operation. Very large magnetic iron deposits in Southern Alaska, owned by *Klukwan Iron Ore Corporation* (a Q.M.I. subsidiary), were optioned during the year to Columbia Iron Mining Company, a subsidiary of United States Steel Corporation, for a period of four years. Under the terms of the agreement Columbia has the right to lease the property for seventy-five years on a royalty basis, or to purchase it outright for \$10 million. During 1956 the optionees operated a small pilot plant on the property and carried out a limited churn drill investigation to confirm the reserves available.

Associated Companies

In this category the most important Q.M.I. interests are *Northwest Power Industries Limited* and *Temagami Mining Company Limited*. The activities of the former company, in which Frobisher Limited shares interest to equal extent with Q.M.I., are covered separately elsewhere in this report. The Temagami company has been mining and shipping, on a very profitable basis, exceptionally high-grade copper ore from two small open pits. Underground operations were put in progress during the past year with the object of recovering further quantities of direct shipping ore from these high grade lenses, and of



frobisher LIMITED

investigating other extensive lower grade sulphide orebodies which have been indicated by surface drilling programs.

During the year Q.M.I. acquired the Frobisher interest in *Associated Tin Mines (S.W.A.) Limited* and, by agreement with Ventures Limited, the other partner in this South West African tin development, management control is now vested in Q.M.I. A reduced interest in S.A. Minerals Corporation Limited, a manganese producer in the same general area of South West Africa, is also being retained.

Development Projects

The heat treating and alloy manufacturing division, located in Ottawa, is becoming an increasingly important facet of the company's operations. Two special cobalt alloys have been developed which are being given increasingly favourable reception by industry. Through sale of these products and revenues received from the custom use of the company's heat treatment facilities, this branch of the company's activities is able to make an important financial contribution to the cost of its extensive metallurgical research program.

The company's columbium research program, based on the large placer deposits of columbium-uranium bearing gravel at Bugaboo Creek, British Columbia, made excellent progress during the year; and the laboratory plant has now been placed on a three-shift basis to produce sufficient amounts of finished product for a sales research and market development campaign. Columbium-oxide, ferro-columbium and columbium metal sponge are all in regular production on the limited scale dictated by the facilities available at the moment. It is hoped that the marketing study now being made will provide the justification for early expansion of these facilities.

Research is continuing, both in Ottawa and at Cobalt, on the development of methods for the economic recovery of valuable metals from cobalt-nickel lateritic ores and arsenical cobalt-nickel-silver ores. It is felt that important progress has been, and will be, made in the solution of the complex metallurgical problems involved.

Financial Record

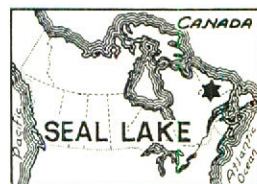
	1956	1955
Net Expenditures on Plant and Other Fixed Assets	\$ 22,330	\$ 74,600
Investments in and Advances to Companies	1,118,984	4,356,600
Participations in Outside Properties	205,240	1,025,000
Metallurgical Research	518,186	345,400

Management

L. J. LICHTY - - - - - *General Manager*



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Seal Lake (Labrador) Concession

Property and Interests

Exclusive prospecting rights are held by Frobisher Limited, under a concession from the Government of Newfoundland, to an area contained in four blocks, comprising in all almost 800 square miles, in and around the Seal Lake area.

Developments in 1956

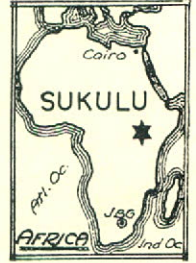
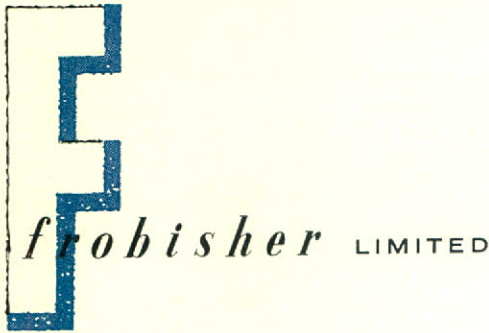
Early in the year an arrangement was concluded with Kennco Explorations (Canada) Limited whereby it agreed to undertake the 1956 field work on the Frobisher concession area. Under the terms of this agreement Kennco carried out a very comprehensive field program directed particularly to a search for copper orebodies involving the expenditure of almost \$200,000. Full use was made of the latest geophysical and geochemical techniques and more than 7,500 feet of diamond drilling was completed on three of the most favourable copper-bearing areas. Unfortunately, none of this work resulted in the discovery of a commercial orebody.

During the course of their general geological investigation, however, Kennco personnel located a widespread area of radio-activity in the southwest corner of the concession block surrounding Seal Lake proper. Their further investigation of this find indicated that while the concentrations of radio-active minerals, in themselves, did not appear to have commercial significance, they could be used as tracers to important columbium values which occur in association with them. Limited haphazard grab sampling on one of the larger radio-active occurrences gave grades up to 1.94% columbium pentoxide. However, due to the lateness of the season, no detailed evaluation of the occurrences was possible. Metallurgical test work done on the limited sample material available indicates that recovery of the columbium values will present some difficulties.

During the 1956 field season, as well, Frobisher Limited itself carried out a limited program of detailed prospecting in the uranium-rich southeastern section of the concession area. This work served to extend the known length of the initial radio-active zone to more than 6,000 feet. Additional, apparently unrelated, radio-active occurrences were also found elsewhere in the same general area. Evaluation of these occurrences will require the assistance of diamond drilling and consideration is being given to the possibility of arranging for such a program during the 1957 field season.

Financial Record

	1956	To Date
Funds Expended	\$187,179	\$598,483



Sukulu Mines Limited

Property and Interests

Extensive apatite-columbium-magnetite deposits in the Sukulu hills near the Uganda-Kenya border in British East Africa which have been under investigation since 1952. Frobisher Limited shares interest in this project with Uganda Development Corporation and Olin Mathieson Chemical Corporation Inc.

Ore Reserves

	Tonnage	P ₂ O ₅ as Apatite %	Cb ₂ O ₅ as Pyrochlore %
Proven and Indicated	203,000,000	13.1	0.2

Developments in 1956

Sukulu Mines Limited was formed in March, 1956, to develop and exploit very large deposits of residual soil which had been under investigation since 1952 by Tororo Exploration Company Limited, a company in which Frobisher Limited held a substantial interest. Detailed exploration had indicated that the property represented a very large source of columbium and it had been demonstrated through extensive metallurgical research that extraction of both the columbium values and an extremely high grade phosphate concentrate could be readily achieved. As a first step toward full-scale production, the company installed a Pre-production Plant for the production of large bulk samples of apatite concentrates. This began operation in November and has since been producing approximately 40 tons per week. This material is being supplied to potential customers in the fertilizer manufacturing industry, in lots of 10 tons or more, for trial in their existing plants. Additional similar facilities, to permit the production of sizeable samples of columbium concentrates, are now being considered.

The objective in the present phase of the operation is, therefore, to prove on sub-commercial scale the metallurgical techniques developed for the economic recovery of the valuable minerals in the soil. The substantial quantities of product which will result from operation of this plant will be used to establish the future market potential, since potential customers for both products have expressed themselves as being reluctant to convert to the use of a new source of raw material without first receiving trial lots for test purposes. The decision as to the ultimate scale of the commercial plant and the final flowsheet to be used will depend on developments in the fields of metallurgy and marketing over the next twelve months.

Financial Record

	1956	To Date
Funds Expended	\$252,014	\$1,063,264

Management

A. E. PUGSLEY, *Managing Director*

R. B. TAYLOR, *General Manager*



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Wesfrob Mines Limited

Property and Interests

1. 23 magnetite-copper claims on Moresby Island, the southern island of the Queen Charlotte Group in British Columbia.
2. Four claims at Nahwitti Lake near the north end of Vancouver Island, British Columbia.

Ore Reserves

Section of Deposit	Tons Inferred Ore	Iron %	Copper %
Zone 1	975,000	59.1	-----
Zone 2	900,000	61.2	0.46
Zone 3	1,100,000	58.7	1.35

Note: The above ore reserves are those indicated by diamond drilling to December 31, 1956.

Developments in 1956

This company was formed in May, 1956, to acquire and develop two crown granted claims and seven adjoining staked claims, at Tassoo Harbour on the west coast of Moresby Island, formerly owned by Frobisher Limited. Fourteen contiguous claims and fractional claims were later acquired by the company. Initial work consisted of procuring bulk samples for metallurgical test work, a dip needle survey of the known magnetite zones and geological mapping in their immediate vicinity. This was followed by a program of diamond drilling and, by the end of the year, some 10,000 feet had been completed in 38 holes, with the interim results as shown above.

A significant magnetic anomaly has been shown to exist over a known length of approximately 3,500 feet along the precipitous hillside which rises abruptly out of Tassoo Harbour. Outcrops of high grade ore have been observed, in the path of the magnetic anomaly, from an elevation of 300 feet above sea level to 1,300 feet above sea level. Diamond drill investigation has thus far been confined to three localized sections, representing in the aggregate no more than one-third of the total potentially favourable length. Additional drilling, which is now in progress, is expected to add very materially to the potential of this property.

The reserves, if confirmed by underground work, would be adequate to justify the provision of mining and milling facilities for the copper-rich sections of the ore zone, at least. Further, the deposits are ideally located on an exceptionally good deep-water harbour. As a result, transport difficulties which are usual to so many mining operations in British Columbia would be non-existent here. It is felt that this combination of favourable circumstances will greatly assist in the ultimate development of this property.

Financial Record

Funds expended	1956 \$90,425	To Date \$90,425
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frobisher LIMITED

Brief Notes on Other Projects of Importance

Akaitcho Yellowknife

Akaitcho Yellowknife Gold Mines Limited still awaits more favourable gold mining conditions for development to production. It owns a gold property adjoining Giant Yellowknife on which 375,000 tons of ore, grading 0.75 ounce per ton, have been indicated. The company's only activity during the year was participation with Giant Yellowknife in an exploration program in the Talston River and Fort Reliance area, N.W.T., during the 1956 field season.

Brinco

British Newfoundland Corporation Limited. Frobisher Limited has been an active partner with British and Canadian interests in this company which was incorporated in 1953 to explore and develop the water power, timber and mineral resources of Newfoundland and Labrador. Completed engineering surveys have indicated that an ultimate potential of four million horse-power in low-cost hydro electric power can be developed on the Hamilton River at Grand Falls. Preliminary to development of this power, a 100-mile all-weather road, from the Q.N.S. & L. Railway to Grand Falls, was completed during the year. British Newfoundland Exploration Limited (Brinex), a wholly-owned subsidiary formed in 1955, carried out geophysical and geochemical surveys during the year on mineral occurrences located by earlier preliminary reconnaissance surveys. In 1956 studies were also made of the economic potential of the company's vast forest concessions in Labrador.

Canada Iron

Canada Iron Mining Limited. Early in 1956 Frobisher Limited undertook the re-appraisal of its Eastern Ontario iron properties, some of which are held in this wholly-owned subsidiary. It was indicated that the best tonnage potential existed on the Childs property, located about fifteen miles east of Bancroft, Ontario. Accordingly, following acquisition of additional ground, including option of the adjacent Rankin property, an intensive geological study, which included 23,000 feet of diamond drilling, was carried out on this property during the field season. As representative sample material became available from drill cores, preliminary metallurgical test work was carried on concurrently with the field program. This has since been supplemented by pilot scale test work conducted on bulk ore samples taken from the old surface workings. As a result of this work, it has been established that the Childs-Rankin area contains, subject to further confirmatory detail drilling, a tonnage of open pit reserves which will yield a minimum of 5,000,000 long tons of high-grade magnetic iron concentrates. Further, substantial tonnages of higher grade ore constitute an "underground" reserve which may be of future importance. There is encouragement to think that, because of the favourable geographic location with respect to all required facilities and potential markets, it may be possible to profitably exploit these indicated reserves at some propitious time in the future.

Falconbridge

Falconbridge Nickel Mines Limited. Your Company's interest in this company continues to be one of the major assets in its portfolio. During 1956, mine,



frobisher LIMITED

Falconbridge

(continued)

Joliet-Quebec

Northwest Power

Michipicoten Iron

St. Eugene

smelter and refinery productions established new records for the seventh consecutive year. Six mines and two mills were in production and ore reserves increased to an all time high of more than 45 million tons, proven and indicated. Net profit for the year amounted to \$7,164,000, or \$1.91 per share of which \$1.20 was disbursed in the form of dividends.

Joliet-Quebec Mines Limited. The property of this company has a favourable location in that it adjoins those of Noranda and Quemont. On a portion of it, under lease by Noranda Mines Limited, the copper orebody has been extended below the 750-foot horizon which suggests that the orebody may extend beyond the boundaries of the leased block. Studies of the property have indicated that an area 3,000 feet northwest of the shaft has geological conditions that could be favourable for sulphide deposits. Plans have been made to test the area with surface diamond drill holes.

Northwest Power Industries Limited. Investigation of a major hydro-electric power development in the Northwest Pacific coastal area has been in progress for the last several years under the auspices of this subsidiary of the Ventures Group of Companies. Finances during 1956 have been provided jointly by Ventures Limited, Frobisher Limited and Quebec Metallurgical Industries Ltd., in the proportions, 40%, 30% and 30% respectively.

The project as originally envisaged contemplated the development of the huge Yukon-Taku watershed in extreme northern British Columbia. Engineering investigations completed to the end of 1956 have shown that the scheme is entirely feasible and that an ultimate 4,900,000 h.p. can be developed in this area. However, important international considerations, arising out of the proposal, have introduced the possibility of delays beyond the control of the company. Accordingly, in 1955, a new approach was evolved whereby it was decided to investigate whether the first stage of development could be carried out on the Nass River, an all-Canadian stream which enters the Pacific some 360 miles south of the Taku River. Engineering studies and surveys have been in progress for more than a year, as a result of which it is now apparent that 450,000 h.p. can be developed economically in this location. All preliminary studies relative to dam and storage sites, industrial areas, harbour and shipping facilities, and the like, have now been completed. In the next phase of the engineering on this development more detailed studies and foundation surveys will be required before the actual design can be undertaken.

Frobisher Limited and Sherritt Gordon Mines Limited jointly own the Ruth, Lucy and Josephine mines (the latter through joint ownership of Michipicoten Iron Mines Limited) 115 miles north of Sault Ste. Marie, Ontario. Development work to date has indicated reserves of 4,000,000 tons of hematite (iron oxide) and 45,000,000 tons of siderite (iron carbonate) on the properties. With the increasing interest being shown in geographically well located deposits of iron, these reserves are becoming more valuable year by year.

St. Eugene Mining Corporation Limited, jointly controlled by Frobisher Limited and Ventures Limited, was formed in 1937 to re-appraise the once productive



frobisher LIMITED

St. Eugene
(continued)

silver-lead-zinc deposits at Moyie, British Columbia. In recent years it has served the parent companies as a west coast exploration unit and has acquired, on very favourable terms, several properties of merit in British Columbia and Alaska. In making these acquisitions it is the company policy to defer development of the properties until market conditions for the metals or minerals in question warrant such action. Pursuant to this concept, two shipments of high-grade copper-silver ore were made from the Maid of Erin mine in extreme northwestern British Columbia during the 1956 season. Active development of some of the company's other prospects is under consideration.

Supercrest

Supercrest Copper Mines Limited. Frobisher Limited shares interest with Coppercrest Mines Limited in this company which owns a 100-claim property near Searchmont, Ontario, 42 miles northeast of Sault Ste. Marie. The property was a former producer many years ago, when a number of narrow copper ore-bodies occurring over a strike length of almost a mile were developed from six prospect shafts. Work during the past year has included geological and geophysical surveys, more than 11,000 feet of diamond drilling, installation of a mining plant and permanent camp facilities, and the rehabilitation of No. 6 Shaft to a depth of 300 feet. Indicated ore reserves were increased to 370,000 tons grading 1.94% copper through detailed investigation of a new, high intensity anomaly found in the course of this work program. Further development is now awaiting a more favourable copper market.



Auditors' Report

To the Shareholders of
Frobisher Limited:

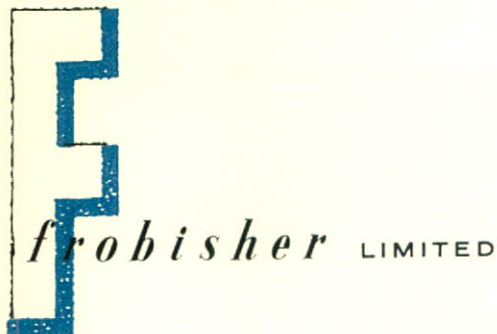
We have examined the consolidated balance sheet of Frobisher Limited and its wholly-owned subsidiary companies as at December 31, 1956 and the statements of consolidated profit and loss, earned surplus and special deficit for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

As stated in note 1 to the consolidated financial statements no provision has been made in the accounts of Frobisher Limited for its interest of \$2,955,509 in the aggregate of the losses less profits of the unconsolidated subsidiaries from the date of their acquisition to December 31, 1956. With this exception in our opinion the accompanying consolidated balance sheet and statements of consolidated profit and loss, earned surplus, and special deficit, when read in conjunction with the notes appended thereto, present fairly the financial position of the companies consolidated therein as at December 31, 1956 and the results of their operations for the year ended on that date.

CLARKSON, GORDON & CO.,

Chartered Accountants.

Toronto, Canada,
May 6, 1957.



Notes to Consolidated Financial Statements

AS AT DECEMBER 31, 1956

1. The consolidated financial 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, Mines Incorporated and Rare Metals Corporation of Canada Inc. The company's investment in its other subsidiaries is shown as a separate item in the balance sheet; they have not been consolidated because of substantial minority interests.

No dividends were received from the unconsolidated subsidiaries during the year ended December 31, 1956. The interest of Frobisher Limited in the current year's losses less profits of these subsidiaries, which is also Frobisher Limited's interest in the aggregate of the losses less profits of these subsidiaries accumulated from the date of their acquisition to December 31, 1956, amounted to \$2,955,509, no portion of which has been provided for in the accounts of Frobisher Limited. The amount of \$2,955,509 includes \$2,176,848 arising from write-offs by Geoil Limited of its interests in non-productive oil exploration and drilling costs incurred by a subsidiary and an associated company over a period of years in Peru and the Williston Basin and \$490,516 from the losses of the operating subsidiary of Kilembe Copper Cobalt Ltd. which did not commence major operations until the latter part of 1956.

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, 1956, except fixed assets (and the related accumulated depreciation) and exploration expenditures 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 allowance for depreciation 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, 500,000 shares of United Keno Hill Mines Limited and 150,000 shares of Falconbridge Nickel Mines Limited under the trust indenture securing the 4% convertible debentures.

The company has loaned 29,000 shares of United Keno Hill Mines Limited and 5,000 shares of Giant Yellowknife Gold Mines Limited to subsidiary companies.

4. The company is committed to make expenditures which it is estimated will cost approximately \$380,000. Subsequent to December 31, 1956 the company was relieved of a commitment in connection with the necessity to provide cobalt treatment facilities at the Kilembe mine and undertook that, if necessary, it would provide Kilembe Copper Cobalt Ltd. with funds to permit it to redeem its 5½% debentures at the rate of \$600,000 in each of the years 1957 and 1958, \$800,000 in 1959, and \$1,000,000 in each of the years 1960 to 1962 inclusive, a maximum total of \$5,000,000.

5. At December 31, 1956 the company has guaranteed the bank loans of a subsidiary company and an associated company to the extent of \$740,000.

6. During 1956, 858,845 shares of capital stock were issued for \$6,540,118 of which 363,333 shares were issued for \$1,584,998 cash. Pursuant to the terms of an agreement whereby Ventures Limited agreed to purchase at \$10.00 per share any shares not taken up by the holders of the share warrants which expired on June 26, 1956 the remaining 495,512 shares were issued to Ventures Limited for \$4,955,120 which was applied to reduce the liability to Ventures Limited for advances made by it in prior years.

7. There are outstanding options to sell shares of the company's capital stock as follows:

(a) 25,000 shares to an employee of the company at U.S. \$4.09 per share exercisable at any time before December 1, 1965; this option contains provisions for termination on cessation of employment.

(b) 500,000 shares to Ventures Limited at \$8 per share in the event the company's authorized capital is increased sufficiently to permit this option to be exercised. This option expired on February 12, 1957.

In addition 500,000 unissued shares are reserved for possible issuance upon conversion of 4% convertible debentures.



frobisher LIMITED INCORPORATED UNDER THE LAWS OF ONTARIO

Consolidated Balance Sheet

(with comparative figures)

	1956	1955
ASSETS		
CURRENT:		
Cash on hand and in banks	\$ 365,299	\$ 330,620
Bullion in transit	34,197	
Accounts receivable	114,300	110,660
	<u>\$ 513,796</u>	<u>\$ 441,280</u>
INVESTMENT IN SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES AT COST LESS AMOUNTS WRITTEN OFF (Note 3):		
Subsidiary companies —		
Shareholdings	\$11,858,425	\$12,022,416
Advances	1,138,429	31,156
	<u>\$12,996,854</u>	<u>\$12,053,572</u>
Associated and other companies —		
Shareholdings	\$ 9,588,509	\$ 9,347,963
Advances	2,110,104	1,469,761
	<u>\$11,698,613</u>	<u>\$10,817,724</u>
	<u>\$24,695,467</u>	<u>\$22,871,296</u>
FIXED:		
Buildings, plant and equipment, at cost	\$ 1,439,156	\$ 1,420,531
Less accumulated depreciation	1,309,428	1,227,085
	<u>\$ 129,728</u>	<u>\$ 193,446</u>
Mining properties at cost	376,233	379,390
	<u>\$ 505,961</u>	<u>\$ 572,836</u>
OTHER:		
Exploration expenditures carried forward	\$ 1,316,910	\$ 1,335,743
Supplies and spare parts at the lower of cost or market	202,687	237,112
Sundry prepayments and deferred charges	15,101	20,795
	<u>\$ 1,534,698</u>	<u>\$ 1,593,650</u>
	<u>\$27,249,922</u>	<u>\$25,479,062</u>

The notes to financial statements are an integral part of the above

— as at *December 31, 1956*

or December 31, 1955)

LIABILITIES

	1956	1955
CURRENT:		
Bank loans — secured	\$ 100,000	
Accounts payable and accrued charges	245,677	\$ 241,559
Amounts owing to associated companies	27,910	5,570
Income taxes payable		22,464
	<u>\$ 373,587</u>	<u>\$ 269,593</u>
COMMITMENTS AND CONTINGENT LIABILITIES — see Notes 4 and 5		
ADVANCES FROM VENTURES LIMITED (Note 6)	\$ 1,577,518	\$ 6,532,638
LONG TERM:		
4% convertible debentures due February 15, 1968 (Note 3)	\$ 5,000,000	\$ 5,000,000
Provision for depletion on shares of associated companies	\$ 690,000	\$ 526,000
SHAREHOLDERS EQUITY (Notes 6 and 7):		
Capital —		
Authorized — 7,500,000 shares of no par value		
Issued — 6,808,333 shares (1955 — 5,949,488 shares)	\$23,059,607	\$16,519,489
<i>Earned Surplus</i> (1955 — Deficit)	\$ 76,134	\$ 191,504
Special deficit	3,526,924	3,177,154
	<u>\$ 3,450,790</u>	<u>\$ 3,368,658</u>
	<u>\$19,608,817</u>	<u>\$13,150,831</u>
Approved on behalf of the Board:		
A. J. ANDERSON, Director.		
J. LANCE RUMBLE, Director.		
	<u>\$27,249,922</u>	<u>\$25,479,062</u>

consolidated balance sheet and should be read in conjunction therewith.



**STATEMENT OF CONSOLIDATED EARNED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1956**

(with comparative figures for the year 1955)

	1956	1955
Deficit at beginning of year	\$ 191,504	\$ 473,333
Net Profit for the year	267,638	281,829
Earned Surplus at end of year (1955 — deficit)	<u>\$ 76,134</u>	<u>\$ 191,504</u>

STATEMENT OF CONSOLIDATED SPECIAL DEFICIT

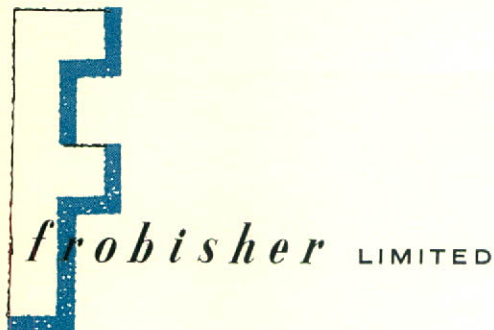
(Consisting of the amounts written off exploration and research expenditures and interest in and advances to associated and other companies less the profit (net) on sales of securities and fixed assets.)

FOR THE YEAR ENDED DECEMBER 31, 1956

(with comparative figures for the year 1955)

Balance at beginning of year	\$3,177,154	\$3,122,011
Amounts written off:		
Securities	\$ 14,623	\$ 17,500
Advances to associated companies	9,085	(14,117)
Exploration expenses	218,808	174,573
Net loss or (profit) on sale of securities	110,797	(115,768)
	<u>\$ 353,313</u>	<u>\$ 62,188</u>
	\$3,530,467	\$3,184,199
Deduct:		
Profit or (loss) on conversion of the net foreign currency assets of exploration subsidiaries	\$ 1,585	\$ (1,983)
Service fees earned by an exploration subsidiary less administration expenses	1,958	9,028
	<u>\$ 3,543</u>	<u>\$ 7,045</u>
Balance at end of year	<u>\$3,526,924</u>	<u>\$3,177,154</u>

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

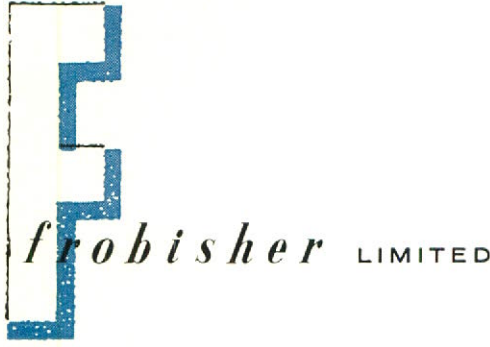


**STATEMENT OF CONSOLIDATED PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 1956**

(with comparative figures for the year 1955)

	1956	1955
HEAD OFFICE DIVISION:		
Interest earned and dividends received from associated companies —		
Falconbridge Nickel Mines Limited	\$ 180,000	\$ 165,000
Giant Yellowknife Gold Mines Limited	235,493	284,194
United Keno Hill Mines Limited	401,102	300,264
Other		25,921
	\$ 816,595	\$ 775,379
Less portion of dividends received transferred to provision for depletion	164,000	150,000
	\$ 652,595	\$ 625,379
Interest earned and dividends received from other companies	16,794	115
	\$ 669,389	\$ 625,494
Deduct:		
Administrative and general expenses	\$ 151,392	\$ 129,372
Remuneration of directors as such	3,119	
Interest on debentures	200,000	200,000
Interest on advances from Ventures Limited	78,876	78,876
Other interest paid	133	62,420
Foreign tax paid on interest received	751	5,701
	\$ 434,271	\$ 476,369
Net profit of Head Office Division	\$ 235,118	\$ 149,125
CONNEMARA DIVISION (Southern Rhodesia):		
Net proceeds from production	\$1,072,194	\$1,171,381
Sundry income	20,482	9,872
	\$1,092,676	\$1,181,253
Deduct:		
Operating expenses (excluding allowance for depreciation)	\$ 907,617	\$ 921,594
Allowance for depreciation	90,584	121,182
Loss or (profit) on conversion of foreign currencies	24,511	(16,691)
	\$1,022,712	\$1,026,085
Provision for Southern Rhodesia income taxes	\$ 69,964	\$ 155,168
	(22,464)	22,464
Net profit of Connemara Division	\$ 92,428	\$ 132,704
REGENT JOINT VENTURE (SOUTHERN RHODESIA):		
Net proceeds from production	\$ 28,064	
Deduct:		
Operating expenses (excluding allowance for depreciation)	\$ 143,216	
Allowance for depreciation	4,665	
	\$ 147,881	
Net loss of Regent Joint Venture	\$ 119,817	
Frobisher Limited proportion 50%	\$ (59,908)	
Net profit for the year (excluding items in consolidated special deficit)	\$ 267,638	\$ 281,829

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
CONSOLIDATED STATEMENT OF INVESTMENT IN SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES
AS AT DECEMBER 31, 1956 AND DECEMBER 31, 1955

	December 31, 1956				December 31, 1955				
	Share and bondholdings		Indicated market values (Note 1)	Cost less amounts written off	Share and bondholdings		Indicated market values (Note 1)	Cost less amounts written off	Advances
Number of shares or par value	% of outstanding capital	Number of shares or par value			% of outstanding capital				
Subsidiary companies:									
Associated Tin Mines (South West Africa) Limited (Note 2)									
Chavin Mines Corporation	1,500	75.0	\$ 419,482	\$ 735,000	720,000	60.0%	\$ 577,858		
Geoil Limited	1,575,685	52.1		4,487,850	1,500	75.0	735,000	\$ 24,644	
Kilemba Copper Caball Ltd.	1,937,723	77.4	\$ 4,844,307	6,366,697	1,575,685	52.1	4,487,850		
Supercrest Copper Mines Limited	1,290,005	50.1		197,411	1,843,457	83.4	6,149,885		
Wesfrob Mines Limited	850,005	85.0		29,032					
Miscellaneous participations of less than \$50,000 each				42,435					
			<u>\$ 4,844,307</u>	<u>\$ 11,858,425</u>			<u>\$ 12,022,416</u>	<u>\$ 6,512</u>	
				<u>\$ 1,138,429</u>				<u>\$ 31,156</u>	
Associated and other companies:									
Akaiitcho Yellowknife Gold Mines Limited	1,165,230	35.7	\$ 419,482	\$ 380,243	1,165,230	35.7	\$ 629,224	\$ 380,243	
Anacon Lead Mines Limited	200,000	40.0			11,200		37,740	61,625	
Anyox Metals Limited	48,000	1.8	14,880	60,000	200,000	40.0		\$ 78,117	\$ 78,117
Beaver Lodge Uranium Mines Limited					48,000	1.8	32,160	60,000	
British Newfoundland Corporation									
— Common shares	88,850	2.5		123,450					
— Founders shares	173,101	5.4		173,101					
— Old shares					259,651	5.5		259,651	
Consolidated Guayana Mines Limited	714,343	28.0	464,403	538,048	714,343	28.0	250,020	538,048	252,753
Consolidated Pershcourt Mines Limited ..	36,000		5,940	65,150	74,000	2.2	22,385	133,920	
Empresa Minera de Mantos Blancos S.A.	5,597			141,915					
Eureka Corporation Limited	158,125	1.6	145,475	186,519	156,750	1.8	227,288	184,800	63,168

Falconbridge Nickel Mines Limited (Note 3)	150,000	4.0	5,925,000	722,091	722,091	4.0	4,593,750	722,091
Ferrum Limited — shares	26,265	34.6				34.6		
— 5% debentures due 1957/1960	\$111,667			105,693	105,693			
Giant Yellowknife Gold Mines Limited (Note 3)	784,977	19.6	4,278,125	164,244	164,244	19.6	4,356,622	164,244
Horne Fault Mines Limited	881,634	33.8	96,980	84,900	84,900	33.8	149,878	84,900
International Ranwick Limited	315,825	10.9	113,697	246,108	246,108	10.9	385,307	246,108
Joliet-Quebec Mines Limited	1,031,800	20.1	711,942	134,602	134,602	20.1	1,320,704	134,602
Lake Dufault Mines Limited	224,962	5.4	382,435	83,070	83,070	5.5	528,661	83,070
Michipicoten Iron Mines Limited	874,106	32.6		304,814	304,814	32.6	874,111	304,814
New Columet Mines Limited	1,282,639	27.7	602,840	348,767	348,767	27.7	1,475,035	348,767
Northern Mining Company	2,250	15.0		317,873	317,873	15.0	2,250	317,873
Northfield Canada Limited	20,004	18.1		90,004	90,004	18.4	20,004	90,004
Northwest Power Industries Limited (Note 4)				571,069				376,069
Pilley's Island Copper Pyrite Limited	600,000	41.3		125,000	125,000	41.3	600,000	125,000
Quebec Metallurgical Industries Ltd.	1,108,696	22.1	2,051,088	2,222,249	2,236,337	24.0	4,460,414	2,236,337
Rainville Mines Limited	612,143	22.0	642,750	404,894	404,894	25.1	673,357	404,894
St. Eugene Mining Corporation Limited	841,185	34.8		319,989	319,989	34.8	841,185	319,989
Societe Anonyme des Mines de Fer de Mauritanie — Ordinary shares	28,050	34.0		791,890	602,638	34.0	21,250	602,638
Founders shares	6,778				6,778			
Tororo Exploration Company Limited	151			420	420		221,252	420
United Keno Hill Mines Limited (Note 3)	729,276	29.5	4,412,120	453,426	453,426	29.5	5,433,106	453,426
Miscellaneous participations of less than \$60,000 each —								
Those with market value			505,003	384,069	384,069		999,019	463,219
Those without market value								
				615,980	24,710			522,002
			\$20,772,160	\$ 9,588,509	\$ 2,110,104		\$25,574,670	\$ 1,469,761
			\$25,616,467	\$21,446,934	\$ 3,248,533		\$31,934,596	\$ 1,500,917

NOTES: (1) The market values shown above are based on closing market prices at December 31, 1956, and December 31, 1955. Because of the number of shares involved, the indicated market value for certain securities is not necessarily indicative of the amount that could be realized if the securities were to be sold.

(2) During the year the company's shareholdings in Associated Tin Mines (South West Africa) Limited were exchanged for shares of Rare Metals Corporation of Canada Inc.

(3) See note (3) to consolidated financial statements as to shareholdings hypothecated as security for the company's outstanding 4% debentures as well as shareholdings loaned to associated companies.

(4) At December 31, 1956 the outstanding share capital of Northwest Power Industries Limited consisted of 7 directors' qualifying shares.



Statement of Consolidated Source and Application of Funds

Year ended December 31, 1956

We Received Funds

From operations		\$ 534,756
Consisting of:		
Net profit for year	\$ 267,638	
Add charges to operations which did not in themselves involve an outlay of cash during the year—		
Depreciation	99,575	
Transfer to provision for depletion on shares of associated companies	164,000	
	\$ 531,213	
Service fees earned by exploration subsidiaries less their administration expenses and exchange adjustments	3,543	
	\$ 534,756	
From sales of securities		1,127,152
From the sale for cash of 363,333 shares of capital stock		1,584,998
		\$3,246,906

We Applied Funds

Advances (net) to subsidiary and associated companies	\$1,756,701	
Purchase of securities	1,329,129	
Exploration expenditures	199,975	
Purchase of fixed assets (net)	32,698	3,318,503
	\$ 71,597	
We decreased our net working capital position by		\$ 71,597

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