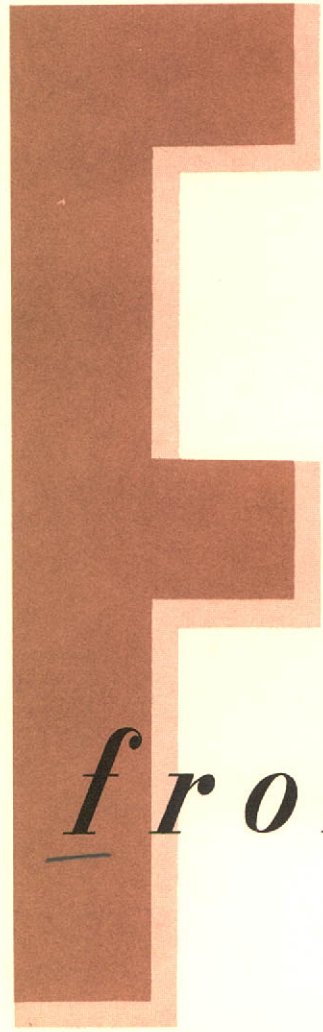


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LIMITED

*Annual  
Report*

**1966**

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# FROBEX 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 - - - - - Toronto, Ontario  
J. J. RANKIN - - - - - Toronto, Ontario  
R. L. SEGSWORTH - - - - - Toronto, Ontario

## *Transfer Agents and Registrars:*

GUARANTY TRUST COMPANY OF CANADA - 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

## *Bankers:*

CANADIAN IMPERIAL BANK OF COMMERCE, Toronto, Ontario

## *Auditors:*

CLARKSON, GORDON & CO., Toronto, Ontario

# FROBEX LIMITED

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TO THE SHAREHOLDERS,  
FROBEX LIMITED:

Your directors are pleased to submit herewith the annual report on the affairs of your Company up to May 15, 1967 together with audited financial statements for the year ended December 31, 1966. An interim report was mailed to shareholders on March 14th of this year.

## Gaspe Region, Quebec

Development of the Wexford Mines Limited property in the Gaspe region, Quebec, in which your Company's equity position at the present time amounts to approximately 45 per cent, has continued satisfactorily.

To date a total of 24,902 feet of diamond drilling has been completed on the property by Wexford Mines and a substantial tonnage of mineable copper ore has been indicated.

The initial exploratory adit was commenced at the beginning of this month at an elevation of 2,900 feet or approximately 800 feet below the outcrop. This elevation was chosen in order that the development will fit into the overall mining layout and at the same time is designed to permit diamond drill testing of ore continuity down dip. This program calls for 3,450 feet of driving and crosscutting and 3,000 cubic feet of turnout and slash.

Thirty-four diamond drill holes for a total of 17,500 feet will be drilled from underground as part of this exploratory program as well as seventeen holes totalling 14,500 feet which will be drilled from surface to detail the main zone. Surface exploratory drilling in other parts of the property will be accelerated during the summer season.

Plans for the latter part of this year, after the above program has been about completed call for the preparation and starting of a main haulage adit at an elevation of 2,750 feet on the footwall side of the orebody.

After completing the takedown of its outstanding option on Wexford shares, due July 1, 1967, your Company will have provided \$440,750.00 and will own 1,575,000 shares of Wexford Mines Limited.

A new three million share corporation, Mont Ste. Anne Mines Limited, has recently been formed to acquire 41 claims adjoining the Wexford Mines property. These claims, which cover known mineral occurrences, have been held under option jointly by Frobex Limited and Area Mines Limited since those companies first acquired the Wexford property. Vendors' shares are divided three hundred thousand shares to the former claim owners and two hundred and twenty-five thousand shares each to Frobex Limited and Area Mines Limited. The latter two companies will jointly finance the drilling program planned for this summer by the takedown of shares from the treasury of the new company.

Geophysical work and diamond drilling were carried out without success on the Antipodes property adjoining west of the Terra Nova development in Lesseps Township. Your Company's participation is 25%.

Geophysical work was carried out on the 165 claim group in Holland Township and on the 80 claim group in Bonnecamp Township in which your Company has a 50% interest. Further detailed geophysical work and probably diamond drilling will be done on the Holland claims this year. Other claims in the area were kept in good standing.

### **Johan Beetz area, Quebec**

During the 1966 season, your Company participated to the extent of twenty-five per cent in an uranium exploration program in the Johan Beetz area east of Havre St. Pierre on the north shore of the St. Lawrence River.

Large areas of radioactivity were discovered by airborne detection equipment in a granite body within seven miles of the Gulf of St. Lawrence. Subsequent ground check-work confirmed the presence of uranium minerals in interesting amounts and eight hundred and fifteen claims were staked to cover the known occurrences.

Two companies, St. Pierre Uranium Mines Limited and Gulf Uranium Mines Limited have been incorporated by the participants to acquire the claims.

After allowing for the normal prospector's interest, the vendors' shares in each company are divided equally among Frobex Limited, Consolidated Morrison Explorations Limited, Siscoe Mines Limited and Argor Explorations Limited and the four companies participate equally in the financing. At the time that senior financing might be required Frobex equity position would be 22.6%.

St. Pierre and Gulf have already been provided with \$190,000 by the financing group to commence the exploration program. Further options on St. Pierre treasury shares are also outstanding.

Camps have been constructed and exploration will commence shortly to be followed by diamond drilling in June.

### **Other Exploration**

Frobex continued the major part of its British Columbia and Yukon exploration effort through Coranex Limited, in which it participates equally to the extent of twenty per cent with Canadian Nickel Co. Ltd., Denison Mines Limited, Dome Exploration (Canada) Ltd., and McIntyre Porcupine Mines Limited.

Further exploration within a radius of 50 miles of Johan Beetz is being conducted outside the staked area jointly with Consolidated Morrison Explorations Limited, Siscoe Mines Limited and Argor Explorations Limited.

An extensive uranium exploration program is underway elsewhere.

All of the outstanding options in Frobex Limited have now been exercised and the Company's authorized capital has been fully issued. The present cash position of your Company is \$925,000.00.

As noted in the balance sheet, the Company has now acquired 100% ownership in Billiken Mines Limited.

Subject to approval of shareholders, the Board of Directors of the Company is being increased to seven to allow for additional representation by McIntyre Porcupine Mines Limited and Canadian Superior Oil Company.

It is the Company's intention to remain active in the exploration field.

On behalf of the Board,

J. J. RANKIN,  
President.

May 19, 1967.

# FROBEX LIMITED

(Incorporated under the laws of Ontario)

## *Balance Sheet—December 31, 1966* (with comparative figures at December 31, 1965)

	1966	1965
<b>ASSETS</b>		
<b>CURRENT:</b>		
Cash in bank .....	\$ 18,450	\$ 38,392
Cash in deposit accounts .....	525,000	25,000
Accounts receivable and accrued interest .....	27,060	6,148
Total current assets .....	<u>570,510</u>	<u>69,540</u>
<b>FIXED:</b>		
Motor vehicle — at cost .....	2,100	
Less accumulated depreciation .....	<u>630</u>	<u>1,470</u>
<b>OTHER:</b>		
Deferred exploration and development expenses .....	189,074	209,120
Investment in subsidiary company at cost (schedule 1) (note 3) ..	65,745	65,745
Investment in other mining companies, at cost (schedule 1) .....	236,061	10,019
	<u>490,880</u>	<u>284,884</u>
	<u>\$1,062,860</u>	<u>\$ 354,424</u>

	1966	1965
<b>LIABILITIES</b>		
<b>CURRENT:</b>		
Accounts payable and accrued charges .....	\$ 15,410	\$ 16,025
<b>SHAREHOLDERS' EQUITY:</b>		
Capital (note 1) —		
Authorized: 3,500,000 shares of no par value		
Issued: 2,815,268 shares (including 1,042,648 shares		
issued for \$866,251 cash during 1966) .....	1,866,252	1,000,001
Contributed surplus (no change during year) .....	264,565	264,565
	<u>2,130,817</u>	<u>1,264,566</u>
Deficit .....	1,083,367	926,167
	<u>1,047,450</u>	<u>338,399</u>
	<u>\$1,062,860</u>	<u>\$ 354,424</u>

On behalf of the Board:

J. J. RANKIN, Director.

R. L. SEGSWORTH, Director.

See accompanying notes

To the Shareholders of  
FROBEX LIMITED:

### AUDITORS' REPORT

We have examined the balance sheet of Frobex Limited as at December 31, 1966 and the statements of profit and loss and deficit, deferred exploration and development expense and source and application of funds 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 aforementioned financial statements present fairly the financial position of the company as at December 31, 1966, the results of its operations and the source and application of its funds 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 17, 1967.

CLARKSON, GORDON & CO.,  
Chartered Accountants.

# FROBEX LIMITED

## *Statement of Profit and Loss and Deficit*

FOR THE YEAR ENDED DECEMBER 31, 1966

(with comparative figures for the year ended December 31, 1965)

GENERAL AND ADMINISTRATIVE EXPENSE:	1966	1965
Accounting and office services .....	\$ 12,000	\$ 12,000
Annual reports and shareholders' meeting .....	3,599	3,427
Executive remuneration .....	18,000	18,000
Legal and audit fees .....	2,245	2,640
Other general expense .....	6,773	3,476
Transfer agency fees .....	5,241	5,152
	<hr/>	<hr/>
	47,858	44,695
Less interest and other income .....	12,252	2,971
	<hr/>	<hr/>
	35,606	41,724
Exploration and development expenses written off .....	121,594	60,667
	<hr/>	<hr/>
Net loss for year .....	157,200	102,391
Deficit, beginning of the year .....	926,167	823,776
	<hr/>	<hr/>
Deficit, end of the year (note) .....	\$1,083,367	\$ 926,167
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes

## *Statement of Source and Application of Funds*

FOR THE YEAR ENDED DECEMBER 31, 1966

(with comparative figures for the year 1965)

SOURCE OF FUNDS:	1966	1965
Proceeds from sale of 1,042,648 (1965 — 200,000) capital shares	\$ 866,251	\$ 150,000
Interest income .....	12,252	2,971
	<hr/>	<hr/>
	878,503	152,971
	<hr/>	<hr/>
APPLICATION OF FUNDS:		
Exploration and development expense .....	128,734	149,603
Less depreciation, an expense which in itself did not involve an outlay of cash .....	630	
	<hr/>	<hr/>
	128,104	149,603
Investment in subsidiary company .....		42,649
Investment in other mining companies (1966, net of \$27,186 transferred from deferred exploration and development expense) ..	198,856	10,019
Purchase of motor vehicle .....	2,100	
General and administrative expense .....	47,858	44,695
	<hr/>	<hr/>
	376,918	246,966
	<hr/>	<hr/>
Increase (decrease) in funds during year .....	501,585	(93,995)
Working capital, beginning of year .....	53,515	147,510
	<hr/>	<hr/>
Working capital, end of year .....	\$ 555,100	\$ 53,515
	<hr/> <hr/>	<hr/> <hr/>



# FROBEX LIMITED

## *Statement of Deferred Exploration and Development Expense* FOR THE YEAR ENDED DECEMBER 31, 1966

	Balance December 31, 1965	Additions in 1966	Amounts transferred and written off in 1966	Balance December 31, 1966
<b>GENERAL EXPLORATION, STAKING COSTS AND</b>				
<b>PROPERTY EXAMINATIONS:</b>				
Porcupine Mining Division, Ontario .....	\$ 105,452	\$ 606	\$ 22,977	\$ 83,081
Gaspe Area, Quebec .....	15,540	18,716		34,256
Matapedia Area claims — Quebec and New Brunswick .....	1,200	2,639	3,839	
Bruce Lake claims — Yukon .....	1,268	2,918	4,186	
Other exploratory expenses, grubstakes, etc. (note) .....	2,437	24,965	24,998	2,404
	125,897	49,844	56,000	119,741
 <b>PARTICIPATIONS IN SYNDICATES:</b>				
Ivanhoe Syndicate, Ontario .....	38,397		38,397	
Twin Falls Syndicate, Ontario .....	14,826		14,826	
Coranex Project — British Columbia and Yukon (note 4) .....	30,000	32,500	23,000	39,500
Jomopo Syndicate — British Columbia ..		3,511	3,511	
Popelogan Syndicate — New Brunswick ..		13,046	13,046	
Uranium Syndicate, Quebec .....		7,651		7,651
Antipodes Gaspe Project, Quebec .....		22,182		22,182
	83,223	78,890	92,780	69,333
	\$ 209,120	\$ 128,734	\$ 148,780	\$ 189,074
 <b>TRANSFERRED TO INVESTMENT IN OTHER MINING COMPANIES:</b>				
— Coranex Limited .....		23,000		
— Bruce Lake Mines Ltd. (N.P.L.) .....		4,186	\$ 27,186	
Written off .....			121,594	
			\$ 148,780	

NOTE: Includes depreciation of motor vehicle \$630 (1965 — nil).

See accompanying notes

# FROBEX LIMITED

## *Notes to Financial Statements*

DECEMBER 31, 1966

1. At December 31, 1966 options were outstanding, exercisable prior to November 15, 1967, to purchase 684,732 shares of the company's unissued capital at 85¢ per share. Options in respect of 443,556 of these shares were exercised in January 1967.
2. In prior years the company relinquished all its concession rights in Somalia and the relative unrecovered expenditures were 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.
3. The subsidiary company's accounts have not been consolidated with the company's financial statements as the subsidiary company's assets consist entirely of a mining property in Kidd Township in the exploratory stage of development.
4. At December 31, 1966, Frobex Limited and four other companies were committed to incur expenses in equal amounts aggregating \$87,500 as participants in the Coranex Project for 1967. A company has been incorporated in which the participants are to receive shares pro rata for expenditures incurred on the basis of one share for each dollar so expended. To December 31, 1966 Frobex had expended \$62,500 on this project and had received 23,000 shares.

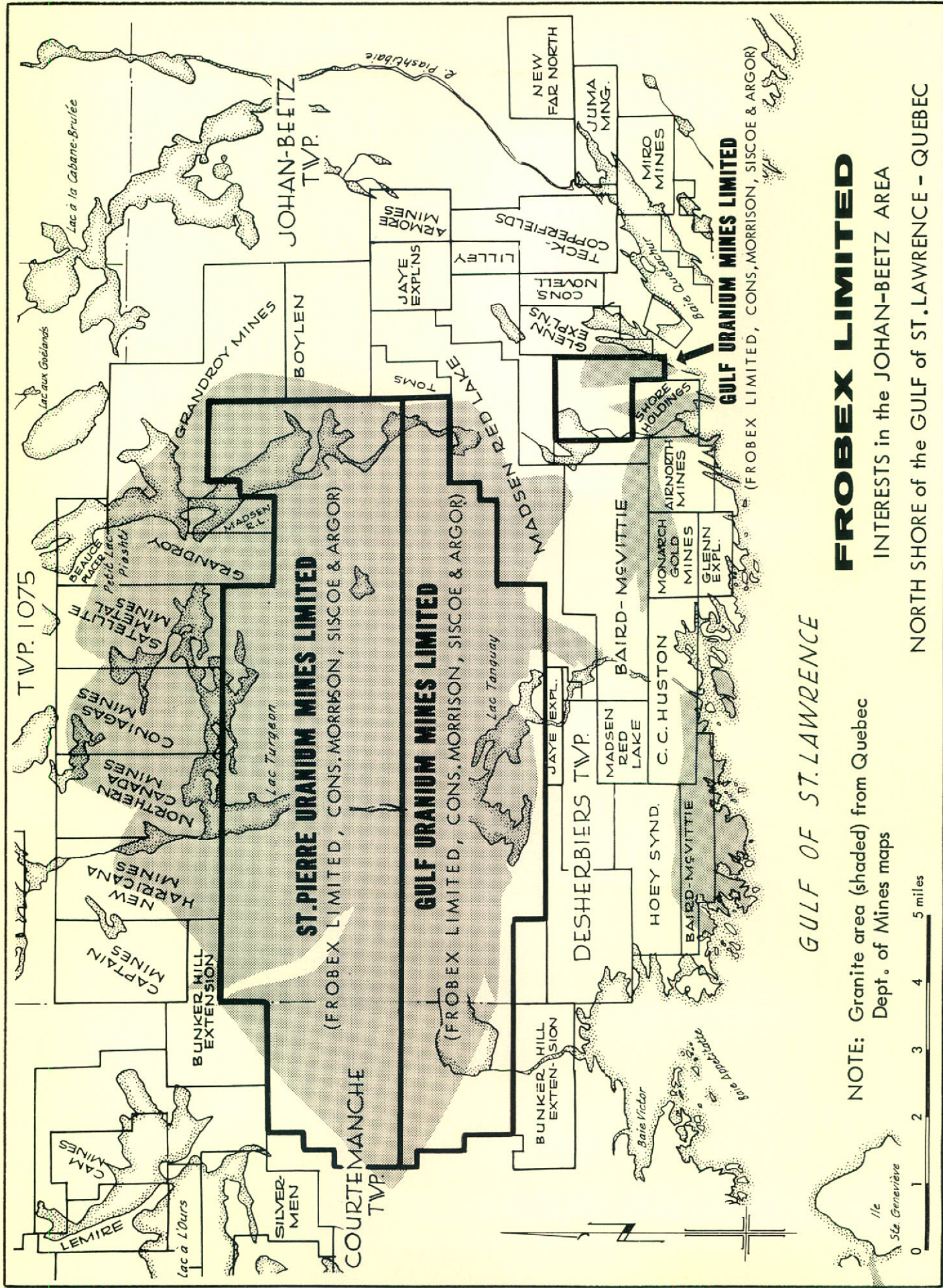
SCHEDULE 1

## *Schedule of Investment In Subsidiary and Other Mining Companies*

DECEMBER 31, 1966

SUBSIDIARY COMPANY (note 3):	Number of shares	Cost
Billiken Mines Limited (note) .....	1,015,961	\$ 65,745
 OTHER MINING COMPANIES:		
Bruce Lake Mines Ltd. (N.P.L.) .....	450,000	14,186
Coranex Limited (note 4) .....	23,000	23,000
Twin Mountain Uranium Mines Ltd. ....	4,000	625
Wexford Mines Limited .....	1,150,000	198,250
		<u>236,061</u>
		<u>\$ 301,806</u>

NOTE: At December 31, 1966 the company owned 87% of the shares of the subsidiary company; subsequent to December 31, 1966 the company acquired the remaining 13% for an expenditure of \$4,000.



*GULF OF ST. LAWRENCE*

NOTE: Granite area (shaded) from Quebec Dept. of Mines maps

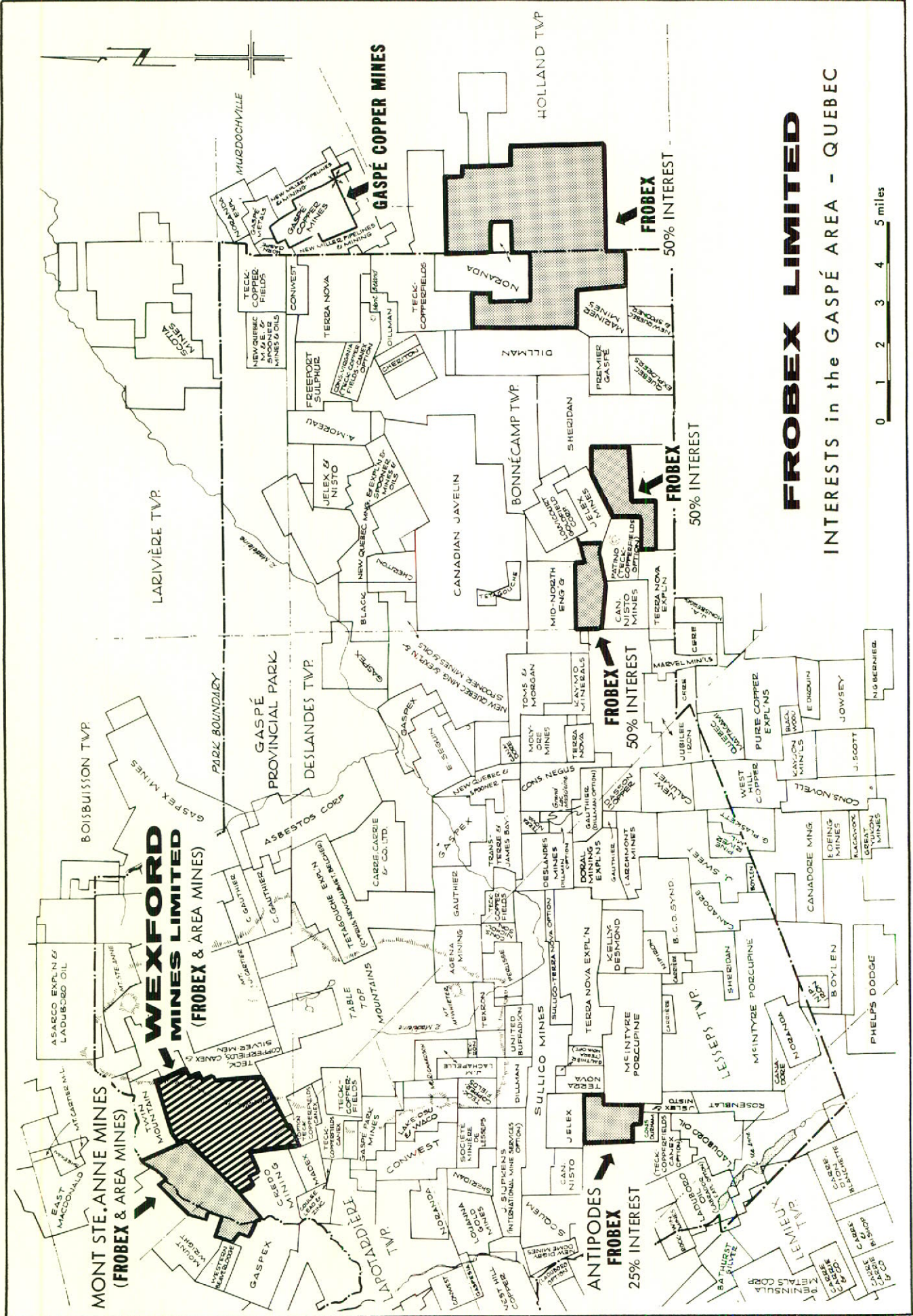
**FROBEX LIMITED**

INTERESTS in the JOHAN-BEETZ AREA

NORTH SHORE of the GULF of ST. LAWRENCE - QUEBEC

**GULF URANIUM MINES LIMITED**

(FROBEX LIMITED, CONS. MORRISON, SISCOE & ARGOR)



**MONT STE. ANNE MINES**  
(FROBEX & AREA MINES)

**WEXFORD MINES LIMITED**  
(FROBEX & AREA MINES)

**ANTIPODES FROBEX**  
25% INTEREST

**FROBEX**  
50% INTEREST

**FROBEX**  
50% INTEREST

**FROBEX**  
50% INTEREST

**FROBEX LIMITED**

INTERESTS in the GASPÉ AREA - QUEBEC









