



FROBEX

LIMITED

1970 Annual Report
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**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*****A. G. GOODEVE, *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, June 16, 1971, 11:00 a.m. Toronto Time,
Royal York Hotel, Toronto, Ontario

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, 1970.

MADELEINE MINES LTD.

Following approval of the shareholders at the Annual and Special General Meeting held on March 4, 1970, your company distributed to the shareholders 958,904 of its Madeleine Mines Ltd. shares and continues to hold 8,743 shares.

EXPLORATION

No properties of interest were examined during the year.

Your Company's interest in the Bernack Coppermine Exploration Ltd. property in the Coppermine River area of the Northwest Territories is being maintained pending further developments in the area.

On behalf of the board,



W. P. Hammond,
President.

Toronto, May 2, 1971.



Balance Sheet — December 31, 1970
(with comparative figures at December 31, 1969)

ASSETS		
	1970	1969
CURRENT ASSETS		
Cash and short term deposits	\$ 7,021	\$ 44,734
INVESTMENTS, at cost		
Shares in Madeleine Mines Ltd. (quoted market value 1970 — \$24,480) (note 1)	4,689	417,018
Shares in other mining companies (note 2)	91,005	202,060
	<u>95,694</u>	<u>619,078</u>
	<u>\$ 102,715</u>	<u>\$ 663,812</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,200	\$ 7,500
SHAREHOLDERS' EQUITY		
Capital stock (note 1)		
Authorized — 5,000,000 shares of no par value		
Issued — 3,500,000 shares	243,983	2,146,601
Contributed surplus (note 1)	—	264,565
Deficit (note 1)	(143,468)	(1,754,854)
	<u>100,515</u>	<u>656,312</u>
	<u>\$ 102,715</u>	<u>\$ 663,812</u>

Approved by the Board:

W. P. HAMMOND, Director.

J. K. B. BOOTH, Director.

AUDITORS' REPORT

To the Shareholders of
Frobex Limited

We have examined the balance sheet of Frobex Limited as at December 31, 1970 and the statements of income, deficit, contributed surplus 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, 1970 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 12, 1971.

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants.

FROBEX LIMITED

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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 for the undersigned to attend the Annual and General Meeting of Shareholders of the Company to be held on the 16th day of June, 1971 and any adjournments 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 confirmation of By-law No. 23 enacted by the board of directors on January 22, 1971, being a by-law providing for the indemnification of the directors and officers;
- (b) For or against the confirmation of By-law No. 24 enacted by the board of directors on January 22, 1971, being a by-law fixing the remuneration of the directors and the period for which it is paid;
- (c) For the election of Directors;
- (d) For or against the re-appointment of Thorne, Gunn, Helliwell & Christenson as Auditors of the Company.

The undersigned hereby revokes any proxies heretofore given.

DATED _____, 1971.

Signature* _____

CANCELLED

(Please sign name as stencilled hereon)

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

*The Business Corporations Act, 1970 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. 23 and By-law No. 24, 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-LAWS 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 general meeting accompanying this proxy or other matters which may properly come before the meeting.

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, June 15, 1971.

FROBEX LIMITED

Executive Offices

Suite 1200

55 Yonge Street, Toronto 215, Ontario, Canada

NOTICE OF ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS:

NOTICE is hereby given that the Annual and General Meeting of Shareholders of FROBEX LIMITED will be held in the British Columbia Room, Royal York Hotel, Toronto, Ontario, on Wednesday, the 16th day of June, 1971 at the hour of eleven o'clock in the forenoon (Toronto Time) for the following purposes:

1. Confirm, with or without variation By-law No. 23 of the Company enacted by the directors on January 22, 1971, being a by-law providing for the indemnification of the directors and officers;
2. Confirm, with or without variation By-law No. 24 of the Company enacted by the directors on January 22, 1971, being a by-law fixing the remuneration of the directors and the period for which it is paid;
3. Receive the Directors' Report and Financial Statements for the year 1970;
4. Elect directors for the ensuing year;
5. Appoint auditors for the ensuing year; and
6. Transact such other business as may properly be brought before the meeting.

If you cannot be personally present, please sign and return the accompanying form of proxy in the enclosed stamped return envelope.

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, June 15, 1971.

DATED at Toronto, Ontario this 2nd day of May, 1971.

By Order of the Board of Directors,

F. T. McKINNEY,

Secretary.

FROBEX LIMITED

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 General Meeting of the Shareholders of the Company to be held on June 16, 1971 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 an 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 General Meeting of Shareholders 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, June 15, 1971.

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%

MATTERS TO BE ACTED UPON

With the coming into force on January 1, 1971 of The Business Corporations Act, 1970 ("Act"), to the provisions of which the Company is subject, it was felt by the Board of Directors that the existing by-laws of the Company should be amended, wherever necessary or advisable, to conform to the provisions of the Act. All of the following matters to be dealt with at the meeting represent action taken in this regard:

1. On January 22, 1971 the Board of Directors enacted a by-law (By-law No. 23) to be valid on the coming into force of the Act. This by-law, being a by-law indemnifying every director and officer of the Company against liabilities which he might incur in respect of the execution of the duties of his office and in respect of the affairs of the Company, will be submitted to the meeting for confirmation and, unless otherwise instructed, proxies received will be voted in favour of such confirmation.
2. On January 22, 1971 the Board of Directors enacted By-law No. 24 to be valid on the coming into force of the Act. This by-law, being a by-law fixing the remuneration of each director at the rate of \$500 per annum, will be submitted to the meeting for confirmation and, unless otherwise instructed, proxies received will be voted in favour of such confirmation.

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 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 23/68	1*
J. K. B. Booth.....	Consulting Geologist.	June 7/67	26*
J. K. Godin.....	President and Chief Executive Officer of McIntyre Porcupine Mines Limited, a mining company.	Nov. 15/62	2*
W. P. Hammond..... President	Vice-President Exploration of McIntyre Porcupine Mines Limited, a mining company.	May 23/68	1*
S. E. Jamieson..... Vice-President	President, The British Metal Corporation (Canada) Limited, a marketing company.	Nov. 15/62	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, 1970, amounted to \$2,500.

APPOINTMENT OF AUDITORS

Unless otherwise instructed, proxy forms which are received pursuant to this solicitation will be voted for the reappointment of Thorne, Gunn, Helliwell & Christenson, the present auditors, as auditors of the Company.

GENERAL

Information contained herein is given as of the close of business on April 15, 1971. The management knows of no matters to come before the Annual and 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.

F. T. McKINNEY,
Secretary.

Dated May 2, 1971.

FROBEX LIMITED

(Incorporated under the laws of Ontario)

Statement of Income

Year ended December 31, 1970
(with comparative figures for 1969)

	1970	1969
GENERAL AND ADMINISTRATIVE EXPENSES		
Accounting and office services	\$ 1,000	\$ 5,000
Annual reports and shareholders' meeting	4,932	4,806
Directors' fees	2,500	1,875
Legal and audit fees	3,345	3,332
Transfer agency fees	23,058	18,682
Other general expense	205	3,693
	<hr/>	<hr/>
	35,040	37,388
Less interest earned	1,661	5,175
	<hr/>	<hr/>
Loss for the year before undernoted items	33,379	32,213
	<hr/>	<hr/>
Amounts written off		
Exploration expenditures	779	72,723
Shares in other mining companies	109,310	66,120
	<hr/>	<hr/>
	110,089	138,843
	<hr/>	<hr/>
Loss for the year, including amounts written off	\$ 143,468	\$ 171,056
	<hr/>	<hr/>
Loss per share	4.1¢	4.9¢
	<hr/>	<hr/>

Statement of Deficit

Year ended December 31, 1970
(with comparative figures for 1969)

	1970	1969
Deficit at beginning of year	\$1,754,854	\$1,583,798
Increase to market value at March 4, 1970 of 958,904 shares of Madeleine Mines Ltd. distributed (note 1)	4,094,520	—
	<hr/>	<hr/>
	2,339,666	1,583,798
Transfer to capital (note 1)	2,339,666	—
	<hr/>	<hr/>
	Nil	1,583,798
Loss for the year, including amounts written off	143,468	171,056
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Deficit at end of year	\$ 143,468	\$1,754,854
	<hr/>	<hr/>



Statement of Contributed Surplus

Year ended December 31, 1970
(with comparative figures for 1969)

	1970	1969
Balance at beginning of year	\$ 264,565	\$ 264,565
Transfer to capital (note 1)	264,565	—
Balance at end of year	<u>Nil</u>	<u>\$ 264,565</u>

Statement of Source and Application of Funds

Year ended December 31, 1970
(with comparative figures for 1969)

	1970	1969
SOURCE OF FUNDS		
Interest income	\$ 1,661	\$ 5,175
Recovery of prior year's exploration and development expenditures ..	1,745	18,081
	<u>3,406</u>	<u>23,256</u>
APPLICATION OF FUNDS		
Exploration — Bernack Coppermine Project	—	63,500
Other exploration and development	779	2,204
General and administrative expenses	35,040	37,388
	<u>35,819</u>	<u>103,092</u>
Decrease in working capital	32,413	79,836
Working capital at beginning of year	37,234	117,070
Working capital at end of year	<u>\$ 4,821</u>	<u>\$ 37,234</u>

FROBEX LIMITED

Notes to Financial Statements December 31, 1970

1. DISTRIBUTION OF SHARES OF MADELEINE MINES LTD. BY REDUCTION IN CAPITAL

During 1970 capital was changed and shares in Madeleine Mines Ltd. were distributed to shareholders as follows:

(a) As authorized by by-law

(i) the book value of 958,904 of the shares in Madeleine was increased by \$4,094,520 to market value at March 4, 1970 and the increase was credited to retained earnings (deficit).

(ii) Capital was increased by transfers of \$2,339,666 from retained earnings and \$264,565 from contributed surplus.

(b) By supplementary letters patent dated March 4, 1970 capital was then reduced from \$4,750,832 to \$243,983 and a distribution to shareholders was authorized of \$4,506,849, being the market value of the 958,904 shares of Madeleine which were distributed on the basis of 1 Madeleine share for each 3.65 shares of Frobex Limited.

The issued capital at December 31, 1970 of \$243,983 is determined as follows:

Balance January 1, 1970		\$2,146,601
Transfer from earned surplus	\$2,339,666	—
Transfer from contributed surplus	264,565	2,604,231
		<u>4,750,832</u>
Distribution of shares of Madeleine Mines Ltd.		4,506,849
Balance December 31, 1970		<u>\$ 243,983</u>

2. SHARES IN OTHER MINING COMPANIES

Shares in other mining companies have no quoted market value and at December 31, 1970 consist of:

	Number of shares	Cost
Bernack Coppermine Explorations Ltd.	520,349	\$ 67,805
Coranex Limited	23,000	23,200
		<u>\$ 91,005</u>

