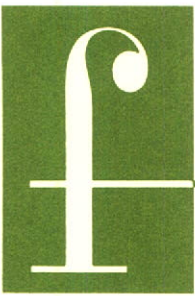


FROBEX

LIMITED

1969 Annual Report





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
Vice-President 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*

Capital Stock

AUTHORIZED: 5,000,000 shares without par value
ISSUED: 3,500,000 shares

**Executive and
Head Office**

Suite 1200, 55 Yonge Street, Toronto 1, Ontario

Auditors

Thorne, Gunn, Helliwell & Christenson, 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, March 4, 1970, 11:00 a.m. Toronto Time,
Royal York Hotel, Toronto, Ontario

FROBEX LIMITED

Suite 1200, 55 Yonge Street, Toronto 215, Ontario

The undersigned shareholder of Frobex Limited hereby nominates, constitutes and appoints W. P. Hammond, whom failing, F. T. McKinney, or _____ proxy of the undersigned to attend the Annual and Special General Meeting of the Shareholders of the Company to be held on the 4th day of March, 1970 and any adjournment thereof, and to vote and otherwise act thereat for and on behalf and in the name of the undersigned in respect of all matters that may come before the meeting in the same manner as the undersigned could do if personally present thereat, and with full power of substitution in the premises, and without otherwise limiting the general power and authorization hereby given, directs the appointee above named to vote:

(a) For or against the sanctioning of By-law No. 22 revaluing 958,904 common shares of Madeleine Mines Ltd. owned by the Company and transferring the amounts referred to in such By-law to the Company's issued capital;

(b) For or against the confirmation of a special resolution authorizing an application for Supplementary Letters Patent decreasing the issued capital of the Company to the extent referred to in such special resolution and authorizing repayment, as nearly as possible pro rata, to the Company's shareholders of an amount, in cash and/or specie, equal to such decrease.

The undersigned hereby revokes any proxies heretofore given.

DATED _____ 1970.

Signature * _____
(Please sign name as stencilled hereon)

* The Corporations Act (Ontario) provides that a proxy shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. When signing as Executor, Administrator, Trustee, Guardian or Attorney, please give your full title as such.

NOTE: (1) EACH SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON TO ATTEND AND ACT FOR HIM AND ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS SPECIFIED ABOVE. SUCH RIGHT MAY BE EXERCISED BY STRIKING OUT THE NAMES OF THE TWO SPECIFIED PERSONS AND BY INSERTING IN THE SPACE PROVIDED THE NAME OF THE PERSON TO BE APPOINTED WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY.

(2) The shares represented by this proxy will be voted. If a choice is specified with respect to By-law No. 22 and/or the special resolution aforesaid, such shares will be voted in accordance with the specification made. IF NO CHOICE IS SO SPECIFIED, IT IS INTENDED TO VOTE SUCH SHARES IN FAVOUR OF THE SANCTIONING OF SUCH BY-LAW AND/OR THE CONFIRMATION OF SUCH SPECIAL RESOLUTION, AS THE CASE MAY BE, AND THIS PROXY CONFERS DISCRETIONARY AUTHORITY SO TO DO. This proxy also confers authority for the above named to vote in his discretion with respect to amendments or variations to matters identified in the notice of the annual and special general meeting accompanying this proxy or other matters which may properly come before the meeting.

SCHOOL OF COMMERCE LIBRARY
MCGILL UNIVERSITY
1020 PINE AVENUE WEST
MONTREAL QUE.

1

THE MANAGEMENT IN SOLICITING THIS PROXY FORM ASKS YOU TO SIGN AND RETURN IT PROMPTLY.

Forms of proxy to be used at this meeting must be deposited with the Company before eleven o'clock in the forenoon (Toronto Time) on Tuesday, March 3, 1970.

of Shareholders or until their successors are elected or appointed in accordance with the by-laws of the Company:

<u>Name and Office held in Company</u>	<u>Principal Occupation or Employment</u>	<u>Director since</u>	<u>Number of Shares Owned</u>
J. B. Anderson	Vice-President Operations of McIntyre Porcupine Mines Limited, a mining company.	May 23, 1968	1*
J. K. B. Booth	Consulting Geologist.	June 7, 1967	26*
J. K. Godin	President and Chief Executive Officer of McIntyre Porcupine Mines Limited, a mining company.	Nov. 15, 1962	1*
W. P. Hammond	Vice-President Exploration of McIntyre Porcupine Mines Limited, a mining company.	May 23, 1968	1*
S. E. Jamieson	President, The British Metal Corporation (Canada) Limited, a marketing company.	Nov. 15, 1962	1*

* In each case, the total shares held include one share recorded in the name of the nominee but beneficially owned by McIntyre Porcupine Mines Limited.

The information as to shares held, not being within the knowledge of the Management, has been furnished by the respective nominees. All shares are held beneficially unless otherwise indicated.

REMUNERATION OF MANAGEMENT AND OTHERS

The aggregate direct remuneration paid or payable by the Company to its directors and senior officers during the Company's last financial year ended December 31, 1969, amounted to \$1,875.00

APPOINTMENT OF AUDITORS

It is intended to vote the accompanying proxy instrument to re-appoint the firm of Thorne, Gunn, Helliwell & Christenson, the present auditors, as auditors of the Company.

PARTICULARS TO BE ACTED UPON

The Company presently owns 967,647 common shares of Madeleine Mines Ltd. ("Madeleine") of which the Company proposes to distribute 958,904 to the shareholders of record of the Company at the close of business on the date on which the Supplementary Letters Patent referred to in (c) below are issued on the basis of one Madeleine common share for each 3.65 common shares of the Company then held. The Company has received advice that if this distribution is carried out in accordance with the following procedure neither the company itself nor its Canadian shareholders will incur any income tax liability.

On January 23, 1970 the directors enacted By-law No. 22 which:

(a) provided and to the extent that the closing bid price (the "closing price") of Madeleine common

- shares on The Toronto Stock Exchange on the date on which the Company's shareholders sanction By-law No. 22 exceeds the Company's average cost per Madeleine common share of \$.43, increases the value on the Company's books of 958,904 of the common shares of Madeleine owned by the Company by the product of such excess multiplied by 958,904; and
- (b) transfers to the Company's issued capital the aggregate of (i) the increase in the Company's earned surplus resulting from the revaluation referred to in (a) above and (ii) the Company's contributed surplus of \$264,565.

This By-law will be submitted to the meeting for sanctioning and, unless otherwise instructed, proxies in favour of management nominees will be voted in favour of such sanctioning

At the same meeting the directors passed a special resolution which:

- (c) provided that the revaluation referred to in (a) is duly effected, authorizes an application for Supplementary Letters Patent:
- (i) decreasing the issued capital of the Company by an amount equal to the product of the closing price, as defined in (a) above, multiplied by 958,904; and
- (ii) authorizing the repayment of capital to the shareholders of the Company, as nearly as possible pro rata, in cash and/or in specie, to the extent of such decrease.

As indicated above it is the Company's intention to effect the repayment of capital indicated in (c) (ii) above by distributing, in the manner indicated above, an aggregate of 958,904 Madeleine common shares. The special resolution referred to above will be submitted to the meeting for confirmation and, unless otherwise instructed, proxies in favour of management nominees will be voted in favour of such confirmation.

GENERAL

Information contained herein is given as of the close of business on January 30, 1970. The Management knows of no matters to come before the Annual and Special General Meeting of Shareholders other than the matters referred to in the notice of meeting. Receipt and consideration at such meeting of reports of the directors and auditors and the Company's financial statements for its last completed fiscal period will not constitute approval or disapproval of any matters referred to therein. If any matters which are not now known should properly come before the meeting, the accompanying proxy instrument will be voted on such matters in accordance with the best judgment of the person or persons voting it.

FROBEX LIMITED

Executive Offices

Suite 1200

55 Yonge Street, Toronto 215, Ontario, Canada

NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS:

NOTICE is hereby given that the Annual and a Special General Meeting of the Shareholders of FROBEX LIMITED will be held in the Quebec Room, Royal York Hotel, Toronto, Ontario on Wednesday, the 4th day of March, 1970 at the hour of eleven o'clock in the forenoon, Toronto time, for the following purposes:

1. Receiving the annual report and financial statements for the fiscal year ended December 31, 1969 and the report of the auditors;
2. Electing directors;
3. Appointing auditors and authorizing the directors to fix their remuneration;
4. Considering and, if deemed advisable, sanctioning By-law No. 22 enacted by the directors of the Company on January 23, 1970:
 - (a) revaluing, to the extent referred to in the said By-law, 958,904 common shares of Madeleine Mines Ltd. owned by the Company; and
 - (b) transferring to the Company's issued capital the aggregate of:
 - (i) the increase in its earned surplus resulting from such revaluation and
 - (ii) the Company's contributed surplus of \$264,565;
5. Considering and, if deemed advisable, confirming a special resolution passed by the directors on January 23, 1970 which, provided that the revaluation referred to in By-law No. 22 is duly effected, authorizes an application for Supplementary Letters Patent:
 - (a) decreasing the issued capital of the Company to the extent referred to in such special resolution; and
 - (b) authorizing the repayment to the shareholders of the Company, as nearly as possible pro rata, in cash and/or in specie, of an amount equal to the amount of such decrease;
6. Transacting such other business as may properly come before the meeting or any adjournment thereof.

Shareholders who are unable to attend the meeting in person are requested to date, sign and return, in the envelope provided for that purpose the enclosed form of proxy.

Forms of proxy to be used at this meeting must be deposited with the Company before eleven o'clock in the forenoon (Toronto time) on Tuesday, March 3, 1970.

DATED at Toronto, Ontario this 6th day of February, 1970.

By Order of the Board,

F. T. McKINNEY,

Secretary.

INFORMATION CIRCULAR

PERSONS MAKING SOLICITATION

This information circular is furnished in connection with the solicitation of proxies by the Management of Frobex Limited for use at the Annual and a Special General Meeting of the shareholders of the Company to be held on March 4, 1970 for the purposes set forth in the foregoing notice of meeting. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Company. The costs of solicitation will be borne by the Company.

REVOCABILITY OF PROXY

The shareholder executing the accompanying proxy instrument has the power to revoke it at any time insofar as it has not been exercised. In addition to revocation in any other manner permitted by law, the enclosed proxy instrument may be revoked by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the Company at any time up to and including the last business day preceding the day of the meeting or any adjournment thereof at which the proxy instrument is to be used or with the chairman of such meeting on the day of the meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked.

VOTING SHARES

<u>Class of Shares</u>	<u>Number Outstanding</u>
Common shares without par value	3,500,000

Each common share entitles the holder to one vote at all meetings of shareholders.

All shareholders of record as of the time of the Annual and Special General Meeting or any adjournment thereof are entitled to attend and to vote thereat the shares held by them but those shareholders wishing to be represented thereat by proxy must deposit their forms of proxy instruments with the Company before 11:00 o'clock in the forenoon (Toronto time) on Tuesday, March 3, 1970.

PRINCIPAL HOLDERS OF VOTING SHARES

<u>Name of shareholder</u>	<u>Approximate Number of Common Shares Beneficially Owned</u>	<u>Percentage of Outstanding Common Shares Represented</u>
McIntyre Porcupine Mines Limited	1,000,000	28.6%
The Superior Oil Company	450,100	12.9%

ELECTION OF DIRECTORS

The enclosed instrument of proxy will be voted for the following proposed nominees (or for substitute nominees in the event of contingencies not known at present) who will serve until the next Annual Meeting

FROBEX LIMITED

Directors' Report

To the Shareholders:

Your directors submit herewith the annual report on the affairs of your Company together with audited financial statements for the year ended December 31, 1969.

MADELEINE MINES LTD.

The Company's chief asset continues to be its holding in Madeleine Mines Ltd. where production commenced in mid 1969.

Your directors have decided that shareholders should be enabled to participate directly in Madeleine and will submit a proposal for shareholder approval to achieve this at the Annual and Special General Meeting to be held in Toronto, Ontario on March 4, 1970. The proposal, as set out in the accompanying information circular, provides for a pro rata distribution to Frobex shareholders of 958,904 of the Company's 967,647 Madeleine shares. This is equivalent to one Madeleine share for each 3.65 Frobex shares held.

EXPLORATION

BERNACK COPPERMINE EXPLORATION LTD.

As previously reported Frobex participates jointly with three other companies on

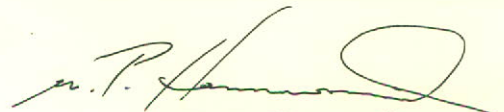
an equal basis in the financing of Bernack which was incorporated to carry out work on holdings located in the Coppermine River Area, Northwest Territories.

The promising values indicated by the previous year's drilling were found to decrease with depth and along the strike of the zone. As a consequence the project is being suspended pending further developments in the area.

GENERAL

Your Company continues to investigate exploration opportunities of merit.

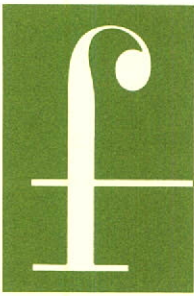
On behalf of the Board,



W. P. Hammond,

President.

Toronto, February 6, 1970.



Balance Sheet—December 31, 1969

(with comparative figures at December 31, 1968)

	1969	1968
ASSETS		
CURRENT ASSETS	\$	\$
Cash and short term deposits	44,734	124,844
Accounts receivable		1,009
	<u>44,734</u>	<u>125,853</u>
MADELEINE MINES LIMITED (note 1)		
Shares at cost	417,018	417,018
OTHER ASSETS AND DEFERRED CHARGES		
Shares in other mining companies, at cost (note 2)	202,060	268,180
Deferred exploration and development expenditures		25,100
	<u>202,060</u>	<u>293,280</u>
	<u>663,812</u>	<u>836,151</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	7,500	8,783
SHAREHOLDERS' EQUITY		
Capital stock (note 3)		
Authorized — 5,000,000 shares of no par value		
Issued — 3,500,000 shares	2,146,601	2,146,601
Contributed surplus	264,565	264,565
	<u>2,411,166</u>	<u>2,411,166</u>
Deficit	1,754,854	1,583,798
	<u>656,312</u>	<u>827,368</u>
	<u>663,812</u>	<u>836,151</u>

Approved by 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, 1969 and the statements of income and deficit 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, 1969 and 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,
January 26, 1970.

THORNE, GUNN, HELLIWELL & CHRISTENSON

Chartered Accountants.

FROBEX LIMITED

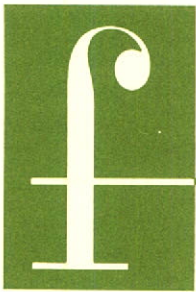
(Incorporated under the laws of Ontario)

Statement of Income and Deficit

Year ended December 31, 1969

(with comparative figures for 1968)

	1969	1968
	\$	\$
GENERAL AND ADMINISTRATIVE EXPENSES		
Accounting and office services	5,000	12,294
Annual reports and shareholders' meeting	4,806	6,527
Directors' fees	1,875	
Executive remuneration (paid to a director)		15,061
Legal and audit fees	3,332	4,998
Transfer agency fees	18,682	7,011
Other general expense	3,693	3,542
	<u>37,388</u>	<u>49,433</u>
Less interest earned	5,175	11,323
Loss for the year before undernoted items	<u>32,213</u>	<u>38,110</u>
AMOUNTS WRITTEN OFF		
Exploration and development expenditures	72,723	225,382
Shares in other mining companies	66,120	
	<u>138,843</u>	<u>225,382</u>
Loss for the year, including amounts written off	171,056	263,492
DEFICIT at beginning of the year	1,583,798	1,320,306
DEFICIT at end of the year	<u><u>1,754,854</u></u>	<u><u>1,583,798</u></u>



Statement of Source and Application of Funds
Year ended December 31, 1969
(with comparative figures for 1968)

	1969	1968
SOURCE OF FUNDS	\$	\$
Interest income	5,175	11,323
Recovery of prior year's exploration and development expenditures ..	18,081	
	<u>23,256</u>	<u>11,323</u>
APPLICATION OF FUNDS		
Exploration — Bernack Coppermine Project	63,500	25,100
Other exploration and development	2,204	89,223
Investment in other mining companies		103,500
General and administrative expenses	37,388	49,433
	<u>103,092</u>	<u>267,256</u>
Decrease in working capital	79,836	255,933
WORKING CAPITAL at beginning of year	<u>117,070</u>	<u>373,003</u>
WORKING CAPITAL at end of year	<u><u>37,234</u></u>	<u><u>117,070</u></u>

Notes to Financial Statements

December 31, 1969

1. MADELEINE MINES LTD.

At December 31, 1969 Frobex owned 967,647 shares of Madeleine Mines Ltd. having a quoted market value of \$5,854,000 (\$3,919,000 at December 31, 1968). Because of the significant number of shares involved, the quoted market value attributed to this investment is not necessarily indicative of its realizable value.

Subsequent to December 31, 1969, the directors have approved a capital distribution to shareholders of 958,904 shares of Madeleine Mines Ltd. on the basis of 1 Madeleine share for each 3.65 shares of Frobex Limited. The distribution is subject to approval by the shareholders and the issue of authorizing Supplementary Letters Patent.

2. SHARES IN OTHER MINING COMPANIES

Shares in other mining companies have no quoted market value and at December 31, 1969 consist of:

	Number of shares	Cost \$
Bernack Coppermine Exploration Ltd.	416,700	69,750
Coranex Limited	23,000	23,000
Mont. Ste. Anne Mines Limited		
(including 210,000 shares in escrow)	486,165	41,166
Orion Mining Developments Limited	175,000	23,750
St. Pierre Uranium Mines Limited		
(including 136,687 shares in escrow)	401,875	43,769
Twin Mountain Uranium Mines Limited	4,000	625
		202,060
		202,060

3. CAPITAL STOCK

During 1969 supplementary letters patent were obtained increasing the authorized capital of the company to 5,000,000 shares of no par value from 3,500,000 shares of no par value.

