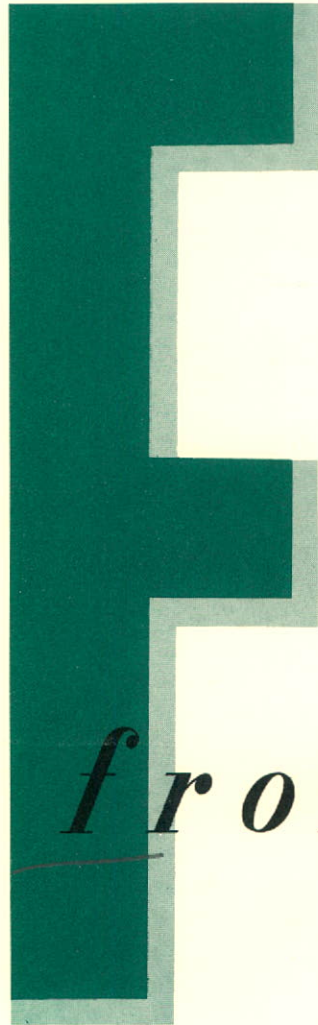


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LIMITED

*Annual  
Report*

**1967**

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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. B. ANDERSON - - - - - Toronto, Ontario  
J. K. B. BOOTH - - - - - Toronto, Ontario  
J. K. GODIN - - - - - Toronto, Ontario  
W. P. HAMMOND - - - - - 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 1, 1968, together with audited financial statements for the year ended December 31, 1967

## GASPE REGION, QUEBEC

### **Madeleine Mines Limited** (formerly Wexford Mines Limited)

Underground development at the property in preparation for production is proceeding on schedule. The erection of the 2,500 tons per day mill will be commenced shortly and it is expected that the mine will be in production in the second quarter of 1969. Exploration on the property was confined to development drilling of the orebody.

In February 1968, Madeleine Mines Limited (Les Mines Madeleine Ltee.) was incorporated in the Province of Quebec to take over the assets of Wexford Mines Limited. McIntyre Porcupine Mines has agreed to finance the development by providing up to \$12,500,000 in 5% first mortgage income debentures. For each \$1,000 advanced, McIntyre will receive a \$1,000 debenture and 80 shares. A further \$2,500,000 in 5% mortgage debentures will be provided by McIntyre, should this be required, but no additional Madeleine shares are to be issued for this latter amount.

The Company's holding in Wexford Mines Limited is 1,667,647 shares, and it will receive the same number of shares in Madeleine Mines Limited when the latter company's shares are issued. It is proposed to distribute Madeleine Mines shares to Frobex shareholders as soon as legal and other requirements are completed. Under the terms of the financing agreement with McIntyre, a partial distribution of these shares will take place at an early date. Further details pertaining to this agreement are set out in note 2 to the financial statements.

### **Mont Ste. Anne Mines Limited**

During the past season an exploration program including bulldozer trenching and a self potential geophysical survey was carried out as preliminary investigation of occurrences of sphalerite and galena in a dolomitic horizon and disseminated chalcopyrite in quartzite. Diamond drilling was done subsequently to test the sulphide occurrences and several self potential anomalies, but no significant intersections were obtained. Further work is not planned at present and an agreement with the company whereby Frobex Limited and Area Mines Limited would take down additional shares jointly has been extended.

### **Other Claim Groups**

Detailed geophysical and geological programs were carried out in Bonnacamp, Holland, Joffre and Leclerc townships in the Gaspé area on claims held jointly with Jalex Mines Limited and Canadian Nisto Mines Limited without success.

## **NORTH SHORE OF ST. LAWRENCE RIVER, QUEBEC**

### **St. Pierre Uranium Mines Limited**

#### **Gulf Uranium Mines Limited**

During the 1967 season, these companies carried out an airborne spectrometer and magnetic survey over their claim groups in the Johan Beetz Area. On the ground, rock trenching and diamond drilling were done on several radioactive occurrences. Detailed scintillometer surveys were also made on close grid patterns in a number of areas. About a quarter of the properties is estimated to have been examined in this detailed manner.

Results to date have shown erratic or patchy radioactivity with relatively good to high grade pockets surrounded by low grade or barren material. Average grades, accordingly, have proved to be low in the occurrences investigated so far. Prospecting and geological mapping will be continued during the 1968 field season.

Work on the properties is financed by Frobex Limited, Consolidated Morrison Explorations Limited, Argor Explorations Limited and Siscoe Mines Limited each to the extent of 25% by exercising options on treasury shares.

### **Orion Mining Developments Limited**

A prospecting party engaged by St. Pierre Uranium Mines Limited discovered copper showings toward the end of the last year's season in the vicinity of Lac de l'Est, which is about 22 miles north of the coast and about 45 miles northeast of Havre St. Pierre. A total of 285 claims were staked. Only a small amount of work could be done on the claims prior to freezeup but during the winter diamond drilling was done to cross section the formations at several places along the belt containing the showings. Disseminated chalcopyrite and bornite with some pyrite occurs in several drill holes where they intersect impure quartzite members but assays of core samples indicate grades below what could be considered ore grade.

An I.P. Survey also was completed recently. Preliminary results from this survey indicate anomalous conditions at several places along the belt. The final results and report are awaited. Exploration work on this company's claims, which is being financed by Consolidated Morrison Explorations Limited, Siscoe Mines Limited, Argor Explorations Limited and Frobex Limited was halted before breakup, but will be resumed at an early date.

### **Arex Syndicate**

An airborne prospecting program carried out last season along the North Shore of the Gulf of St. Lawrence resulted in the discovery of a new radioactive area in which some 700 claims were staked. Exploration of a reconnaissance nature was carried out for a short period prior to freezeup and a number of radioactive occurrences were located.

Mobilization in preparation for an intensive investigation of these occurrences is now underway. This project is financed equally by Conwest Exploration Company Limited, Consolidated Canadian Faraday Limited, Frobex Limited and Canadian Nickel Company Limited.

## **COPPERMINE RIVER AREA, N.W.T.**

### **Bernack Coppermine Exploration Limited**

This company was incorporated to acquire a number of groups of claims which were obtained by staking, purchase and option deals in the Coppermine River Area. A total of more than one thousand claims comprise the holdings in this company. A large scale exploration program will be carried out during the coming summer on the various properties. The work

will be financed through taking down shares in the company by Conwest Exploration Company Limited, Consolidated Canadian Faraday Limited, Elgin Petroleum Corporation Limited and Frobex Limited on an equal basis. This program is now underway. Geophysical surveys and diamond drilling of known occurrences will commence shortly.

## **CORANEX EXPLORATION LIMITED**

Exploration efforts in British Columbia and the Yukon during 1967 were mainly confined to the Coranex Project in which your company participated equally with Canadian Nickel Company Limited, Denison Mines Limited, Dome Exploration (Canada) Limited and McIntyre Porcupine Mines Limited. Diamond drilling was carried out in the Peach Lake area southeast of Quesnel and indicated the presence of a large area of sub ore grade copper mineralization.

In 1968, a new company, Coranex Exploration Limited was formed in which Cerro Mining Company of Canada replaces Denison Mines Limited as a participant. This group continues the exploration venture with a sizeable program now underway.

## **OTHER FIELD WORK**

### **Newarex Syndicate**

This syndicate has been put together by the Company to carry out with others a basic exploration program of substantial proportions in Eastern Canada. Participants in the syndicate are Elgin Petroleum Corporation Limited, Consolidated Canadian Faraday Limited, Canadian Nickel Company Limited and Frobex Limited.

## **GENERAL**

An active program of exploration is being carried out in Canada. It was hoped that the details of the distribution of the Les Mines Madeleine Ltee. and possibly other shares to the Company's shareholders would have been completed prior to mailing the 1967 Annual Report. These details are in the process of completion and a further general meeting of shareholders will be called in due course to obtain approval for this distribution, coupled with a reduction in capital. At that time, the future plans of the Company's continuing exploration program will also be presented to shareholders.

The Company's working capital position is adequate to continue the active exploration program outlined above.

On behalf of the Board,

**J. J. RANKIN,**

President.

May 31, 1968.

# FROBEX LIMITED

(Incorporated under the laws of Ontario)

## *Balance Sheet—December 31, 1967*

(with comparative figures at December 31, 1966)

### ASSETS

	1967	1966
<b>CURRENT:</b>		
Cash in bank .....	\$ 67,900	\$ 18,450
Cash in deposit accounts .....	230,000	525,000
Accounts receivable and accrued interest .....	108,099	27,060
Total current assets .....	<u>405,999</u>	<u>570,510</u>
<b>FIXED:</b>		
Motor vehicles — at cost .....	3,213	
Less accumulated depreciation .....	<u>1,405</u>	<u>1,470</u>
<b>OTHER:</b>		
Deferred exploration and development expenses .....	134,351	189,074
Investment in subsidiary company at cost .....		65,745
Investment in other mining companies, at cost (schedule 1) ..	883,371	236,061
	<u>1,017,722</u>	<u>490,880</u>
	<u>\$1,425,529</u>	<u>\$1,062,860</u>

### LIABILITIES

<b>CURRENT:</b>		
Accounts payable and accrued charges .....	\$ 32,996	\$ 15,410
<b>SHAREHOLDERS' EQUITY:</b>		
Capital (note 2) —		
Authorized: 3,500,000 shares of no par value		
Issued: 3,500,000 shares (including 684,732 shares		
issued for \$582,022 cash during 1967) .....	2,448,274	1,866,252
Contributed surplus (no change during year) .....	264,565	264,565
	<u>2,712,839</u>	<u>2,130,817</u>
Deficit .....	1,320,306	1,083,367
	<u>1,392,533</u>	<u>1,047,450</u>
	<u>\$1,425,529</u>	<u>\$1,062,860</u>

On behalf of the Board:

J. J. RANKIN, Director.

J. K. GODIN, Director.

See accompanying notes

### AUDITORS' REPORT

To the Shareholders of  
FROBEX LIMITED:

We have examined the balance sheet of Frobex Limited as at December 31, 1967 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 these financial statements present fairly the financial position of the company as at December 31, 1967, 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 11, 1968.

CLARKSON, GORDON & CO.,  
Chartered Accountants.

# FROBEX LIMITED

## *Statement of Profit and Loss and Deficit*

FOR THE YEAR ENDED DECEMBER 31, 1967

(with comparative figures for the year ended December 31, 1966)

	1967	1966
GENERAL AND ADMINISTRATIVE EXPENSE:		
Accounting and office services .....	\$ 14,000	\$ 12,000
Annual reports and shareholders' meeting .....	5,728	3,599
Executive remuneration (paid to a director) .....	18,000	18,000
Legal and audit fees .....	5,712	2,245
Other general expense .....	5,820	6,773
Transfer agency fees .....	6,045	5,241
	<u>55,305</u>	<u>47,858</u>
Less interest earned .....	32,831	12,252
	<u>22,474</u>	<u>35,606</u>
Investment in subsidiary company written off .....	69,745	
Exploration and development expenses written off .....	144,720	121,594
Net loss for year .....	236,939	157,200
Deficit, beginning of the year .....	1,083,367	926,167
Deficit, end of the year .....	<u>\$1,320,306</u>	<u>\$1,083,367</u>

See accompanying notes

## *Statement of Source and Application of Funds*

FOR THE YEAR ENDED DECEMBER 31, 1967

(with comparative figures for the year ended December 31, 1966)

	1967	1966
SOURCE OF FUNDS:		
Proceeds from sale of 684,732 (1966 — 1,042,648) capital shares .....	\$ 582,022	\$ 866,251
Interest income .....	32,831	12,252
	<u>614,853</u>	<u>878,503</u>
APPLICATION OF FUNDS:		
Exploration and development expense .....	107,840	128,734
Less depreciation, an expense which in itself did not involve an outlay of cash .....	775	630
	<u>107,065</u>	<u>128,104</u>
Investment in subsidiary company .....	4,000	
Investment in other mining companies (net of \$17,843 in 1967 and \$27,186 in 1966 transferred from deferred exploration and development expense) .....	629,467	198,856
Purchase of motor vehicle .....	1,113	2,100
General and administrative expense .....	55,305	47,858
	<u>796,950</u>	<u>376,918</u>
Increase (decrease) in funds during year .....	(182,097)	501,585
Working capital, beginning of year .....	555,100	53,515
Working capital, end of year .....	<u>\$ 373,003</u>	<u>\$ 555,100</u>

See accompanying notes



# FROBEX LIMITED

## *Statement of Deferred Exploration and Development Expense* FOR THE YEAR ENDED DECEMBER 31, 1967

	<u>Balance December 31, 1966</u>	<u>Additions in 1967</u>	<u>Amounts transferred and written off in 1967</u>	<u>Balance December 31, 1967</u>
<b>GENERAL EXPLORTION, STAKING COSTS AND PROPERTY EXAMINATIONS:</b>				
Porcupine Mining Division, Ontario .....	\$ 83,081		\$ 83,081	
Gaspe Area, Quebec .....	34,256	\$ 11,852	46,108	
Other exploratory expenses, grubstakes, etc. (note) .....	2,404	23,319	25,723	
	<u>119,741</u>	<u>35,171</u>	<u>154,912</u>	
 <b>PARTICIPATIONS IN SYNDICATES:</b>				
Arex Syndicate — Quebec and Ontario ...		25,000		\$ 25,000
Coppermine Project — Northwest Territories		17,207		17,207
Coranex Project — British Columbia and Yukon .....	39,500	30,000		69,500
Uranium Syndicate, Quebec .....	7,651		7,651	
Antipodes Gaspe Project, Quebec .....	22,182	462		22,644
	<u>69,333</u>	<u>72,669</u>	<u>7,651</u>	<u>134,351</u>
	<u>\$ 189,074</u>	<u>\$ 107,840</u>	<u>\$ 162,563</u>	<u>\$ 134,351</u>
 <b>TRANSFERRED TO INVESTMENT IN OTHER MINING COMPANIES:</b>				
Mont Ste. Anne Mines Limited ..		10,192		
St. Pierre Uranium Mines Limited		7,651	\$ 17,843	
Written off .....			<u>144,720</u>	
			<u>\$ 162,563</u>	

NOTE: Includes depreciation of motor vehicle \$775 (1966 — \$630)

See accompanying notes

# FROBEX LIMITED

## *Schedule of Investment in Other Mining Companies*

DECEMBER 31, 1967

	Number of shares	Cost
Bruce Lake Mines Ltd. (N.P.L.) .....	450,000	\$ 14,186
Coranex Limited .....	23,000	23,000
Gulf Uranium Mines Limited .....	455,937	36,934
Mont Ste. Anne Mines Limited .....	486,165	41,166
Orion Mining Developments Limited .....	50,000	5,000
St. Pierre Uranium Mines Limited .....	401,875	43,769
Twin Mountain Uranium Mines Limited .....	4,000	625
Wexford Mines Limited (note 2) .....	1,667,647	718,691
		<u>\$ 883,371</u>

NOTE: No reliable market quotation is available for any of the above shares.

See accompanying notes

## *Notes to Financial Statements*

DECEMBER 31, 1967

1. In prior years the company relinquished all its concession rights in Somalia and the relative unrecovered expenditures were written off. The company is entitled to receive a net royalty of 6.125% on all hydrocarbon production sold from 20% of the relinquished area.
2. Under an agreement dated December 6, 1967,
  - (a) a new company, Madeleine Mines Ltd., has been formed to acquire the assets and assume the liabilities of Wexford Mines Limited and to develop the Wexford property to production.
  - (b) Frobex is to receive 1,667,647 shares of Madeleine for its present holdings of the same number of shares of Wexford, and
  - (c) Frobex, within six months of the receipt of the above shares of Madeleine, is to distribute pro rata to its shareholders by way of reduction in capital not less than 300,000 or more than 700,000 shares of Madeleine, if it is able to do so without incurring any tax liability either with respect to itself or its Canadian shareholders. Any such reduction in capital would require the approval of the company's shareholders and receipt of appropriate Supplementary Letters Patent.



