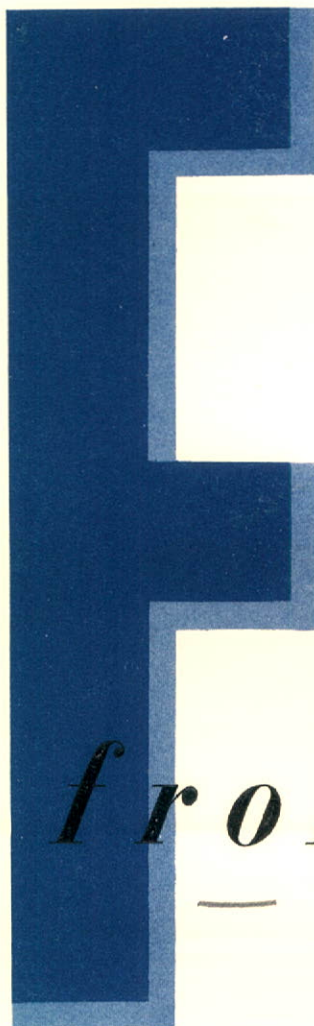


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*f r o b i s h e r*

LIMITED

*Seventeenth  
Annual  
Report*

*for the year ended December 31, 1960*

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# *frobisher* LIMITED

## *Officers:*

J. J. RANKIN, President - - - - - Toronto, Ontario  
R. L. SEGSWORTH, Vice-President - - - - - Toronto, Ontario  
J. S. GRANT, Q.C., Secretary-Treasurer - - - - - Toronto, Ontario  
W. STEUERMAN, C.A., Assistant Secretary-Treasurer Toronto, Ontario

## *Directors:*

W. V. BUCKHANTZ - - - - - New York, N.Y.  
J. J. COYLE - - - - - Dallas, Texas  
N. H. C. FRASER - - - - - Toronto, Ontario  
J. S. GRANT - - - - - Toronto, Ontario  
J. J. RANKIN - - - - - Toronto, Ontario  
R. L. SEGSWORTH - - - - - Toronto, Ontario  
W. STEUERMAN - - - - - Toronto, Ontario

## *Transfer Agents and Registrars:*

NATIONAL TRUST COMPANY LIMITED - - - - - Toronto, Ontario  
Montreal, Quebec  
REGISTRAR AND TRANSFER COMPANY - - - - - New York, N.Y.  
Jersey City, N.J.

## *Head Office:*

Suite 904, 85 Richmond Street West, Toronto, Ontario

## *African Office:*

MOGADISCIO, SOMALIA

## *Bankers:*

CANADIAN IMPERIAL BANK OF COMMERCE,  
Toronto, Ontario

## *Auditors:*

CLARKSON, GORDON & CO., Toronto, Ontario

## *Report of the Directors*

TO THE SHAREHOLDERS:

Submitted herewith is your Company's 17th Annual Report, together with Financial Statements for the year ended December 31st, 1960.

The Company as it is now constituted came into being on June 28th, 1960 after consummation of the sale of substantially all of its prior assets and liabilities to Ventures Limited on the basis of one share of that Company's capital stock for each thirteen shares of Frobisher Limited.

Assets excluded from the sale were —

1. Exclusive oil exploration and exploitation rights over large concession areas of approximately five million acres in Kenya and forty-seven million acres in the Somali Republic in East Africa.
2. The sum of Two Hundred and Fifty Thousand Dollars in cash.

Exploration and administration costs had reduced the cash position to \$105,506 at year end.

Work commitments are substantial and expenditures must be large if the concessions are to be maintained in good standing.

The policy of the Company must be to endeavour to interest major oil companies to participate in the exploration of the concessions. It is hoped that negotiations being carried on at the present time will be fruitful in this regard.

Sinclair Oil Company associated with Amerada Petroleum Corporation, Continental Oil Company and The Ohio Oil Company is conducting an aggressive exploration program on 9.4 million acres of the above concessions under an agreement by which Frobisher Limited retains approximately 6 percent royalty. Oil shows were reported by Sinclair and Associates from a hole drilled adjacent to the farmout acreage. A hole is currently being drilled by this group on the Frobisher acreage as part of an extensive seismic and drilling program.

The Somali Republic gained its independence only one year ago and the transition period has been remarkably smooth. The affairs of the Republic are being administered by a competent group of dedicated individuals. The Government is making every effort to provide a stable and favorable political climate attractive to foreign investors.

It will be noted from the Consulting Engineer's Report, which follows, that the work done to date has been largely preparatory in nature and that it has been generally widespread and of reconnaissance type.

Providing that your Directors are successful in arranging the necessary finances required to retain the East African acreage through the exploration and development stage, an aggressive program of mining exploration is planned, designed to revitalize the Company.

Grateful acknowledgement is made of the loyal and conscientious effort made throughout the year by the Company's staff.

On behalf of the Board,

J. J. RANKIN,  
President.

# *frobisher* LIMITED

The President and Directors,  
Frobisher Limited,  
TORONTO, Ontario.

Gentlemen: —

The following is a brief report covering the Company's operations overseas in the year ended December 31, 1960. Supplementary thereto there is also provided a "Concession Map" on which our present situation is shown diagrammatically.

## **Aerial Photography**

Early in the year the contractor completed the air photographic coverage of the sector of the Somali concession designated as Area A. This contains more than 14 million acres and thus comprises approximately 38 percent of the Company's uncommitted acreage in this country.

## **Air-photo Mosaics**

Upon completion of the on-site flying operation, a contract for the preparation of mosaics from the resultant air photographs was awarded to Spartan Air Services Ltd. of Ottawa. Deliveries against an ultimate total of 75 mosaic sheets, of which the photography was to be reduced, were made from time to time throughout the year, with the order being finally completed in December.

## **Photo-geologic Interpretation**

The Company's geological staff in Mogadiscio has been working throughout the year on the preparation of topographic base maps from the air-photo mosaics, and the super-imposition thereon of significant geological features as such were deciphered through stereoscopic examination of individual photographs. By the end of the year this work was approximately 65 percent completed.

## **Geological Reconnaissance**

One field party was active throughout the year, with major attention being devoted to the Somali portion of the Company's land holdings. Initially, the objective toward which the work was directed was to quickly determine the limits of the El Wak sedimentary basin relative to the boundaries of the Company's concession. Thereafter, field work was closely correlated with the office study of aerial photographs to ensure that the geologic picture being developed would be one of reasonable veracity.

## **Geophysical Survey**

In September a contract was placed with Osservatorio Geofisico Sperimentale of Trieste for the execution of a gravity geophysical survey of limited extent over the most favourable part of the Kenya concession. The gravity crew arrived in East Africa about mid-October and by the end of the year about half of the planned survey had been completed.

## **Summary of Results to Date**

The current gravity program in Somali Republic is scheduled for completion by the end of the first quarter of 1961. Similarly, it is expected that the interpretation of the Kenya gravity survey results should be available at about the same time. It may, therefore, be anticipated that the Company will then have in its possession fairly complete reconnaissance geological data covering an area of some 30,000 square miles which includes the entire south-central section of the El Wak Basin.

Preliminary assessment of the incomplete data now available to us points strongly to the disclosure of a number of interesting, and perhaps highly significant, geological features which will undoubtedly merit more detailed study at the earliest possible moment.

B. G. EDWARD, M.E., P.Eng.

Toronto, Ontario,  
February 9, 1961.

*Balance Sheet — December 31, 1960*

**ASSETS**

CURRENT:

Cash .....		\$ 29,517
Government of Canada Treasury Bills due February 24, 1961, at cost .....		74,309
Accounts receivable .....		1,680

\$ 105,506

FIXED:

Equipment, at cost .....	\$ 43,781	
Less accumulated depreciation .....	17,675	26,106

OTHER:

African oil exploration expenditures carried forward .....	\$ 510,550	
Deposits .....	4,403	514,953

\$ 646,565

**LIABILITIES**

CURRENT:

Accounts payable and accrued charges .....		\$ 6,167
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SHAREHOLDERS' EQUITY (notes 3, 4 and 5):

Capital —		
Authorized: 7,500,000 shares of no par value		
Issued: 6,808,333 shares .....	\$ 400,000	
Contributed surplus .....	264,565	
	\$ 664,565	
Deficit .....	24,167	640,398

\$ 646,565

On behalf of the Board:

J. J. RANKIN, Director.

R. L. SEGSWORTH, Director.

See accompanying notes.

**AUDITORS' REPORT**

To the Shareholders of  
Frobisher Limited:

We have examined the balance sheet of Frobisher Limited as at December 31, 1960 and the statements of income, contributed surplus and deficit for the year then ended. 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.

In our opinion the accompanying balance sheet and statements of income, contributed surplus and deficit, when read in conjunction with the notes appended thereto, present fairly the financial position of the company as at December 31, 1960 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
April 5, 1961.

CLARKSON, GORDON & CO.,  
Chartered Accountants.

*frobisher* LIMITED

*Statement of Contributed Surplus*

For the Year Ended December 31, 1960

Deficit December 31, 1959 .....			\$7,130,673
DEDUCT:			
Net income for the period January 1 to June 27, 1960 .....	\$	250,768	
Net gain on sales of investments .....		11,345	
Net gain on sales of fixed assets .....		4,968	
Foreign exchange profit .....		268	267,349
			<u>\$6,863,324</u>
ADD:			
Amounts written off —			
Shareholdings of associated and other companies .....	\$	98,636	
Advances to associated companies .....		60,922	
Exploration expenditures .....		92,072	
Net loss of exploration subsidiaries for the period January 1 to June 27, 1960 .....		22,659	274,289
			<u>\$7,137,613</u>
Deficit June 27, 1960 .....			\$7,137,613
Surplus arising from reduction of capital (note 5) .....	\$22,659,607		
Deduct value assigned to 335,995 shares of Ventures Limited distributed to the shareholders of the company, other than Ventures Limited, and the waiver referred to in note (4), which value is equivalent to the book value of the net assets transferred to Ventures Limited .....		15,257,429	7,402,178
			<u>\$ 264,565</u>

*Statement of Deficit*

For the Period June 28, 1960 to December 31, 1960

Net loss for the period, being deficit at December 31, 1960 .....	\$	<u>24,167</u>
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See accompanying notes.

*frobisher* LIMITED

*Statement of Income*

For the Year Ended December 31, 1960

	January 1 to June 27	June 28 to December 31
Interest and dividends received .....	\$ 454,931	\$ 1,435
DEDUCT:		
Administrative and general expenses .....	\$ 60,556	\$ 22,377
Remuneration of directors as such .....	1,400	3,225
Interest on debentures .....	97,260	—
Interest on advances from Ventures Limited .....	38,682	—
Interest on bank loans .....	18,916	—
	<u>\$ 216,814</u>	<u>\$ 25,602</u>
Net income (loss) excluding Connemara Division .....	\$ 238,117	\$ (24,167)
Net income of Connemara Division .....	12,651	—
Net income (loss) for the period .....	<u>\$ 250,768</u>	<u>\$ (24,167)</u>

See accompanying notes.



*Notes to Financial Statements*

As at December 31, 1960

1. Assets and liabilities in currencies other than Canadian dollars are converted into Canadian funds at the current quoted rates of exchange at December 31, 1960, 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.

2. There were exploration commitments of approximately \$35,000 outstanding at December 31, 1960.
3. The company has reserved 140,000 shares for the purpose of granting options to officers and employees of the company at a price of 15¢ per share. At December 31, 1960 there were options outstanding on 55,000 of these shares, exercisable on or before June 15, 1969. The options contain a termination of employment clause.
4. Under the terms of an agreement with Ventures Limited dated May 17, 1960 all the company's assets at June 27, 1960 (except its African Oil assets and \$250,000 cash) were transferred to Ventures Limited for:
  - (a) 335,995 fully paid and non-assessable shares of Ventures Limited,
  - (b) The assumption and discharge by Ventures Limited of the company's liabilities (excluding its African Oil liabilities), and
  - (c) The waiver by Ventures Limited as a shareholder of the company of its right to receive any of the 335,995 shares of Ventures Limited upon any repayment of capital by the company.

The 335,995 shares of Ventures Limited were distributed pro rata to the shareholder of the company, other than Ventures Limited, on July 29, 1960 at which time these shares had a quoted market value of \$7,643,886 (note 5).

5. The company received supplementary letters patent dated July 29, 1960 authorizing:
  - (a) a decrease of the issued capital of the company from \$23,059,607 to \$400,000, and
  - (b) the repayment to the shareholders of the company of the sum of \$7,643,886 in cash or in specie or both.

# FROBISHER LIMITED

EL WAK OIL PROJECT

## EAST - AFRICAN CONCESSION MAP

