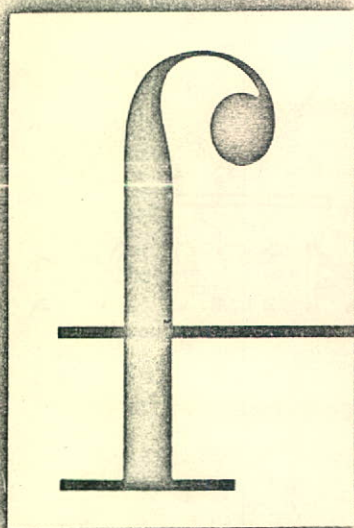


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FROBEX

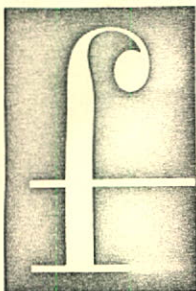
LIMITED

1968 Annual Report

iii

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FROBEX LIMITED

†Directors

J. B. ANDERSON
Vice-President Operations,
McIntyre Porcupine Mines Limited, Toronto, Ontario

J. K. B. BOOTH
Consulting Geologist,
Toronto, Ontario

J. K. GODIN
President and Chief Executive Officer.
McIntyre Porcupine Mines Limited, Toronto, Ontario

W. P. HAMMOND
Director of Exploration,
McIntyre Porcupine Mines Limited, Toronto, Ontario

S. E. JAMIESON
President,
The British Metal Corporation (Canada) Limited, Toronto, Ontario

†Officers

W. P. HAMMOND, *President*

S. E. JAMIESON, *Vice-President*

F. T. MCKINNEY, *Secretary*

O. J. SHORE, *Treasurer*

†As at May 20, 1969

Capital Stock

AUTHORIZED: 3,500,000 shares without par value

ISSUED: 3,500,000 shares

Executive and Head Office

Suite 1200, 55 Yonge Street, Toronto 1, Ontario

Auditors

Clarkson, Gordon & Co., Chartered Accountants, Toronto, Ontario

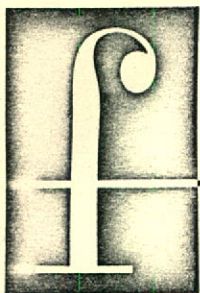
Transfer Agents and Registrars

Guaranty Trust Company of Canada, Toronto, Ontario and Montreal, P.Q.
Registrar and Transfer Company, New York, N.Y. and Jersey City, N.J.

Annual Meeting

Wednesday, June 18, 1969, 11:00 a.m. Toronto Time,
Royal York Hotel, Toronto, Ontario





Directors' Report

To the Shareholders

Submitted herewith is the Annual Report of your company together with financial statements for the year ended December 31, 1968.

The Company's chief asset continues to be its holding in Madeleine Mines Ltd. where production will commence late in May 1969. During the year, Frobex distributed to its shareholders 700,000 Madeleine shares through a reduction in its capital and now retains 967,647 shares.

Your company maintains an active exploration program across Canada.

COPPERMINE RIVER AREA, NORTHWEST TERRITORIES BERNACK COPPERMINE EXPLORATION LTD.

Frobex participates jointly with Conwest Exploration Company Limited, Consolidated Canadian Faraday Limited and Elgin Petroleum Corporation Limited on an equal basis in the financing of Bernack which was incorporated to carry out work on large claim holdings in the Coppermine River area, Northwest Territories.

An extensive exploration program was carried out over the various claim groups held by Bernack. Toward the end of the season, an important occurrence of copper mineralization was discovered.

Preliminary geophysical work on this showing gave favourable results and preparations were made for drilling. Before the field program was suspended at freeze-up, 12 holes were drilled along a length of 1,200'. The

deepest intersection of the zone is approximately 300' vertically below surface. The assay results are summarized in the following table:

DDH No.	Intersection		Length Sampled	Assay Cu%
	From	To		
1	178.5	184.8	6.3	2.0
2	45.8	58	12.2	4.55
3	76.8	103	26.2	4.4
4	80.4	132.8	52.4	4.43
5	21.6 119.7	25.5 135.4	3.9 15.7	1.8 4.2
6	19.6 176.6	28.1 184.7	8.5 8.1	4.1 1.5
7	Abandoned before reaching zone.			
8	128.1 202	133.7 231.1	5.6 29.1	2.2 2.5
9	31.5	46.6	15.1	2.1
10	76 250	89.3 258	13.3 8	3.3 1.45
11	327.5 379	340 403	12.5 24	4.7 1.9
12	352	385	33	2.73

Geophysical surveys carried out in the vicinity of the showings indicate possible extensions of the zone and further drilling is required. The continuation of the geophysical survey to cover new showings discovered some 8,000' south of the original discovery has yielded anomalies similar to those obtained in the showing area. These surface discoveries consist of high grade copper mineralization in the form of loose or frost-heaved boulders over an extensive area. All the discoveries made in the anomalous areas, indicated by the geophysical work, appear to be related to the same structure.

During the forthcoming summer, it is proposed to resume the field program which will consist for the most part of diamond drilling. Frobex will continue to participate to the full extent of its commitments.

YUKON

BRUCE LAKE MINES LIMITED

Diamond drilling was carried out on this property in the Yukon during the year. The nickel-copper values encountered were low and no further exploration work is planned.

NORTH SHORE OF ST. LAWRENCE RIVER, QUEBEC

ST. PIERRE URANIUM MINES LIMITED

During the 1968 summer season, prospecting and geological mapping were completed on several radioactive occurrences not

previously investigated and additional sampling of drill cores was carried out to provide material for check assays and further test work. Results of this work showed relatively low average grades similar to those in the earlier work.

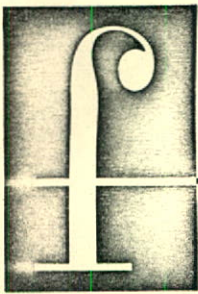
Gulf Uranium Mines Limited was merged with St. Pierre Uranium Mines Limited during the year and out of the large number of claims held by both companies, 77 were selected which cover the main radioactive occurrences. Further work is not justified on these claims at this time.

ORION MINING DEVELOPMENTS LIMITED

During the past field season prospecting and geological mapping were completed over claims held by this company but no new significant occurrences of mineralization were discovered and no further work is contemplated. Thirty-five claims have been retained and can be kept in good standing for several years with work already accomplished.

AREX SYNDICATE

Anomalous areas indicated by an airborne radiometric survey were investigated during a detailed prospecting and mapping program. Showings were blasted to obtain proper samples but only low assays were returned and none appear to be of any economic importance.



NEWAREX PROJECT

An airborne prospecting program was carried out chiefly along the north shore of the St. Lawrence River and also in several areas of Ontario. A total of 12,000 line miles of flying was completed. Occurrences of radioactivity were found during the work, but subsequent investigation on the ground proved them to be too low in grade or too small to be of economic significance.

GASPE REGION, QUEBEC

MONT STE. ANNE MINES LIMITED AND OTHER PROPERTIES

No work was done during the past field season on the property of Mont Ste. Anne Mines Limited but all claims were maintained in good standing.

Small claim groups in Holland, Joffre and Leclerc Townships, in which interests are held jointly with Jelix Mines Limited and Canadian Nisto Mines Limited, were maintained with assessment work previously completed.

WESTERN CANADA

CORANEX EXPLORATION LIMITED

Coranex Exploration Limited which was incorporated by your Company to carry out exploration and development in British Columbia and the Yukon was active during the year. This company has been jointly

financed by Canadian Nickel Company Limited, Dome Exploration (Canada) Limited, McIntyre Porcupine Mines Limited, Cerro Mining Company of Canada Limited and Frobex Limited.

Nothing of importance was discovered during the year and it is planned to wind up Coranex.

GENERAL

In 1969, Frobex will continue exploration activities across Canada. The most interesting current project is the Bernack participation.

Since the year end, J. J. Rankin and R. L. Segsworth resigned as President and Vice-President respectively and were succeeded by W. P. Hammond as President and S. E. Jamieson as Vice-President. On January 17, 1969, F. T. McKinney was appointed Secretary and O. J. Shore was appointed Treasurer.

The directors take pleasure in recording their appreciation for the diligent services rendered the company by the former officers.

On behalf of the Board,

Toronto, May 20, 1969

President.

FROBEX LIMITED

(Incorporated under the laws of Ontario)

Balance Sheet — December 31, 1968

ASSETS		1968	1967
		\$	\$
CURRENT			
Cash in bank		24,844	67,900
Cash in deposit accounts		100,000	230,000
Accounts receivable and accrued interest		1,009	108,099
		125,853	405,999
FIXED			
Motor vehicles at cost less accumulated depreciation			1,808
OTHER			
Deferred exploration and development expenses		25,100	134,351
Investment in shares of Madeleine Mines Ltd. at cost (notes 1 and 2) ..		417,018	718,691
Investment in other mining companies at cost (schedule 1)		268,180	164,680
		710,298	1,017,722
		836,151	1,425,529
LIABILITIES			
CURRENT			
Accounts payable and accrued charges		8,783	32,996
SHAREHOLDERS' EQUITY			
Capital (note 1) —			
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)		2,146,601	2,448,274
Contributed surplus (no change during year)		264,565	264,565
		2,411,166	2,712,839
Deficit		1,583,798	1,320,306
		827,368	1,392,533
		836,151	1,425,529

On behalf of the Board:

W. P. HAMMOND, Director.

S. E. JAMIESON, Director.

(See accompanying notes)

AUDITORS' REPORT

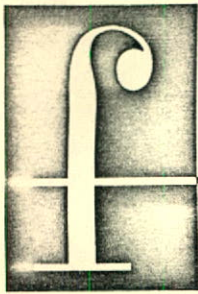
To the Shareholders of
Frobex Limited:

We have examined the balance sheet of Frobex Limited as at December 31, 1968 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, 1968, 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,
February 24, 1969.

CLARKSON, GORDON & CO.,
Chartered Accountants.



Statement of Profit and Loss and Deficit

For the year ended December 31, 1968

	1968	1967
	\$	\$
GENERAL AND ADMINISTRATIVE EXPENSE		
Accounting and office services	12,294	14,000
Annual reports and shareholders' meeting	6,527	5,728
Executive remuneration (paid to a director)	15,061	18,000
Legal and audit fees	4,998	5,712
Other general expense	3,542	5,820
Transfer agency fees	7,011	6,045
	<u>49,433</u>	<u>55,305</u>
Less interest earned	11,323	32,831
	<u>38,110</u>	<u>22,474</u>
Investment in subsidiary company written off		69,745
Exploration and development expenses written off	225,382	144,720
	<u>263,492</u>	<u>236,939</u>
NET LOSS FOR YEAR		
DEFICIT, beginning of the year	1,320,306	1,083,367
DEFICIT, end of the year	<u>1,583,798</u>	<u>1,320,306</u>

Statement of Source and Application of Funds

For the year ended December 31, 1968

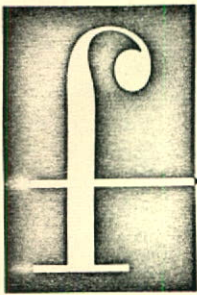
	1968	1967
	\$	\$
SOURCE OF FUNDS		
Proceeds from sale of 684,732 capital shares		582,022
Interest income	11,323	32,831
	<u>11,323</u>	<u>614,853</u>
APPLICATION OF FUNDS		
Exploration and development expense	114,323	107,840
Less depreciation, an expense which in itself did not involve an outlay of cash		775
	<u>114,323</u>	<u>107,065</u>
Investment in subsidiary company		4,000
Investment in other mining companies (net of \$17,843 in 1967 transferred from deferred exploration and development expense)	103,500	629,467
Purchase of motor vehicle		1,113
General and administrative expense	49,433	55,305
	<u>267,256</u>	<u>796,950</u>
Decrease in funds during year	255,933	182,097
WORKING CAPITAL, beginning of year	373,003	555,100
WORKING CAPITAL, end of year	<u>117,070</u>	<u>373,003</u>

FROBEX LIMITED

Statement of Deferred Exploration and Development Expense

For the year ended December 31, 1968

	Balance December 31, 1967	Additions in 1968	Amounts written off in 1968	Balance December 31, 1968
	\$	\$	\$	\$
GENERAL EXPLORATION, STAKING COSTS AND PROPERTY EXAMINATIONS				
General expenses—investigations and explora- tions for new properties in Canada		14,155	14,155	
Louvicourt Township — Quebec		13,448	13,448	
Other exploratory expenses, grubstakes, etc.		3,670	3,670	
		<u>31,273</u>	<u>31,273</u>	
PARTICIPATIONS IN SYNDICATES				
Arex Syndicate — Quebec and Ontario	25,000	21,875	46,875	
Coppermine Project — Northwest Territories	17,207	(17,207)		
Bernack Project — Northwest Territories . . .		25,100		25,100
Coranex Project — British Columbia and Yukon	69,500	30,000	99,500	
Newarex Syndicate — Quebec and Ontario .		25,000	25,000	
Antipodes Gaspé Project — Quebec	22,644	90	22,734	
	<u>134,351</u>	<u>84,858</u>	<u>194,109</u>	<u>25,100</u>
	<u>134,351</u>	<u>116,131</u>	<u>225,382</u>	<u>25,100</u>



FROBEX LIMITED

SCHEDULE I

Schedule of Investment in other Mining Companies December 31, 1968

	Number of shares	Cost \$
Bernack Coppermine Explorations Ltd.	372,500	69,750
Bruce Lake Mines Ltd. (NPL)	600,000	29,186
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	175,000	23,750
St. Pierre Uranium Mines Limited	401,875	43,769
Twin Mountain Uranium Mines Limited	4,000	625
		<u>268,180</u>

Note: Reliable market quotations are not available for any of the above shares which include the following escrowed shares:

Gulf Uranium Mines Limited	129,093
Mont Ste. Anne Mines Limited	210,000
St. Pierre Uranium Mines Limited	136,687

Notes to Financial Statements December 31, 1968

1. During the year the company exchanged 1,667,647 shares of Wexford Mines Limited for the same number of shares of Madeleine Mines Ltd. and distributed 700,000 of the Madeleine shares pro rata to its shareholders by way of a reduction in capital of \$301,673, being the average cost of the Madeleine shares distributed. Supplementary letters patent were obtained authorizing repayment of the above amount to shareholders in cash or in specie and the corresponding decrease in the issued capital of the company.
2. The quoted market value of the company's investment in the remaining 967,647 shares of Madeleine Mines Ltd. at December 31, 1968 was \$3,919,000. Because of the number of shares involved, the amount that would be realized if these shares were to be sold may be considerably more or less than their indicated market value.

