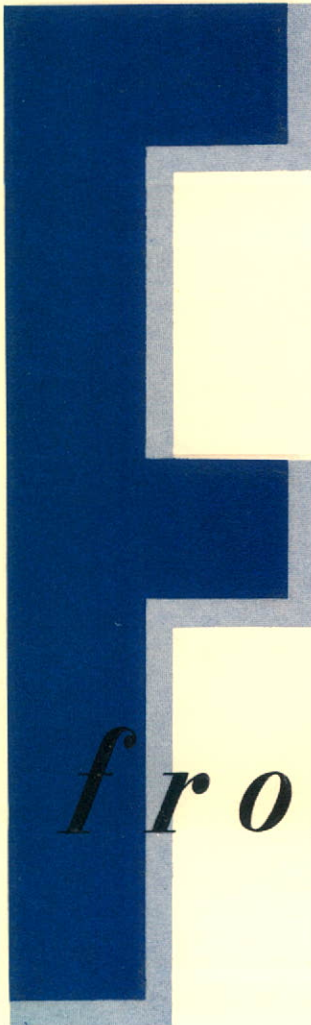


C. J. Stack



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LIMITED

*Annual
Report*

1962

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FROBEX LIMITED

(formerly 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:

J. M. CONNELL - - - - - Toronto, Ontario
J. K. GODIN - - - - - Toronto, Ontario
S. E. JAMIESON - - - - - Montreal, Quebec
J. J. RANKIN - - - - - Toronto, Ontario
R. L. SEGSWORTH - - - - - 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

FROBEX LIMITED

(formerly FROBISHER LIMITED)

Report of the Directors

TO THE SHAREHOLDERS:

Submitted herewith is a report on your Company's operations for the year ending December 31st, 1962, together with financial statements as of that date.

During the year the balance of the Company's oil concessions in the Somali Republic were relinquished. Your Company sold the geological and geophysical data to Gulf Oil Corporation for Two Hundred Thousand Dollars (\$200,000) U.S. funds. Further payments amounting to Six Hundred and Fifty Thousand Dollars (\$650,000) U.S. funds could be received in the event that oil is produced from the concession area. The Company retains a royalty of approximately 6.125% in the 9.4 million acres being developed by Sinclair Oil Corporation et al. A well is presently being drilled on this acreage.

A reorganization of the former Frobisher Limited Company was effected and financing was obtained to enable the Company to carry on an active exploration program. The financing group consists of British Metal Canada Investments Limited, Conwest Exploration Company Limited and McIntyre Porcupine Mines Limited.

The policy of your Company will be to participate with other companies, through Syndicates, in large exploration projects throughout Canada and also to carry on its own program of examinations, exploration and development.

At the present time your Company is participating equally with The Consolidated Mining and Smelting Company of Canada Limited, Conwest Exploration Company Limited and Kerr-Addison Gold Mines Limited-Amalgamated Larder Mines Limited in the Stimson Syndicate which was formed to carry out a geophysical and drilling program in Ontario.

The Company also participates equally in the British Mountains Syndicate which has been formed to explore in the Yukon Territory. This syndicate is composed of Area Mines Limited, Conwest Exploration Company Limited, Falconbridge Nickel Mines Limited, Frobex Limited, Leitch Gold Mines, Limited, Mastodon-Highland Bell Mines Limited, and McIntyre Porcupine Mines Limited.

Frobex acts as manager of these two Syndicates.

Three other Syndicates have been formed by your Company to carry out specific exploration and drilling programs on prospects in Ontario. The Company also maintains prospecting and geological crews in the field on its own behalf.

Funds, as required, will be provided by the financing group through the exercising of their firm undertaking to provide \$750,000.00 to the Frobex treasury.

Your Company is looking forward to an active year in the mining exploration business.

On behalf of the Board,

J. J. RANKIN,
President.

May 1st, 1963.

FROBEX LIMITED

(formerly FROBISHER LIMITED)

(Incorporated under the laws of Ontario)

Balance Sheet—December 31, 1962

ASSETS

CURRENT:

Cash in bank	\$ 29,287
Cash in deposit accounts	326,959
Marketable securities at cost (market \$56,250)	46,350
Accounts receivable and accrued interest	548
	<hr/>
	\$ 403,144
Mining Claims — at cost	2,400
Deferred exploration and development expenses in Canada	4,494
	<hr/>
	<u>\$ 410,038</u>

LIABILITIES

CURRENT:

Accounts payable and accrued charges	\$ 22,793
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SHAREHOLDERS' EQUITY:

Capital (notes 1 and 2) —	
Authorized: 3,500,000 shares of no par value	
Issued: 1,372,620 shares	\$ 700,001
Contributed surplus (no change during year)	264,565
	<hr/>
	\$ 964,566
Deficit	577,321
	<hr/>
	<u>\$ 410,038</u>

On behalf of the Board:

J. J. RANKIN, Director.

R. L. SEGSWORTH, Director.

See accompanying notes.

AUDITORS' REPORT

To the Shareholders of
FROBEX LIMITED:

We have examined the balance sheet of Frobex Limited (formerly Frobisher Limited) as at December 31, 1962 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, present fairly the financial position of the company as at December 31, 1962 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 18, 1963.

CLARKSON, GORDON & CO.,
Chartered Accountants.

FROBEX LIMITED

(formerly FROBISHER LIMITED)

Statement of Profit and Loss and Deficit

For the Year Ended December 31, 1962

GENERAL AND ADMINISTRATIVE EXPENSE:

Accounting and office services	\$	7,000
Annual reports and shareholders' meeting		6,424
Executive remuneration		9,000
Legal and audit fees		10,132
Other general expense		5,861
Transfer agency fees		23,718
		\$ 62,135
Less interest income		2,932
		\$ 59,203

AMOUNTS WRITTEN OFF:

Deferred exploration costs and other assets in Somalia (including \$31,643 incurred in 1962)	\$ 451,162	
Less recovery on sale of geological and geophysical data	216,063	235,099
		16,007
Deferred exploration and development costs in Canada		8,000
Mining claims		\$ 318,309
Net loss for year		259,012
Deficit, December 31, 1961		\$ 577,321
Deficit, December 31, 1962 (note)		

NOTE: The above deficit covers the period from June 28, 1960 to December 31, 1962. 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.

FROBEX LIMITED

(formerly FROBISHER LIMITED)

Statement of Deferred Exploration and Development Expenses in Canada

Year Ended December 31, 1962

Balance deferred at December 31, 1961		\$	735
EXPENDITURES DURING YEAR:			
Diamond drilling	\$ 4,676		
Geophysical surveying	4,296		
Engineers' and geologists' fees	4,090		
Salaries and wages	3,537		
Travel and transportation	1,759		
Telephone, postage and bank charges	79		
Licence fees, maps and prints	246		
Assays	38		
Other exploratory expense	1,045	19,766	
		<u>\$ 20,501</u>	
Less amounts written off		16,007	
Balance deferred at December 31, 1962		<u>\$ 4,494</u>	

FROBEX LIMITED

(formerly FROBISHER LIMITED)

Notes to Financial Statements

December 31, 1962

1. During 1962 the company entered into an agreement with Mr. J. J. Rankin, its President, British Metal Canada Investments Limited, Conwest Exploration Company Limited and McIntyre Porcupine Mines Limited which resulted in the following:

- (1) The issuance of supplementary letters patent —
- (a) Changing the company's name to Frobex Limited;
 - (b) Cancelling pro rata 5,835,720 authorized and issued shares of the company;
 - (c) Increasing the company's authorized capital from 1,664,280 shares to 3,500,000 shares of no par value.

(2) The sale of 1,000,000 shares of the company's unissued capital at seventy-five cents per share of which \$300,000 for 400,000 shares was paid during the year leaving a balance of \$450,000 for 600,000 shares to be paid at any time during the five years commencing November 15, 1962 when called by the company. One-third of these shares was purchased by each of British Metals, Conwest and McIntyre.

(3) The granting of options exercisable within five years from November 15, 1962 to purchase 1,527,380 shares of the company's unissued capital at eighty-five cents per share as follows:

(a) To each of British Metals, Conwest and McIntyre, 450,000 shares	1,350,000 shares
(b) To the company's President, Mr. J. J. Rankin, whose right to exercise his option is dependent upon his continued employment with the company	177,380 shares
	1,527,380 shares

NOTE: British Metals, Conwest and McIntyre each has the right to withdraw from any unpaid commitments incurred under paragraphs (2) and (3) above if Mr. Rankin should die or become physically incapable of performing his duties.

2. Changes in the company's issued share capital during 1962 may be summarized as follows:

	Shares	Amount
Balance December 31, 1961	\$6,808,333	\$ 400,000
Add shares issued for cash	7	1
	\$6,808,340	\$ 400,001
Less shares cancelled in accordance with supplementary letters patent referred to in paragraph (1) (b) in note 1 above	5,835,720	
	\$ 972,620	
Add shares issued under the terms of the agreement referred to in paragraph (2) in note 1 above	400,000	300,000
Balance December 31, 1962	\$1,372,620	\$ 700,001

3. As the company has relinquished all its concession rights in Somalia, the relative unrecovered expenditures in this connection have been written off. The company is still entitled to receive a net royalty of 6.125% on all hydrocarbon production sold from 20% of the relinquished area plus a maximum amount of U.S. \$650,000 which is dependent upon oil production sold from the remaining 80% of the relinquished area.

