



f r o b i s h e r

LIMITED

*Eighteenth
Annual
Report*

for the year ended December 31, 1961

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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 911, 85 Richmond Street West, Toronto, Ontario

Bankers:

CANADIAN IMPERIAL BANK OF COMMERCE,
Toronto, Ontario

Auditors:

CLARKSON, GORDON & CO., Toronto, Ontario

Report of the Directors

TO THE SHAREHOLDERS:

Presented herewith is the 18th Annual Report of the Company together with Financial Statements for the year ending December 31, 1961.

Sinclair Somal Corporation carried out seismic survey work throughout most of the year on the 9.4 million acres of oil rights in the Somali Republic on which your Company retains a net overriding royalty of $6\frac{1}{8}$ percent. One hole was drilled on this acreage early in 1961 without encountering economic production.

On October 2, 1961, the shareholders approved the granting of an option to the Gulf Oil Corporation on the balance of the Company's oil rights in the Somali Republic consisting of approximately 37,000,000 acres. The option expired without being exercised on March 1, 1962.

Because of the lack of funds it was essential that the office in Somalia be closed. This was completed in May.

Following notification to Frobisher Limited, by the Somali Government, a relinquishment notice on the concession covering 37,000,000 acres was filed by your Company on March 15, 1962. Since that time Gulf Oil Corporation has negotiated a new convention with the Somali Government on approximately the same acreage. Subsequent to the expiry date of the option the Company completed negotiations with Gulf Oil Corporation under which it expects to obtain the same monetary benefits from the sale of geological and geophysical data pertaining to its Somalia concessions as if the option previously referred to had been exercised.

It is expected that the Sinclair group will have substantially stepped up their exploration program on the farmout area toward the end of this year.

Gulf Oil Corporation is reported to be planning an aggressive program on their newly acquired concession to begin when their agreement with the Somali Government is finalized.

Frobisher Limited acquired outright, by staking, a group of forty claims in the Yukon Territory adjoining Tintina Silver Mines. Tintina is being actively developed by Conwest Exploration Company. Prospecting and geological work is planned for your Company's mining claims this year.

The holding of the annual meeting will be deferred this year until a later date. The time will be determined by the finalization of the Gulf deal.

Your directors are considering a proposal whereby the Company would obtain additional financing. Provided that negotiations are successful and the necessary approvals obtained, the proposal will be submitted for your consideration at the time of the annual meeting.

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.

Balance Sheet—December 31, 1961

ASSETS

CURRENT:		
Cash		\$ 1,858
Accounts receivable		1,151
		\$ 3,009
FIXED:		
Equipment, at cost	\$ 37,180	
Less accumulated depreciation	24,375	12,805
MINING CLAIMS — at cost		8,000
OTHER:		
Deferred exploration and development expenses:		
Somalia concessions (note 2)	\$ 419,519	
Canada	735	
Deposits	\$ 420,254	420,472
	218	
		\$ 444,286

LIABILITIES

CURRENT:		
Bank overdraft		\$ 30,227
Accounts payable and accrued charges		8,506
SHAREHOLDERS' EQUITY:		
Capital —		
Authorized: 7,500,000 shares of no par value		
Issued: 6,808,333 shares	\$ 400,000	
Contributed surplus (no change during year)	264,565	
	\$ 664,565	
Deficit	259,012	405,553
		\$ 444,286

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, 1961 and the statement of profit and loss 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 statement of profit and loss and deficit, when read in conjunction with the notes appended thereto, present fairly the financial position of the company as at December 31, 1961 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,
May 3, 1962.

CLARKSON, GORDON & CO.,
Chartered Accountants.

frobisher LIMITED

Statement of Deferred Exploration and Development Expenses

For the Year Ended December 31, 1961

	Balance December 31, 1960	Additions during the year	Written off during the year	Balance December 31, 1961
Africa:				
Somalia —				
Geological and engineering fees and expenses	\$ 111,498	\$ 37,075		\$ 148,573
Salaries, wages and allowances	95,740	29,547		125,287
Other development expenses	49,172	15,584		64,756
Travel and transportation	29,709	9,668		39,377
Legal and audit fees	18,059	6,512		24,571
Depreciation	8,393	8,562		16,955
	<u>\$ 312,571</u>	<u>\$ 106,948</u>		<u>\$ 419,519</u>
Kenya —				
Geological and engineering fees and expenses	\$ 54,252	\$ 2,918	\$ 57,170	
Salaries, wages and allowances	67,779	1,069	68,848	
Other development expenses	39,495	4,058	43,553	
Travel and transportation	16,196	688	16,884	
Legal and audit fees	10,958	1,468	12,426	
Depreciation	9,299	437	9,736	
	<u>\$ 197,979</u>	<u>\$ 10,638</u>	<u>\$ 208,617</u>	
South America		\$ 1,487	\$ 1,487	
Canada		\$ 735		\$ 735
TOTAL	<u>\$ 510,550</u>	<u>\$ 119,808</u>	<u>\$ 210,104</u>	<u>\$ 420,254</u>

See accompanying notes.

frobisher LIMITED

Statement of Profit and Loss and Deficit

For the Year Ended December 31, 1961

GENERAL AND ADMINISTRATIVE EXPENSES:

Transfer agency fees	\$ 7,619
Annual reports and shareholders' meetings	5,566
Legal and audit fees	2,475
Other general expenses	10,567
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	\$ 26,227

LESS SUNDRY REVENUE:

Interest income	\$ 1,155
Profit on foreign exchange	231
Other	100
	<hr/>
	1,486
Net loss for year	<hr/>
	\$ 24,741

EXPLORATION AND DEVELOPMENT EXPENSES WRITTEN OFF:

Kenya	\$ 208,617
South America	1,487
	<hr/>
	210,104
Deficit, December 31, 1960	<hr/>
	24,167
Deficit, December 31, 1961 (note)	<hr/>
	\$ 259,012

NOTE: The above deficit covers the period from June 28, 1960 to December 31, 1961. The accumulated deficit at June 27, 1960 (\$7,137,613) was written off against the contributed surplus created by a capital reorganization during 1960.

See accompanying notes.

Notes to Financial Statements

As at December 31, 1961

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, 1961, 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 (including development 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. During 1961 the company's oil exploration licence in Kenya was allowed to lapse. Accordingly the deferred exploration and development expenses applicable thereto have been written off to deficit.

As a result of the company having relinquished approximately 20% of its concession rights in Somalia, it holds an overriding royalty of 6¼% from Sinclair Somal Corporation and associates on all hydrocarbon production sold from the relinquished area. At December 31, 1961 the interest of the company in the remaining 80% of the Somalia concession rights was subject to an option agreement entered into with Gulf Oil Corporation in September, 1961 and approved by the company's shareholders on October 2, 1961 under which Gulf would have been entitled to acquire all of the company's interest in this area in consideration of \$200,000 cash, plus an additional maximum total amount of \$650,000, the payment of which would have been dependent upon the production of oil from this area. This option expired on March 1, 1962 without being exercised. Subsequent to such expiry date the company completed negotiations under which it expects to obtain the same monetary benefits from the sale of the geological and geophysical data it acquired in connection with its Somalia concessions as if the option referred to above had been exercised.

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