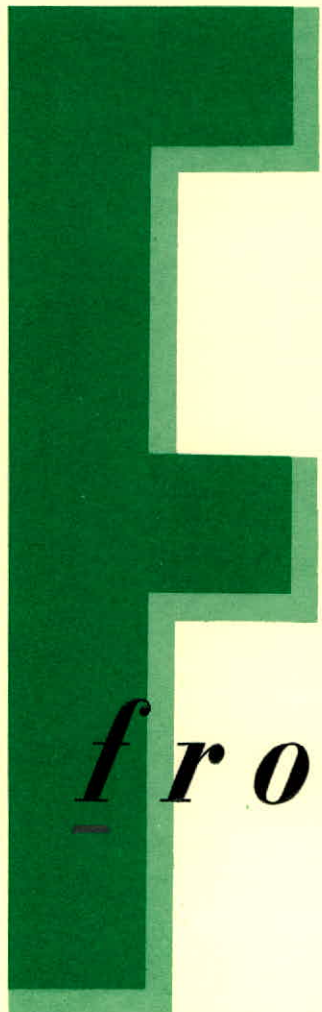


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(Patent in file)



*f r o b i s h e r*

LIMITED

*Fourteenth  
Annual  
Report*

*for the year ended December 31, 1957*

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# FROBISHER LIMITED

25 KING STREET WEST  
TORONTO 1 - ONTARIO

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## *Notice of Annual Meeting*

TAKE NOTICE that the Annual Meeting of Shareholders of Frobisher Limited will be held at the Colonial Room, King Edward Sheraton Hotel, Toronto, Ontario, on

**WEDNESDAY, THE 21st DAY OF MAY, 1958**

at the hour of Ten-Thirty o'clock in the forenoon, (Toronto Time), for the purpose of receiving and considering the Report of the Directors of the Company, and the Consolidated Balance Sheet and Related Statements and Auditors' Report for the year ended December 31, 1957, electing Directors for the ensuing year, the appointment of Auditors and the transaction of such other business as may properly come before the Meeting or any adjournment thereof.

A copy of the Report of the Directors, the Consolidated Balance Sheet and related statements for the year ended December 31, 1957, to be submitted to such Meeting is forwarded herewith.

DATED at Toronto, this 25th day of April, 1958.

By Order of the Board,

G. T. N. WOODROOFFE,

Secretary.

If you are unable to be present, kindly sign, date and return the attached proxy in the enclosed addressed envelope.





# FROBISHER LIMITED

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## Proxy

I, the undersigned, a Shareholder of Frobisher Limited, hereby appoint A. J. ANDERSON, whom failing, B. S. W. BUFFAM, whom failing, G. T. N. WOODROOFFE as my proxy to attend, act and vote for me and on my behalf at the Annual Meeting of the Shareholders of the Company, to be held at Toronto, on the 21st day of May, 1958, and at any adjournment thereof.

DATED this..... day of May, 1958.

-----  
(Signature of Shareholder)

-----  
(Address)

If your address as shown above is not correct, please  
complete the attached form.



*frobisher* LIMITED HEAD OFFICE: 25 KING STREET WEST, TORONTO, CANADA

OFFICERS

A. J. ANDERSON.....President  
 B. G. EDWARD.....Vice-President  
 A. E. PUGSLEY.....Vice-President  
 G. T. N. WOODROOFFE.....Secretary and Treasurer  
 S. F. TAIT.....Assistant Treasurer  
 A. C. KILGOUR.....Assistant Secretary  
 R. G. SAUNDERS.....Assistant Secretary

DIRECTORS

A. J. ANDERSON                      W. B. DIX  
 B. S. W. BUFFAM                    B. G. EDWARD  
 H. J. CARMICHAEL                  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                      B. G. EDWARD  
    A. E. PUGSLEY

GEOLOGISTS

J. B. GORDON                          ALEXANDER SMITH  
    W. B. G. WALKER

CONSULTANTS

A. S. DADSON.....Geological  
 A. G. DARLING.....Geological  
 W. H. GROSS.....Geological  
 W. G. ROBINSON.....Geological  
 W. G. HUBLER.....Metallurgical  
 J. M. MACKAY.....Metallurgical  
 J. M. MORTIMER.....Metallurgical

Annual Meeting of Shareholders — Colonial Room, King Edward Sheraton Hotel, Toronto, Ontario,  
 Wednesday, May 21, 1958, at 10.30 a.m. E.D.T.



## *Report of the Directors*

To the Shareholders:

Submitted herewith for your consideration is the Fourteenth Annual Report on the affairs of your Company, for the year ended December 31, 1957. Accompanying it are the Auditors' Report, Balance Sheet, and other statements of account, showing the Company's financial position as of that date.

### FINANCIAL

Your Directors are once again pleased to direct your attention to the Company's improved financial status which resulted from the year's operations. After meeting all its commitments, and sustaining a programme of mining activity throughout the year commensurate with its resources, your Company's working capital shows substantial improvement. This situation reflects completion of the Miferma transaction, referred to in the Mid-year Report. No further treasury shares were issued during the year. Your Company's issued capital therefore still stands at 6,808,333 shares out of an authorized total of 7,500,000 shares.

### GENERAL

During the latter part of the year there was a decline in the general level of business, bringing with it lessening demand and reduced prices for primary metals. Fortunately, since the full effect of this economic change was not felt until relatively late in the year, your Company suffered no diminution of income through reduction of dividend disbursements by its operating associated companies. However, in the view of your Directors, a period of adjustment between supply and demand, of some duration, may be anticipated. Throughout this period, appropriate action will be taken to protect your Company's substantial investment in this branch of the industry.

Your Company is fortunate in its gold mining interests for, while conditions in that industry remained essentially unchanged throughout the year, the projects under our management were able to maintain their consistent record of satisfactory earnings. The dependability and stability of these sources of income, in the face of a continuing unrealistic product price, is most gratifying.

Your particular attention is directed to developments on the Alberta oil acreage in which your Company holds an interest. As indicated to you a year ago, two widely-spaced wildcat wells made successful commercial intersections which appeared to have special significance. Subsequent development operations and further exploratory tests have served to positively confirm this view, and it is now felt with some assurance that a major new oilfield is in the making.

Your Company's chief development effort was directed during the year to the further definition of magnetic iron ore reserves in British Columbia and Eastern Ontario. In both locations, ore tonnages have now been indicated sufficient to justify the provision of beneficiation facilities for the production of high-grade iron concentrates. Economic studies are now being made to determine the feasibility of actively developing the properties, and market studies are being conducted to ensure appropriate timing.

Throughout the year, a modest programme of exploration activity was conducted through the regional offices maintained by your Company in Canada and Central Africa.

Your Directors regard the accomplishments during the year 1957 with satisfaction, and feel confident that the careful programme of consolidation now being effected, coupled with judicious selection of future projects, will ensure the continued growth of your Company's assets.

On behalf of the Board,

A. J. ANDERSON,  
President.

Toronto, Ontario,  
April 1, 1958.





*frobisher* LIMITED

## *Statement of Consolidated Source and Application of Funds*

Year ended December 31, 1957

*We Received Funds*

From operations .....		\$ 469,508
Consisting of:		
Net profit for year .....	\$ 260,200	
Add charges to operations which did not in themselves involve an outlay of cash during the year —		
Depreciation .....	57,022	
Transfer to provision for depletion on shares of associated companies .....	155,000	
	\$ 472,222	
Service fees earned by exploration subsidiaries less their administration expenses and exchange adjustments .....	2,714	
	\$ 469,508	

From sales of securities .....		1,866,739
		\$2,336,247

*We Applied Funds*

Advances (net) to subsidiary and associated companies .....	\$ 898,492	
Purchase of securities .....	512,954	
Exploration expenditures .....	385,610	
Purchase of fixed assets (net) .....	12,345	1,809,401
Excess of funds applied over those provided during the year .....		\$ 526,846

This excess is reflected in increased working capital as follows:

	December 31, 1957	December 31, 1956	Increase or (decrease)
Current and sundry assets:			
Cash .....	\$ 800,486	\$ 365,299	\$ 435,187
Bullion in transit .....	42,238	34,197	8,041
Accounts receivable .....	70,201	114,300	(44,099)
Supplies and spare parts .....	180,462	202,687	(22,225)
Sundry prepayments and deferred charges .....	14,835	15,101	(266)
	\$1,108,222	\$ 731,584	\$ 376,638
Current liabilities:			
Bank loans (secured) .....		\$ 100,000	\$ (100,000)
Accounts payable and accrued charges ..	\$ 221,193	245,677	(24,484)
Amounts owing to associated companies ..	2,186	27,910	(25,724)
	\$ 223,379	\$ 373,587	\$ (150,208)
Increase in working capital .....	\$ 884,843	\$ 357,997	\$ 526,846



*frobisher* LIMITED

## Report of Operations – Year 1957

### *Producing Companies*

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)	77.0%	10
Zinc - Lead.....	New Calumet Mines Limited ....	27.7%	9
Lead - Zinc.....	Northern Mining Company .....	15.0%	15
Copper.....	Rainville Mines Limited .....	21.8%	16
Silver - Lead - Zinc.....	United Keno Hill Mines Limited	29.5%	7

### *Development Projects*

Cobalt - Nickel - Rare Metals.....	Quebec Metallurgical Industries Ltd. ....	22.7%	18
Apatite - Columbium.....	Sukulu Mines Limited .....	40.0%	19
Copper - Magnetite.....	Wesfrob Mines Limited .....	95.0%	20

### *Other Projects*

Gold.....	Akaitcho Yellowknife Gold Mines Limited .....	35.7%	21
Magnetic Iron Ores.....	Eastern Iron Properties .....	100.0%	21
Nickel - Copper - Platinoids.....	Falconbridge Nickel Mines Ltd.	4.0%	21
Copper - Gold.....	Joliet-Quebec Mines Limited ....	20.1%	21
Hematite and Siderite Iron Ores....	Michipicoten Iron Mines Limited	32.6%	21
Copper - Silver - Lead - Zinc.....	St. Eugene Mining Corporation Limited .....	34.8%	22
Copper - Silver - Uranium.....	Seal Lake (Labrador) Concession	100.0%	22



*f*robisher LIMITED



*frobisher* LIMITED



## *Giant Yellowknife Gold Mines Limited*

### *Property and Interests*

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

### *Scale of Operations*

Mill Capacity: 800 tons per day.

Treatment rate, 1957: 848 tons per day.

### *Production Record*

	Tons Milled	Gold Ounces	Silver Ounces
To June 30, 1956 .....	1,634,628	1,062,976	256,888
Year ended June 30, 1957 .....	309,673	190,418	36,581
Total .....	<u>1,944,301</u>	<u>1,253,394</u>	<u>293,469</u>

### *Ore Reserves*

	Tons	Gold Ozs. per ton
Developed ore above 1,250 level .....	3,140,000	0.79
(calculated with a 10% dilution allowance)		

### *Developments in 1957*

From the standpoints of operation and production, 1957 was a record year in the life of Giant Yellowknife. The tonnage milled, ounces of gold and silver produced, and the gross value thereof, were at the highest levels for any year in the history of the mine. Net profit at \$1,011,072 showed an increase of more than 20% over that for the previous year. This gratifying earnings record was achieved in spite of a further reduction in the price received for gold and a decrease in payments received under the Emergency Gold Mining Assistance Act.

A major portion of the company's effort, and further substantial capital expenditure, was applied to a search for a solution to the complex metallurgical problem with which the company is still confronted. As indicated a year ago, there is reason to think that a means has at last been found to cope with the increasingly refractory ore being mined on the lower levels. This method was developed through pilot plant tests and involves the retreatment of calcine residues by further furnacing. A commercial plant, utilizing this process, was designed, installed and placed in operation late in 1957. Since testwork indicated that this installation might be expected to recover only 50% of the gold now being lost in calcine residues, it is obvious that further work still remains to be done and research activity is therefore being continued.

It will be noted that ore reserves show no increase for the period under review. This results from the fact that a phase had been reached in the long-term development programme in which it was necessary to drive long lengths of underground workings in preparation for future exploratory activities. These



# frobisher LIMITED

## Earnings Record

openings are now completed and exploration drilling from these headings will be carried out during the 1957-1958 fiscal year.

	1957	To Date
Metal sales and other income .....	\$6,553,600	\$48,313,695
Total cost of operation .....	5,542,528	40,408,986
Net profit .....	<u>\$1,011,072</u>	<u>\$ 7,904,709</u>

## Management

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

## Property and Interests

### United Keno Hill Mines Limited

1. Owns 537 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, Bermingham, Onek, Shamrock, etc. Production operations are confined to the re-opened Hector, Calumet and Elsa Mines, but others are under development.
2. Holds 50% ownership (with Cassiar Asbestos Corporation Limited) of Territorial Supply Company Limited, which has 100% ownership of Yukon Coal Company Limited, Carmacks, Yukon.

## Scale of Operations

Mill Capacity: 500 tons per day.

Treatment rate, 1957: 438 tons per day.

## Production Record

	Tons Milled	Silver Ounces	Lead Pounds	Zinc Pounds	Cadmium Pounds
To Sept. 30, 1956 .....	1,010,669	37,983,799	163,376,798	122,291,907	1,557,176
Year ended Sept. 30, 1957....	159,885	5,694,850	22,569,908	18,119,454	236,271
Total .....	<u>1,170,554</u>	<u>43,678,649</u>	<u>185,946,706</u>	<u>140,411,361</u>	<u>1,793,447</u>

## Ore Reserves

	Tons	Silver Ozs. per ton	Lead %	Zinc %
All mines except Onek .....	601,165	36.8	7.3	6.0
Onek Mine .....	123,491	10.27	4.4	13.0

## Developments in 1957

In the fiscal year ended September 30, 1957, the tonnage milled was 4,183 tons in excess of that for the preceding year and at the end of the period ore reserves had been increased by 3,145 tons. Of the 159,885 tons of ore treated



in the mill, 78,774 tons (49%) came from the Hector Mine; 70,604 tons (44%) from the Calumet Mine; 10,043 tons (7%) from exploration and development work at the Elsa Mine and 464 tons from the Jock Mine.

Development in the Hector and Calumet Mines continued to be satisfactory. On the 400 and 525 levels of the Elsa Mine, lateral development was continued throughout the year with encouraging results. Average grade of the 10,043 tons of ore produced was 72.24 ounces of silver per ton. At the Keno mine, the No. 9 vein was drifted for 156 feet and showed 135 feet of ore having a width of 7.9 feet grading 36.7 ounces of silver per ton. Further exploration is planned for 1958.

The lower prices received for a large part of the year's production of lead and zinc substantially reduced profits. Net profit for the year ended September 30, 1957, was 40.5¢ per share as compared with 81.2¢ per share in the preceding year. During the year, the company declared four interim dividends of 10¢ each and two extra dividends of 5¢ each for a total outlay of \$1,235,000. Net working capital at September 30, 1957, declined to \$3,532,051 from \$3,816,570 at the end of the previous fiscal year.

*Earnings Record*

	1957	To Date
Metal sales and other income .....	\$6,709,413	\$52,285,220
Total cost of operations .....	5,707,665	39,621,625
Net profit .....	<u>\$1,001,748</u>	<u>\$12,663,595</u>

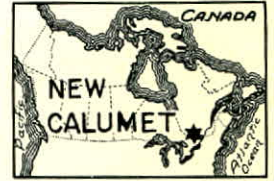
*Management*

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





*frobisher* LIMITED



## 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. Holds 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, 1957: 458 tons per day.

### Production Record

	Tons Milled	Zinc Pounds	Lead Pounds	Silver Ounces	Gold Ounces
To Sept. 30, 1956 .....	2,534,110	281,838,483	80,206,584	6,482,656	38,815
Year ended Sept. 30, 1957 .....	142,324	14,915,587	3,857,913	341,746	2,772
Total .....	<u>2,676,434</u>	<u>296,754,070</u>	<u>84,064,497</u>	<u>6,824,402</u>	<u>41,587</u>

### Ore Reserves

	Tons	Zinc %	Lead %	Silver Ounces	Gold Ounces
Total proven * .....	165,800	7.20	1.70	3.25	0.018

\* Adjusted to conform to present metal prices.

### Developments in 1957

To counteract the declining prices of lead and zinc, the tonnage milled (which had averaged 527 tons per day for the first eight months of the fiscal year) was reduced to 320 tons per day for the remaining four months. The grade of ore milled then increased from 5.0% zinc to between 6.5% and 7.0% and the operation was thus placed on a nearly break-even basis. However, the savings so effected were offset by uncontrollable extra costs, including increases in freight rates and customs smelter charges, and the discount on American funds received in payment for the Company's production. The latter cost the company \$74,348, or 52¢ per ton milled, in 1957 compared with \$20,437, or 13¢ per ton milled, in 1956. These additional costs, coupled with reduced metal prices, resulted in an operating profit for 1957 of only \$34,049, compared with \$455,116 for the preceding year. While, as shown below, a net loss was sustained for the year, the company's working capital increased from \$1,464,870 to \$1,500,172.

### Earnings Record

	1957	To Date
Metal sales and other income .....	\$1,368,654	\$27,830,439
Total cost of operation .....	1,421,238	23,294,467
Net profit (or loss) .....	<u>(\$ 52,584)</u>	<u>\$ 4,535,972</u>

### Management

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



*frobisher* LIMITED

## *Kilembe Copper Cobalt Ltd.*

Control of Kilembe Mines Limited through ownership of 70% 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, 1957: 1,332 tons per day.

*Property and  
Interests*

*Scale of Operations*

*Production Record*

To December 31, 1957		Grade	
		% Copper	% Cobalt
Ore milled, short tons .....	673,009	2.18	0.16
Blister copper produced, pounds .....	17,062,080		
Inventories on hand, short tons			
Copper concentrates .....	10,933	23.30	0.50
Cobalt concentrates .....	48,113	0.87	1.36

*Ore Reserves*

	Tons	Copper %	Cobalt %
Proved and probable .....	9,129,000	2.24	0.18
Possible .....	7,912,000	1.78	0.17
Total .....	<u>17,041,000</u>	<u>2.02</u>	<u>0.17</u>

*Developments  
in 1957*

Completion of the first full year of production saw improvement in all phases of operations. Daily tonnage milled increased to 1,550 by the end of the year from the rated capacity of 1,335; metal recoveries materially improved, and blister copper production increased well beyond the original target of 750 long tons per month. In spite of the depressed price for copper, and after meeting debenture interest, the company recorded a modest operating profit before depreciation and other write-offs.

Because of mechanical and operating difficulties that persisted during the first six months, the smelter was shut down in July for adjustments. The changes made permitted the full capacity of the plant to be utilized for the first time, and output for the remainder of the year averaged better than 900 long tons of blister per month. During the year the mill treated 479,314 short tons, grading 2.23% copper and 0.17% cobalt. Ore grade from the various stoping areas, with minor exceptions, exceeded pre-production estimates. Blister copper produced in the year totalled 7,467 long tons. In addition, 36,211 short tons of cobalt concentrates, grading 1.38% cobalt and 0.65% copper, were produced and stockpiled.





*frobisher* LIMITED

Ore reserves were entirely recalculated on a basis which took into account the deferment of cobalt production and the decline in copper prices. As will be noted from the table above, the reserves were well maintained.

During the year an exploration programme was conducted to trace the favourable 'Kilembe Series' of host rocks on the extensive concession area surrounding the mine. It consisted of general geological reconnaissance followed by geochemical prospecting. The former work clearly established that the occurrence of the 'Kilembe Series' is more widespread than originally anticipated and the geochemical work indicated that significant copper values are present over several fairly extensive areas. More detailed investigation of such favourable areas close to the mine is at present being carried out.

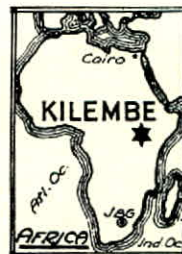
The recent trend in copper prices has dictated that every possible step be taken to achieve low-cost production. The Management has made, and is making, most creditable progress in this respect. As part of this programme, installation of a 500-ton per day concentrator to treat known reserves of higher grade and readily accessible oxide ore has been authorized. These additional facilities will be in service early in 1959.

*Earnings Record  
of Kilembe Mines  
Limited*

	1957	To Date
Metal sales and other income .....	\$4,147,906	\$4,147,906
Total cost of operation .....	4,804,421	5,730,439
Net loss .....	<u>\$ 656,515</u>	<u>\$1,582,533</u>

*Management*

A. E. PUGSLEY - - - - - *General Manager*





### *Summary of Interests*

1. A working interest, ranging from 3.33% to 15.38%, in a total of 116 producing wells in Alberta and 3 gas wells capable of production.
2. A working interest, ranging from 6.25% to 50%, in a total of 101,760 acres in Saskatchewan.
3. Holds 50% interest in Trans-Border Oils Limited.
4. Owns 100% interest in Seoil Limited.
5. Holds 20.79% interest in Lake St. Clair Gasfields Limited.

### *Production*

	Barrels
To December 31, 1956 .....	91,976
Year ended December 31, 1957 .....	129,515
Total (exclusive of Trans-Border) .....	<u>221,491</u>

### *Reserves*

Crude Oil, after royalty .....	4,590,849 barrels
Natural gas liquid .....	518,950 barrels
Natural gas .....	9.6 billion cubic feet
(Trans-Border reserves included)	

### *Corporate Developments in 1957*

Returns of capital from Trans-Border Oils Limited during the year totalled \$566,712, most of which was derived from the sale of Williston Oil and Gas Company.

### *Field Developments in 1957*

#### **Exploratory Drilling**

The highlight of Geoil's activities in 1957 centered on participation with the Home Oil group in three outstanding exploratory wells drilled in the Virginia Hills - Swan Hills area of north-central Alberta. These wells represent the first Middle Devonian light gravity crude discoveries in Western Canada, and are considered Alberta's most important exploratory results during the year. Development drilling by the Home Oil group and others in this area is now in progress.

#### **Development Drilling**

During the year seven development wells were completed by Geoil and associates in the Harmattan-Elkton field, and eight at Westward-Ho, bringing 1957 completions to a total of eighteen. At the end of the year Geoil held interest in 116 oil wells and three gas wells capable of production.



*frobisher* LIMITED

*Programme  
for 1958*

At Pembina, secondary recovery practice was commenced with water injection in a number of wells in which Geoil has interest. At East Harmattan a half section was purchased adjacent to a Shell Mississippian discovery, and the first of four locations was drilling at year end.

A total of 28 development wells is planned for 1958, of which 18 are assigned to the Virginia Hills - Swan Hills area. In addition, the planned exploratory programme in Alberta for 1958 includes at least 16 wells extending from the southeastern part of the province to the Red Earth area in the north.

#### NOTES ON SUBSIDIARY AND ASSOCIATED COMPANIES OF GEOIL LIMITED

##### SEAOIL LIMITED

Seaoil Limited, holding a 40 per cent interest in Sacramento concessions 1, 2 and 3 in the Oriente of Peru, participated with several companies in a seismic survey along the Pucallpa Road. It is planned to farm out concessions for a drilling commitment.

##### LAKE ST. CLAIR GASFIELDS LIMITED

Lake St. Clair Gasfields Limited completed one off-shore well in Lake Erie during the year. This is capped pending the drilling of additional wells in order to justify the cost of connections to shore.

*Consultants*

J. D. BATEMAN

A. G. DARLING



*frobisher* LIMITED

*Property and  
Interests*

*Scale of Operations*

*Production Record*

*Ore Reserves*

*Developments  
in 1957*

*Earnings Record*

*Management*

## Connemara Division

1. Gold properties at Hunter's Road, Southern Rhodesia, on which active mining and milling operations are conducted.
2. A small exploration staff, operating out of Bulawayo, Southern Rhodesia.

Mill capacity: 600 tons per day.

Treatment rate, 1957: 455 tons per day.

	Tons Milled	Gold Ounces
To December 31, 1956 .....	1,318,275	254,026
Year ended December 31, 1957 .....	160,840	26,706
Total .....	<u>1,479,115</u>	<u>280,732</u>

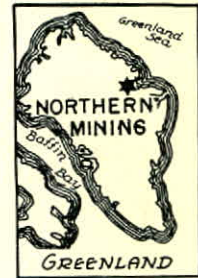
	Tons	Gold oz. per ton
Total, proven and possible .....	172,690	0.175

A modest net profit was again recorded from operations which were continuous throughout 1957. Although the tonnage milled was slightly in excess of that of last year, the grade of the ore treated was lower, resulting in a reduction in ounces produced. This was due principally to the millfeed drawn from the mine being augmented by oxide ore secured from low-grade dumps, left by former operators.

The restricted development programme carried on throughout the year replaced only a portion of the ore milled. Attention must again be directed to the continued narrowing down of unprospected areas in all sections of the mine, which thereby restricts the possibility of finding new ore in substantial quantities.

	1957	To Date
Metal sales and other income .....	\$ 908,302	\$10,220,193
Total cost of operation .....	818,323	10,202,355
Net profit .....	<u>\$ 89,979</u>	<u>\$ 17,838</u>

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



## Northern Mining Company

Large concessions in northeast Greenland on which a high-grade lead-zinc deposit, at Blyklippen, near Mesters Vig, has been in production since March, 1956. Frobisher Limited shares interest in the project with two Swedish mining houses, a Danish syndicate and the Danish Government.

Mill capacity: 250 tons per day.

Treatment rate, 1957: 260 tons per day.

*Property and Interests*

*Scale of Operations*

*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
Year ended September 30, 1957	87,400	15,864,639	18,603,110
<b>Total</b>	<b>132,370</b>	<b>22,995,284</b>	<b>27,196,726</b>

*Ore Reserves*

	Tons	Lead %	Zinc %
Total proven	326,850	11.7	11.7

*Developments in 1957*

Because of forward sales arranged during the previous year, the entire 1957 production of lead and zinc concentrates was sold at prices higher than those which prevailed on world metal markets throughout the year. As a result, the company at year end was able to show an operating profit of \$868,439 before depreciation and write-offs.

Throughout the year the underground concentrator operated at its rated capacity of 7,800 tons per month. The grade of ore treated, 8.5% lead and 10.7% zinc, was lower than the estimated grade of the entire deposit as a result of the necessity of confining mining operations to a comparatively poor section of the mine. The exploration programme, carried out during the field season, included extensive geophysical and geochemical investigations of the Schuckert River Valley. No further investigation was done on the molybdenum deposit in the Werner Mountains mentioned in last year's report.

Production operations are continuing in 1958 but, as forward sales have not been arranged, concentrates are being stockpiled to await improvement in metal prices.

*Financial Record*

	1957	To Date
Sales of metal and other income	\$2,983,981	\$4,158,011
Total cost of operation (including depreciation)	2,983,981	4,158,011
<b>Profit *</b>	<b>Nil</b>	<b>Nil</b>

\* The year's operations resulted in an operating profit of \$868,439 before allowance for depreciation of \$744,458 and write-off of materials and supplies of \$123,981.

*Management*

V. BRINCH - - - - - General Manager



## Rainville Mines Limited

### Property and Interests

1. Owns 67 claims in Louvicourt Township, Val d'Or District, Quebec, on which copper orebodies have been under production since May 1, 1956.
2. Holds 54.85% interest in Dunterra Copper Mines Limited.

### Scale of Operations

Mill capacity: 500 tons per day.  
Treatment rate, 1957: 443 tons per day.

### Production Record

	Tons Milled	Copper Pounds	Gold Ounces	Silver Ounces
To December 31, 1956 .....	84,354	2,547,920	529	8,851
Year ended December 31, 1957 .....	161,572	4,468,283	785	16,000
<b>Total .....</b>	<b>245,926</b>	<b>7,016,203</b>	<b>1,314</b>	<b>24,851</b>

### Ore Reserves

	Tons	Copper %
Probable Ore .....	232,900	1.42
Possible Ore .....	384,300	1.49
<b>Total .....</b>	<b>617,200</b>	<b>1.46</b>

### Developments in 1957

Mining proceeded in the No. 4 Zone, according to plan, and 95% of the mill feed came from this source. The No. 2 shaft was completed to a depth of 1,135 feet by May. Limited development work in the No. 2 Zone, carried out on the upper three levels from the No. 2 shaft, exposed 693 feet of ore grading 1.35% copper across a width of 23.6 feet. Concentrator performance throughout the year was quite satisfactory, the rated capacity being attained in June, with recoveries of a high order being consistent throughout the period.

Because of the steady decline in the price of copper, development work was curtailed in September. Operations were then confined to stoping and removing broken ore in certain sections of the No. 4 Zone. In March, 1958, in view of the continuing unfavourable outlook for copper mining, the Directors decided to close down the mine on completion of this work. The mine and plant will be kept on a care and maintenance basis so that resumption of operations, when justified, can be achieved with the least possible delay.

### Earnings Record

	1957	To Date
Metal sales and other income .....	\$ 831,585	\$1,553,557
Total cost of operation .....	1,057,199	1,699,893
<b>Net loss .....</b>	<b>\$ 225,614</b>	<b>\$ 146,336</b>

### Management

W. HUBACHEK - - - - - Mine Manager



**DEVELOPMENT  
PROJECTS**



*f r o b i s h e r* LIMITED



*frobisher* LIMITED

*Property and  
Interests*

*Developments  
in 1957*

*Subsidiary  
Companies*

*Associated  
Companies*

*Development  
Projects*

*Financial  
Record*

*Management*

## Quebec Metallurgical Industries Ltd.

1. Metallurgical laboratory, research and manufacturing facilities at Billings Bridge, Ottawa, Ontario.
2. Patent rights on twelve 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 year was one of concentration on specific projects and consolidation of the company's assets. At year end there were no outstanding debts other than current operating expenses. The salient features of 1957 operations with respect to some of the more important projects are recorded below.

Active development of the *Klukwan Iron Ore Corporation* placer magnetite deposits in Alaska was continued by the optionee, Columbia Iron Mining Company, a subsidiary of United States Steel Corporation. Ore reserves were substantially increased by the acquisition under a lease agreement of property owned by the native community of Klukwan. *Compagnie Franco-Canadienne du Cobalt (Cofranca)*, in which Q.M.I. holds 45 per cent interest and technical management control, was formed to acquire and develop certain laterite deposits in New Caledonia. The assets of *LaCorne Lithium Mines Limited* were distributed to its shareholders.

In 1957, *Temagami Mining Company* shipped 7,509 tons of high grade copper, netting its treasury \$1,124,040. During the year Q.M.I. reduced its Temagami holdings to 32 per cent of the issued capital stock of that company.

The Company's Ottawa laboratories continued research on treatment methods for New Caledonia and other ores containing cobalt and nickel. They also continued on a modest scale the development and sales of two classes of cobalt alloys produced by them. The refining plant at Cobalt, Ontario, continued research on the production of electrolytic cobalt and nickel derived from materials similar to the concentrates which would be obtained from the New Caledonia cobalt and nickel laterites. A sales research programme for columbium sponge and various columbium alloys and products disclosed that the columbium market is still in an early stage of development.

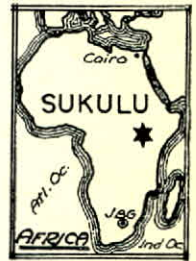
	1957	1956
Net expenditures on Plant and other Fixed Assets .....	\$ 81,424	\$ 22,330
Investments in and Advances to Companies .....	347,119	1,118,984
Participation in Outside Properties .....	213,735	205,240
Metallurgical Research .....	165,028	518,186
	<u>\$ 807,306</u>	<u>\$1,864,740</u>

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





*frobisher* LIMITED



## Sukulu Mines Limited

### *Property and Interests*

Extensive apatite-niobium-magnetite deposits in the Sukulu Hills near the Uganda-Kenya border in British East Africa. Frobisher Limited shares interest in this project with Uganda Development Corporation and Olin Mathieson Chemical Corporation Inc.

### *Ore Reserves*

	Tonnage	P <sub>2</sub> O <sub>5</sub> as Apatite %	Nb <sub>2</sub> O <sub>5</sub> as Pyrochlore %
Proven and Indicated .....	203,000,000	13.1	0.2

### *Developments in 1957*

Activities in 1957 were principally confined to operation of the pre-production plant which had been installed in November, 1956. By the end of the year, more than 10,000 tons of residual soil had been treated, producing 1,245 tons of very high-grade phosphate concentrates. These were shipped in the form of large bulk samples to European and Asian fertilizer manufacturers for trial in their plants under actual commercial operating conditions. Some 200 lbs. of niobium concentrate was also produced by rudimentary methods for submission to industrial research units in the U.S.A. Interest stimulated by these samples has encouraged the company to hasten the development of its plans for the inclusion of a niobium recovery unit in the present pre-production plant.

Metallurgical improvements were developed during the course of the year which permitted simplification of the original flowsheet. Using this as a basis, British Geco Engineering Company Limited were commissioned to make a complete engineering appraisal of the project on a production scale which would yield 400,000 long tons of apatite concentrates per annum. Their estimates of the total capital requirements for equipping the property with production facilities, and for the provision of railroad rolling stock and necessary harbour installations, were of such large order as to suggest that the project should properly be considered as a national development. The Uganda Development Corporation Limited, whose chief function lies in the promotion of growth industry within the protectorate, has therefore undertaken to make full investigation of possible sources of the major funds required, and to supply the company meanwhile with interim capital, as required, to sustain the further development work contemplated on the property in 1958.

### *Financial Record*

	1957	To Date
Funds expended (by all partners) .....	\$384,714	\$1,447,978

### *Management*

A. E. PUGSLEY, *Managing Director*

R. B. TAYLOR, *General Manager.*



*frobisher* LIMITED



## *Wesfrob Mines Limited*

### *Property and Interests*

1. Owns 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 .....	962,000	57.7	-----
Zone 2 .....	1,900,000	60.6	0.46
Zone 3 .....	1,771,000	60.6	1.32

### *Developments in 1957*

The drilling programme initiated in 1956 on the magnetite deposits at Tassoo Harbour, on Moresby Island, was completed at mid-year. The indicated ore reserves, as detailed above, were more than adequate to justify the provision of treatment facilities. Investigations were then carried out to determine the economic factors involved in bringing these deposits to production, and the potential markets for the output. The principal fields of investigation were: (a) mining legislation enacted in 1957 by the Government of British Columbia; (b) pig iron markets on the West Coast; (c) Japanese export market for pig iron and iron ore.

These studies disclosed that the Japanese market was uncertain and too subject to vacillation to risk a large capital outlay for facilities designed to serve this market alone. Further, the Company's analysis of existing provincial legislation as it relates to iron mining, and other important considerations, left no room for doubt that the time is not yet propitious for the establishment of an integrated iron and steel industry on the West Coast. It was accordingly decided to postpone the exploitation of the Company's mineral deposits until a more favourable economic climate prevails.

### *Financial Record*

	1957	To Date
Funds expended .....	\$149,942	\$315,537



*frobisher* LIMITED

## *Brief Notes on Other Projects of Importance*

### *Akaitcho Yellowknife*

*Akaitcho Yellowknife Gold Mines Limited* is maintaining its property, adjoining Giant Yellowknife to the north, and conserving its resources against the time when more encouraging conditions prevail in the gold mining industry. Indicated ore reserves stand at 375,000 tons grading 0.75 ounces per ton, and working capital as of June 30, 1957, was \$252,718.

### *Eastern Iron Properties*

*Childs-Rankin Project.* Following completion of the 1956 programme on the Childs-Rankin magnetic iron deposits in Eastern Ontario, Frobisher Limited received an offer from a group interested in bringing about the early development of these orebodies, under which the next phase of investigation would be carried out at no cost to your Company. The offer was accepted, and a programme of confirmatory test work, involving the expenditure of \$150,000, has since been carried out. This comprised further diamond drilling at the property, more extensive metallurgical test work, and the preparation of preliminary engineering design and cost estimates. It has served to demonstrate the entire economic feasibility of the development, and the results are being used as a basis for negotiation of a sales contract covering the future production from the deposits. It is hoped that these negotiations will be finalized early in 1958, permitting a firm decision to be taken to put the property into production.

### *Falconbridge*

*Falconbridge Nickel Mines Limited* made excellent progress in 1957 on its planned expansion programme, resulting in the establishment of new records of production and earnings. More than two million tons of ore were treated during the year to yield 46,880,000 pounds of metallic nickel. Net earnings for the year increased to \$9,953,479 or \$2.65 per share, as compared with \$1.91 per share in 1956. Two dividends totalling \$1.20 per share were paid.

### *Joliet-Quebec*

*Joliet-Quebec Mines Limited* carried out a limited programme of diamond drilling early in 1957 to test the favourable geological conditions which exist 3,000 ft. northwest of the shaft area. This work was not successful in locating additional tonnages of ore. Meanwhile, operations being carried on by Noranda Mines Limited in the block leased by them continue to provide the Company with modest revenues.

### *Michipicoten*

*Michipicoten Iron Mines Limited*, a company jointly owned by Frobisher Limited and Sherritt Gordon Mines Limited, owns the Ruth, Lucy and Josephine Mines, 115 miles north of Sault Ste. Marie, Ontario. Aggregate ore reserves on these several properties stand at 4,000,000 tons of hematite (iron



*frobisher* LIMITED

oxide) and 45,000,000 tons of siderite (iron carbonate) to vertical depths of less than 1,000 feet. These reserves, well located geographically and with respect to service facilities, are regarded as a valuable asset which will be capable of profitable development at some propitious future date.

*St. Eugene*

*St. Eugene Mining Corporation Limited*, jointly controlled by Frobisher Limited and Ventures Limited, for some years served the parent companies as a West Coast exploration unit. More recently, its function has been to maintain in good standing a number of valuable properties acquired during the earlier phase of its corporate existence. These include several copper prospects, two magnetite deposits, a major interest in large reserves of lignite coal, limestone, and other non-metallic mineral deposits of commercial importance.

*Seal Lake*

*Seal Lake (Labrador) Concession*. For the past three years Frobisher Limited has held exclusive prospecting rights to an 800 square mile concession area in and around the Seal Lake area in Labrador. These rights will expire early in 1958, before which time the Company is privileged to select specific portions of the present large area for retention under development license. Our 1957 exploration programme, which was carried out jointly with British Newfoundland Exploration Limited, was chiefly designed to provide information which would aid in the selection of such areas. While nowhere on the concession area have concentrations of minerals been found which could be worked economically under present conditions, certain areas offer some promise for the future and will be retained.



*frobisher* LIMITED

## *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, 1957 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 \$3,929,526 in the aggregate of the losses less profits of the unconsolidated subsidiaries from the date of their acquisition to December 31, 1957. 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, 1957 and the results of their operations for the year ended on that date.

CLARKSON, GORDON & CO.,

Chartered Accountants.

Toronto, Canada,  
April 22, 1958.



*frobisher* LIMITED INCORPORATED UNDER THE LAWS OF ONTARIO

## Consolidated Balance Sheet

(with comparative figures)

### ASSETS

	1957	1956
<b>CURRENT:</b>		
Cash .....	\$ 800,486	\$ 365,299
Bullion in transit .....	42,238	34,197
Accounts receivable .....	70,201	114,300
	<u>\$ 912,925</u>	<u>\$ 513,796</u>
<b>INVESTMENT IN SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES AT COST LESS AMOUNTS WRITTEN OFF (note 3):</b>		
<b>Subsidiary companies —</b>		
Shareholdings .....	\$11,109,028	\$11,858,425
Advances .....	2,118,449	1,138,429
	<u>\$13,227,477</u>	<u>\$12,996,854</u>
<b>Associated and other companies —</b>		
Shareholdings .....	\$ 8,722,479	\$ 9,588,509
Advances .....	1,541,257	2,110,104
	<u>\$10,263,736</u>	<u>\$11,698,613</u>
	<u>\$23,491,213</u>	<u>\$24,695,467</u>
<b>FIXED:</b>		
Buildings, plant and equipment, at cost .....	\$ 1,439,890	\$ 1,439,156
Less accumulated depreciation .....	1,364,873	1,309,428
	<u>\$ 75,017</u>	<u>\$ 129,728</u>
Mining properties at cost .....	395,606	376,233
	<u>\$ 470,623</u>	<u>\$ 505,961</u>
<b>OTHER:</b>		
Exploration expenditures carried forward .....	\$ 1,483,354	\$ 1,316,910
Supplies and spare parts at the lower of cost or market .....	180,462	202,687
Sundry prepayments and deferred charges .....	14,835	15,101
	<u>\$ 1,678,651</u>	<u>\$ 1,534,698</u>
	<u>\$26,553,412</u>	<u>\$27,249,922</u>

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

— as at *December 31, 1957*

for December 31, 1956)

LIABILITIES

	1957	1956
CURRENT:		
Bank loan — secured .....		\$ 100,000
Accounts payable and accrued charges .....	\$ 221,193	245,677
Amounts owing to associated companies .....	2,186	27,910
	<u>\$ 223,379</u>	<u>\$ 373,587</u>
COMMITMENTS AND CONTINGENT LIABILITIES — see notes 4 and 5		
ADVANCES FROM VENTURES LIMITED .....	\$ 1,577,518	\$ 1,577,518
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 .....	\$ 845,000	\$ 690,000
SHAREHOLDERS' EQUITY (note 6):		
Capital —		
Authorized — 7,500,000 shares of no par value		
Issued — 6,808,333 shares .....	\$23,059,607	\$23,059,607
Earned surplus .....	\$ 336,334	\$ 76,134
Special deficit .....	(4,488,426)	(3,526,924)
	<u>\$(4,152,092)</u>	<u>\$(3,450,790)</u>
	<u>\$18,907,515</u>	<u>\$19,608,817</u>

Approved on behalf of the Board:

A. J. ANDERSON, Director.

B. S. W. BUFFAM, Director.

\$26,553,412      \$27,249,922

*consolidated balance sheet and should be read in conjunction therewith.*



**STATEMENT OF CONSOLIDATED EARNED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 1957**  
*(with comparative figures for the year 1956)*

	1957	1956
Balance at beginning of the year .....	\$ 76,134	\$ (191,504)
Net profit for the year .....	260,200	267,638
Balance at end of the year .....	<u>\$ 336,334</u>	<u>\$ 76,134</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, 1957**  
*(with comparative figures for the year 1956)*

Amounts written off:		
Upon reorganization of Consolidated Guayana Mines Limited (now Latin American Mines Limited) .....	\$1,253,994	
Other securities .....	370,297	\$ 14,623
	<u>\$1,624,291</u>	<u>\$ 14,623</u>
Advances to associated companies .....	(3,075)	9,085
Exploration expenses .....	207,708	218,808
	<u>\$1,828,924</u>	<u>\$ 242,516</u>
Deduct:		
Net gain or (loss) on sales of securities .....	\$ 872,255	\$ (110,797)
Profit or (loss) on conversion of the net foreign currency assets of exploration subsidiaries .....	(4,827)	1,585
Net profit or (loss) of exploration subsidiaries .....	(6)	1,958
	<u>\$ 867,422</u>	<u>\$ (107,254)</u>
Increase in deficit for the year .....	\$ 961,502	\$ 349,770
Balance at beginning of the year .....	3,526,924	3,177,154
Balance at end of the year .....	<u>\$4,488,426</u>	<u>\$3,526,924</u>

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





**STATEMENT OF CONSOLIDATED PROFIT AND LOSS**  
**FOR THE YEAR ENDED DECEMBER 31, 1957**  
*(with comparative figures for the year 1956)*

	1957	1956
<b>HEAD OFFICE DIVISION:</b>		
Interest earned and dividends received from associated companies —		
Falconbridge Nickel Mines Limited .....	\$ 180,000	\$ 180,000
Giant Yellowknife Gold Mines Limited .....	235,493	235,493
United Keno Hill Mines Limited .....	364,638	401,102
Other .....	1,808	
	\$ 781,939	\$ 816,595
Less portion of dividends received transferred to provision for depletion	155,000	164,000
	\$ 626,939	\$ 652,595
Interest earned and dividends received from other companies .....	824	16,794
	\$ 627,763	\$ 669,389
<b>Deduct:</b>		
Administrative and general expenses .....	\$ 158,151	\$ 152,143
Remuneration of directors as such .....	5,921	3,119
Interest on debentures .....	200,000	200,000
Interest on advances from Ventures Limited .....	78,876	78,876
Other interest paid .....	14,594	133
	\$ 457,542	\$ 434,271
Net profit of Head Office Division .....	\$ 170,221	\$ 235,118
<b>CONNEMARA DIVISION (Southern Rhodesia):</b>		
Net proceeds from production .....	\$ 895,195	\$1,072,194
Sundry income .....	13,107	20,482
	\$ 908,302	\$1,092,676
<b>Deduct:</b>		
Operating expenses (excluding allowance for depreciation) .....	\$ 775,297	\$ 907,617
Allowance for depreciation .....	55,620	90,584
Loss or (profit) on conversion of foreign currencies .....	(12,594)	24,511
	\$ 818,323	\$1,022,712
Southern Rhodesian income tax provision reversed .....	\$ 89,979	\$ 69,964
Net profit of Connemara Division .....	\$ 89,979	\$ 92,428
<b>REGENT JOINT VENTURE (Southern Rhodesia):</b>		
Frobisher Limited proportion of loss .....		\$ (59,908)
Net profit for the year (excluding items in consolidated special deficit) .....	\$ 260,200	\$ 267,638

The notes to consolidated 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, 1957 AND DECEMBER 31, 1956**

	December 31, 1957					December 31, 1956				
	Share and bondholdings					Share and bondholdings				
	Number of shares or par value	% of out-standing capital	Indicated market values (Note 1)	Cost less amounts written off	Advances	Number of shares or par value	% of out-standing capital	Indicated market values (Note 1)	Cost less amounts written off	Advances
<b>Subsidiary companies:</b>										
Chavin Mines Corporation (Note 2) .....						1,500	75.0		\$ 735,000	\$ 25,153
Geoil Limited .....	1,575,685	52.1		\$ 4,487,850	\$ 211,900	1,575,685	52.1		4,487,850	86,400
Kilembe Copper Cobalt Ltd. ....	1,928,823	77.0	\$ 1,928,823	6,252,295	1,604,137	1,937,723	77.4	\$ 4,844,307	6,366,697	984,637
Supercrest Copper Mines Limited .....	1,590,005	56.0		272,411	40,000	1,290,005	50.1		197,411	270
Wesfrob Mines Limited .....	950,005	95.0		54,032	262,412	850,005	85.0		29,032	40,914
Miscellaneous participations of less than \$50,000 each .....				42,440					42,435	1,055
			\$ 1,928,823	\$ 11,109,028	\$ 2,118,449			\$ 4,844,307	\$ 11,858,425	\$ 1,138,429
<b>Associated and other companies:</b>										
Akaitcho Yellowknife Gold Mines Limited .....	1,165,230	35.7	\$ 384,526	\$ 380,243		1,165,230	35.7	\$ 419,482	\$ 380,243	
Anyoxx Metals Limited .....	200,000	40.0			\$ 78,327	200,000	40.0			\$ 78,117
Beaver Lodge Uranium Mines Limited .....	48,000	1.8	4,800	60,000		48,000	1.8	14,880	60,000	
British Newfoundland Corporation										
— Common shares (Note 3) .....	88,850	2.5		123,450		88,850	2.5		123,450	
— Founders shares (Note 3) .....	173,101	5.4		173,101		173,101	5.4		173,101	
Consolidated Guayana Mines Limited (Note 2) .....						714,343	28.0	464,403	538,048	252,592
Consolidated Pershcourt Mines Limited .....	36,000		2,700	65,150		36,000		5,940	65,150	
Empresa Minera de Mantos Blancos S.A. ....	5,597			141,915		5,597			141,915	
Eureka Corporation Limited .....	158,125	1.6	47,438	186,519	63,168	158,125	1.6	145,475	186,519	63,791
Falconbridge Nickel Mines Limited (Note 4) .....	150,000	4.0	3,262,500	722,091		150,000	4.0	5,925,000	722,091	
Ferrum Limited — shares .....						26,265	34.6		105,693	345
						\$ 111,667				

Giant Yellowknife Gold Mines Limited (Note 4)	784,977	19.6	3,336,152	164,244	784,977	19.6	4,278,125	164,244	18,582
Horne Fault Mines Limited	881,634	33.8	44,082	84,900	881,634	33.8	96,980	84,900	
International Ranwick Limited (Note 5)	315,825	10.9	23,687	23,687	315,825	10.9	113,697	246,108	
Joliet-Quebec Mines Limited	1,031,800	20.1	196,042	134,602	1,031,800	20.1	711,942	134,602	
Lake Dufault Mines Limited	224,962	5.4	80,986	83,070	224,962	5.4	382,435	83,070	
Latin American Mines Limited (Note 2)	444,614	16.8	115,600	296,290					
Michipicoten Iron Mines Limited	874,106	32.6		304,814	90,786	32.6		304,814	90,786
New Calumet Mines Limited	1,282,639	27.7	230,875	348,767	1,282,639	27.7	602,840	348,767	
Northern Mining Company	2,250	15.0		317,873	6,782	15.0		317,873	6,141
Northfield Canada Limited	20,004	17.4		90,004	20,004	18.1		90,004	
Northwest Power Industries Limited (Note 6)					658,134				571,069
Pitiley's Island Copper Pyrite Limited	600,000	41.3		125,000	600,000	41.3		125,000	
Quebec Metallurgical Industries Ltd.	1,146,249	22.7	779,449	2,503,897	1,108,696	22.1	2,051,088	2,222,249	
Rainville Mines Limited	612,143	21.8	183,643	404,894	612,143	22.0	642,750	404,894	
St. Eugene Mining Corporation Limited	841,185	34.8		319,989	841,185	34.8		319,989	723,865
Societe Anonyme des Mines de Fer de Mauritanie —									
Ordinary shares					28,050	34.0		791,890	58,854
Founders shares					6,778				
Sukulu Mines Limited									
— common shares	48,160	40.0		128,849	15,722				
— 5% preference shares	81,900	35.6		221,252					
Tororo Exploration Company Limited	151			420	151			420	221,252
United Keno Hill Mines Limited (Note 4)	729,276	29.5	2,734,785	453,425	729,276	29.5	4,412,120	453,426	
Miscellaneous participations of less than \$60,000 each —									
Those with market value			158,798	357,800			505,003	384,069	
Those without market value				506,233	40,668			615,980	24,710
			\$11,586,063	\$ 8,722,479	\$1,541,257		\$20,772,160	\$ 9,588,509	\$2,110,104
			\$13,514,886	\$19,831,507	\$3,659,706		\$25,616,467	\$21,446,934	\$3,248,533

NOTES:

- The market values shown are based on closing market prices at December 31, 1957 and December 31, 1956. 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.
- During 1957 the share capital of Consolidated Guyana Mines Limited was reorganized and its name was changed to Latin American Mines Limited. In addition the shares of and advances to Chavin Mines Corporation were exchanged for shares of Latin American Mines Limited.
- In 1958 the company sold its investment in British Newfoundland Corporation at a profit.
- See note (3) to consolidated financial statements as to shareholdings hypothesized as security for the company's outstanding 4% convertible debentures as well as shareholdings loaned to a subsidiary company.
- Both the book and market values shown for the shares of International Ranwick Limited are the amount receivable on the sale of these shares in 1958.
- At December 31, 1957 the outstanding share capital of Northwest Power Industries Limited consisted of 7 directors' qualifying shares.



## *Notes to Consolidated Financial Statements*

AS AT DECEMBER 31, 1957

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, 1957. No provision has been made in the accounts of Frobisher Limited for its interest of \$3,929,526 in the aggregate of the losses less profits of these subsidiaries accumulated from the date of their acquisition to December 31, 1957, including \$976,300 for the year ended on that date of which \$760,554 arises from the consolidated loss of Kilembe Copper Cobalt Ltd. and its operating subsidiary.

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, 1957, 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 and exploration expenditures written off, which are 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 20,000 shares of United Keno Hill Mines Limited to a subsidiary company.

4. The company has agreed that, if necessary, it will furnish Kilembe Copper Cobalt Ltd. with funds and/or debentures to permit it to redeem its 5½% debentures at the rate of \$600,000 in 1958, \$800,000 in 1959, and \$1,000,000 in each of the years 1960 to 1962 inclusive, a maximum total of \$4,400,000.
5. At December 31, 1957 the company has guaranteed the bank loans of a subsidiary company and an associated company to the extent of \$790,000.
6. 500,000 unissued shares are reserved for possible issuance upon conversion of 4% convertible debentures.

# KILEMBE COPPER COBALT LTD.

## CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1957

(with comparative figures for December 31, 1956)

ASSETS		1957	1956
Current:			
Cash .....		\$ 24,158	\$ 402,118
United Kingdom and Canadian Treasury Bills at cost .....			713,808
Accounts receivable .....		51,005	81,738
Metal settlements receivable .....		651,932	
Copper on hand and in process at estimated realizable value .....		784,794	812,419
Inventory of materials and supplies at cost .....		1,556,522	1,143,850
Total current assets .....		<u>\$ 3,068,411</u>	<u>\$ 3,153,933</u>
Funds on deposit with the trustee for the debenture holders (Note 2) .....		\$ 197,919	\$ 375,531
Property (including preproduction expenses):			
Mining concessions, at cost .....		\$ 479,778	\$ 479,778
Less accumulated amortization .....		35,983	11,994
		<u>\$ 443,795</u>	<u>\$ 467,784</u>
Land, buildings, machinery, plant and equipment at cost .....		\$11,850,792	\$11,391,957
Less accumulated depreciation .....		1,147,346	465,414
		<u>\$10,703,446</u>	<u>\$10,926,543</u>
Development, and preproduction administration expenses .....		\$ 7,565,716	\$ 7,564,221
Less accumulated amortization .....		592,162	180,276
		<u>\$ 6,973,554</u>	<u>\$ 7,383,945</u>
		<u>\$18,120,795</u>	<u>\$18,778,272</u>
Deferred charges:			
Debiture discount and expenses less amounts written off .....		\$ 247,988	\$ 385,686
Prospecting .....		51,145	2,990
		<u>\$ 299,133</u>	<u>\$ 388,676</u>
		<u>\$21,686,258</u>	<u>\$22,696,412</u>
LIABILITIES		1957	1956
Current:			
Accounts payable and accrued charges .....		\$ 733,597	\$ 575,693
Portion of long-term debt payable within one year .....		600,000	600,000
Provision for leave pay and passages .....		139,633	154,512
Due on current account to Frobisher Limited, parent company .....		76,085	52,757
Accrued interest on long-term debt .....		93,504	92,867
Total current liabilities .....		<u>\$ 1,642,819</u>	<u>\$ 1,475,829</u>
Long-term debt:			
Kilembe Copper Cobalt Ltd. —			
5½% 10-year collateral trust debentures, to mature October 1, 1965 (subject to prior redemption) (Note 3) .....		\$ 4,389,000	\$ 4,989,000
Less amount payable within one year included under current liabilities .....		600,000	600,000
		<u>\$ 3,789,000</u>	<u>\$ 4,389,000</u>
Promissory notes and accrued interest thereon payable to Frobisher Limited, parent company, subject to prior payment of all the collateral trust debentures .....		1,650,668	998,974
		<u>\$ 5,439,668</u>	<u>\$ 5,387,974</u>
Kilembe Mines Limited —			
6% first mortgage debenture stock redeemable by a sinking fund commencing in the year ending December 31, 1959 calculated to redeem the stock by December 31, 1975 — issued (£1,500,000) less held by Kilembe Copper Cobalt Ltd. (£500,000) .....		2,738,870	2,738,870
6% unsecured loan stock 1960 (£600,000) less held by Kilembe Copper Cobalt Ltd. (£200,000) .....		1,101,758	1,101,758
		<u>\$ 9,280,296</u>	<u>\$ 9,228,602</u>
Minority interest in subsidiary (30%) .....		\$ 4,148,660	\$ 4,389,765
Shareholders' equity:			
Capital (Notes 4 and 5) —			
Authorized — 5,000,000 shares of a par value of \$1 each			
Issued — 2,504,810 shares .....		\$ 2,504,810	\$ 2,504,810
Contributed surplus .....		5,631,865	5,631,865
Redeemable stock purchase warrants —			
Issued — warrants for the purchase of 996,100 shares .....		99,610	99,610
		<u>\$ 8,236,285</u>	<u>\$ 8,236,285</u>
Less deficit .....		1,621,802	634,069
		<u>\$ 6,614,483</u>	<u>\$ 7,602,216</u>
		<u>\$21,686,258</u>	<u>\$22,696,412</u>

# KILEMBE COPPER COBALT LTD.

## STATEMENT OF CONSOLIDATED OPERATIONS AND DEFICIT FOR THE YEAR ENDED DECEMBER 31, 1957

Metal sales .....	\$4,147,906
Deduct:	
Transportation costs .....	\$ 243,727
Refining charges .....	237,309
Selling and sampling expense .....	21,048
Net proceeds from metal sales .....	\$3,645,822
Operating and administration costs:	
Development .....	\$ 67,593
Rock breaking .....	921,561
Milling .....	544,844
Roasting copper concentrates .....	115,452
Freight on concentrates .....	153,447
Smelting .....	801,809
Mine office administration .....	491,046
Parent company administration (including legal fees of \$7,443 and executive salaries of \$12,424) .....	43,440
Insurance recovery in connection with explosion damage .....	(82,229)
Decrease in inventory of copper on hand and in process .....	27,625
Operating profit before the undernoted items .....	\$ 561,234
Mining concession costs written off .....	\$ 23,989
Development and preproduction administration expenses written off .....	411,886
Depreciation .....	684,321
Amortization of debenture discount and expenses .....	137,698
Interest on long-term debt .....	551,104
Foreign withholding taxes .....	22,558
Gain on conversion to Canadian dollars .....	(34,627)
Interest received on deposit with the trustee for the debenture holders .....	( 6,782)
Loss for the year .....	\$1,228,913
Deduct minority shareholders' interest .....	241,180
Loss transferred to deficit .....	\$ 987,733
Deficit balance at beginning of the year .....	\$ 634,069
Deficit balance at the end of the year .....	\$1,621,802

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 1957

**1. Foreign exchange**

Most of the expenditures and liabilities of Kilembe Mines Limited have been incurred in pounds sterling (or in British East African currency which is freely convertible to sterling). Fixed assets and related depreciation have been converted to Canadian dollars at the rates of exchange prevailing at the time of acquisition of the assets; share capital, debentures and unsecured loan stock have been converted to Canadian dollars at the rates of exchange in effect at the dates on which payments for such shares, debentures or loan stock were made; other assets and liabilities have been converted at \$2.766 = £1 being the approximate rate of exchange in effect at December 31, 1957. Revenues and expenses have been converted at the average monthly rates of exchange in effect during the year.

**2. Funds on deposit with trustee for the debenture holders**

These funds include \$194,489 held by the trustee to pay the 1958 interest on the company's 5½% 10-year collateral trust debentures.

**3. Long-term debt**

Under a supplemental trust deed dated March 1, 1957, the company agreed to redeem all of its collateral trust 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, 1961 and 1962. At the same time Frobisher Limited agreed that if Kilembe Copper Cobalt Ltd. should not make sufficient funds available to redeem the debentures as aforesaid it would furnish to the trustee for the debenture holders the remainder of the funds and/or debentures required. In 1957 Frobisher Limited furnished the trustee with \$600,000 principal amount of the company's collateral trust debentures.

**4. Share capital**

Authorized shares of Kilembe Copper Cobalt Ltd. are subject to the following options or warrants outstanding (the warrants being redeemable on 60 days' notice at 10c for each share represented by the warrants):

Options to employees of the company and employees of Kilembe Mines Limited .....	99,090
Redeemable warrants .....	996,100
	1,095,190

(a) The company has granted to the President, in trust for the employees of the company and its subsidiary, an option on an aggregate of 99,090 shares of its capital stock, which option may, at the discretion of the President be assigned in part or parts to certain employees of the company or its subsidiary at \$3 per share, exercisable until September 1, 1958.

(b) The redeemable stock purchase warrants entitle the holders to purchase one share of stock for \$3 per share up to October 1, 1960. The warrants can be called for redemption by the company on 60 days' notice at 10c per warrant as soon as the proceeds from the sale of the shares which would be received if all stock purchase warrants then outstanding were exercised would be sufficient to redeem the then outstanding 5½% 10-year collateral trust debentures and such debentures have been called for redemption. Frobisher Limited has the right within 30 days after the redemption or expiry date of any stock purchase warrants to take up stock at \$3 per share to the extent of unexercised warrants.

A minority shareholder of the subsidiary company has been granted an option, exercisable until December 17, 1958, to exchange 500,000 ordinary shares of 20 shillings each of Kilembe Mines Limited, valued at par converted at 13 3/4¢ to the East African shilling, for an equivalent value of shares of the company valued at the average price at which shares of the company shall have been issued prior to the date of the exercise of the said option. If, at the time such option is exercised, Uganda currency is not fully convertible into Canadian dollars, or if the company has not been furnished with an undertaking from the proper government authorities that all dividends and capital repayments on the shares of the company under option would be fully convertible into Canadian dollars, the company has agreed that a special class of shares designated as Uganda issue shares will be issued. The rights, privileges, restrictions and limitations, if any, attached to the Uganda issue shares are to be in all respects identical with those attached to the other shares in the capital stock of the company except that all dividend payments and other distributions in money of any kind whatsoever to holders of the Uganda issue shares are to be payable in Uganda currency.

**5. Dividends and reduction of capital stock**

As long as the 5½% 10-year collateral trust debentures are outstanding the company may not pay any dividends on any shares of its capital stock or make any distribution to its shareholders in reduction of its paid-up capital.

**6. Income taxes**

The Government of the Uganda Protectorate has agreed that no tax shall be payable by Kilembe Mines Limited until the whole of the capital invested or to be invested in the company shall have been repaid out of profits.

## **MINING**

*The spearhead of national development*

## **METALS**

*The backbone of civilization*

