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ANNUAL REPORT

O'BRIEN GOLD MINES, LIMITED

(NO PERSONAL LIABILITY)

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FOR THE FISCAL YEAR ENDED 30th SEPTEMBER 1950
McGILL UNIVERSITY

O'BRIEN GOLD MINES, LIMITED

(No Personal Liability)

TO THE SHAREHOLDERS:

TAKE NOTICE that the Annual General Meeting of Shareholders of O'Brien Gold Mines, Limited (No Personal Liability) will be held in the Brittany Room, the Mount Royal Hotel, in the City of Montreal, Que., on Friday, the 19th day of January, 1951, at the hour of 12.00 o'clock noon, to receive reports, elect directors and appoint auditors, and to transact all such other business as may properly come before the meeting.

Each shareholder who may not be able to be personally present is respectfully requested to sign and return the enclosed proxy to the undersigned in the envelope provided. Your proxy for voting is required by by-laws to be filed with the Secretary forty-eight hours before the meeting.

Copy of the reports and the Financial Statements to be submitted to such meeting are forwarded herewith.

DATED this 15th day of December, 1950.

BY ORDER OF THE BOARD

A. S. CLERKE, *Secretary.*

P R O X Y

O'BRIEN GOLD MINES, LIMITED

(No Personal Liability)

I, _____, of _____
one of the shareholders of O'Brien Gold Mines, Limited (No Personal Liability), being the
owner of _____ shares, hereby appoint J. Barry O'Brien, President, or failing
him, Alan Scott, Vice-President, or failing him, A. S. Clerke, Secretary, or failing him, _____
_____ as my proxy to vote for me and in my name at
the Annual General Meeting of the Company to be held in the City of Montreal, Que., on
Friday, the 19th day of January, 1951, at the hour of 12.00 o'clock noon, and at any adjourn-
ment thereof.

IN WITNESS WHEREOF I have hereunto set my hand this _____
day of _____, 19____.

WITNESS:

}

(SIGN HERE)

SIXTEENTH ANNUAL REPORT
of
O'BRIEN GOLD MINES, LIMITED

(No Personal Liability)

President

J. BARRY O'BRIEN

Vice-President

ALAN SCOTT

Secretary-Treasurer

A. S. CLERKE

Directors

J. BARRY O'BRIEN	Ottawa, Ontario
J. A. O'BRIEN	Ottawa, Ontario
B. A. O'BRIEN	Ottawa, Ontario
ALAN SCOTT	Ottawa, Ontario
M. A. THOMSON	Montreal, Quebec

Mine Manager

H. E. SPARKS

Stock Transfer Agent and Registrar

MONTREAL TRUST COMPANY

Montreal, P.Q., and Toronto, Ontario

Head Office

KEWAGAMA, P.O., QUEBEC

DIRECTORS' REPORT

To the Shareholders of
O'Brien Gold Mines, Limited
(No Personal Liability)

Your Directors take pleasure in presenting their Sixteenth Annual Report, along with the attached Financial Statements, Auditors' Report and the Operating Report of the Mine Manager for the fiscal year of the Company ended 30th September, 1950.

The net profit is \$140,692.99 after a provision of \$21,000.00 for income and provincial mining taxes. This compares with \$135,076.56 for the previous year when the provision for taxes was \$20,000.00.

A dividend of \$162,500.00, at the rate of five cents per share, was paid in March, 1950, leaving a balance of \$491,551.99 in surplus account on 30th September, 1950 as against a surplus of \$510,448.81 at the beginning of the fiscal year.

The ore tonnage treated was approximately 15% higher and gold production was 1,346.389 ounces more than the previous year. At \$1,086,217.11 there is an increase of \$134,300.73 in the value of the bullion produced, attributable in part to the increased gold production and in part to the additional value of the bullion sold as a result of the 10% devaluation of the Canadian dollar in September, 1949.

Estimated revenue under the Emergency Gold Mining Assistance Act includes approximately \$21,000.00 applicable to previous years. There is a slight decrease per unit of gold production in the estimated amount of the assistance which applies to this fiscal year.

Development, mining, milling, general and office expenses increased by \$141,711.48, owing largely to more extensive development work and a higher unit cost of extraction on the larger tonnage treated. The continued upward trend in the cost of supplies and labour affects operating costs, and in this connection it is to be noted that a general wage increase of ten cents per hour has been in force since 1st September, 1950.

At the close of the fiscal year, labour supply was a matter for concern, but since then a number of immigrants from Europe have been taken on the payroll and it is expected that more will soon be available.

Provision for depreciation of buildings and machinery has been made in accordance with the capital cost allowance permitted under The Income Tax Act. As a result of the change in the basis of its computation, the provision of \$38,275.50 for depreciation is approximately \$11,500.00 more than it would have been if it had been made on the same basis as in previous years.

The ore reserve position is considered satisfactory in view of the fact that no development was undertaken during the year on the three new levels below 3,000 feet. The new ore put in sight has come from the earlier developed sections of the mine, and it was reasonably close in both tonnage and grade to the ore removed. Broken ore reserves have been increased from 8,931 tons to 16,196 tons and the assay is higher.

Expenditures on outside exploration totalled \$21,639.05, a decrease of about \$24,000.00 as compared with the previous year. Exploration activities during the year were directed towards a detailed examination of the Waswanapi group of claims and to a continuation of our prospecting in new areas. No disclosures of importance were made. A two-year program of road building into the Bachelor Lake area has been started by the Provincial authorities and it is hoped that this work will be sufficiently advanced to permit transport of heavy machinery to our Bachelor Lake claims before the elapse of another year.

Your Directors are again pleased to acknowledge the loyal and efficient services of the Mine Manager and the Staff throughout the year.

On behalf of the Board,

J. BARRY O'BRIEN,

President:

Ottawa, Ontario,

2nd December, 1950.

MINE MANAGER'S REPORT

Kewagama, Quebec,
October 13, 1950.

The President and Directors,
O'Brien Gold Mines, Limited.

Gentlemen:

The following report covering the operations of your Company for the year ended September 30th 1950, is respectfully submitted.

PRODUCTION:

A summary of the production is as follows:

Tons Ore Treated..... 66,894
Average Grade per Ton Ore.... 0.444 ounces (\$17.08)

	Ounces	Value
Values in Ore Treated.....	29,722.320	\$1,142,252.86

Tailings Loss:

	Ounces		
Flotation.....	970.164		
Roasting.....	163.716		
Cyaniding.....	321.594	1,455.474	\$ 56,035.75
Bullion Produced.....	28,266.846	\$1,086,217.11	
Recovery per Ton Treated.....	0.423 ozs.	\$	16.24
Percentage Recovered.....	95.1%		

The average daily tonnage milled was 187.4 tons.

MINING:

The source and grade of ore sent to the mill were as follows

Source	Tons	Percent of Total Tons	Grade Ozs. per Ton
Stopes and Backstopes.....	61,015	91.4	.460
Development.....	5,729	8.6	.259
	66,744	100.0	.443

The following is a summary of development work:

	Current Year	Totals to Sept. 30, 1950
Drifting.....	5,144	7,1898
Crosscutting.....	610	16,992
Raising and Boxholing.....	612	7,742
Shaft Sinking.....		5,107
Station Cutting.....		1,569
	6,366ft.	103,308ft.

DIAMOND DRILLING:

Underground.....	9,968 ft.	136,244 ft.
Surface.....	Nil ft.	20,295 ft.
	<u>9,968 ft.</u>	<u>156,539 ft.</u>

A substantial development program was maintained throughout the year resulting in the greatest development footage since 1942. It also afforded an opportunity for exploration drives into the undeveloped portions of the property east and west of the central productive zone.

No. 14 Vein was opened up on the 2750' level and No. 1 Vein was opened up on the 3000' level, with satisfactory results. No work was undertaken on the three new levels below the 3000 except diamond drilling as a guide to future operations.

In the older part of the mine, several minor ore sections were disclosed.

New ore put in sight during the year amounted to 58,686 tons containing 25,253 ounces.

ORE RESERVES as at October 1st, 1950:

	<u>Tons</u>	<u>Ounces per Ton</u>
Broken Ore.....	16,196	.481
Probable Ore in Place.....	149,334	.387
	<u>165,530</u>	<u>.396</u>

OPERATING COSTS:

		<u>Per Ton Ore Treated</u>
Development and Diamond Drilling	\$124,467.08	\$ 1.86
Extraction.....	495,143.99	\$ 7.40
Total Mining.....	\$619,611.07	\$ 9.26
Milling, Roasting and Cyaniding..	132,099.33	1.97
General.....	176,373.39	2.64
	<u>\$928,083.79</u>	<u>\$13.87</u>

The enlarged development program together with the increase in broken ore reserves accounted for the higher mining costs as compared with the previous year.

CAPITAL EXPENDITURES:

The Capital Expenditures for the year were classified as follows:

Building and Machinery.....	\$10,489.23
Tools and Equipment.....	5,659.06
No. 4 Shaft Sinking.....	3,838.09
	<u>\$19,986.38</u>

OUTSIDE EXPLORATION:

Extensive stripping and trenching on our Waswanipi group of claims failed to disclose ore values. The work was recorded thereby maintaining the ground in good standing for another year.

No important discoveries were made by our prospecting party operating in the vicinity of Carpiquet Township during the season.

The Provincial Department of Mines is now constructing a road to Bachelor Lake and it is expected that development work on our property in that area can be resumed in 1951.

GENERAL:

Operations have shown an improvement throughout the year, due to the larger number of underground workers available. The milling rate was the highest since 1943. The plentiful supply of labour tended to decrease and become erratic during the latter part of the year.

Number 3 shaft was reopened and several old stopes were put in operation and new ore outlined.

The cost of machinery and supplies is still rising and there is considerable delay in obtaining some lines of equipment.

School and municipal taxes were noticeably increased by reason of the dismantling of buildings at several of the non-operating mines in the area.

An increase of ten cents an hour for hourly rated employees and a similar increase for the staff became effective September 1st. At the same time, shop and surface employees working nine hours were reduced to an eight hour day.

Increased benefits were made available to employees under our Sickness and Accident Insurance.

The loyal and excellent work of the mine staff and employees, and the co-operation and advice of the President and Directors, are hereby gratefully acknowledged.

Respectfully submitted,

H. E. SPARKS,

Manager.

O'BRIEN GOLD
(NO PERSONAL
INCORPORATED UNDER THE LAW
BALANCE SHEET AS AT

ASSETS

Current Assets:

Cash.....	82,771.38	
Dominion of Canada bonds — at cost and accrued interest (Quoted market value \$1,755,232.50) ..	1,711,498.75	
Bullion.....	83,531.76	
Accounts receivable.....	1,404.19	
Claim under the Emergency Gold Mining Assistance Act — estimated....	45,000.00	1,924,206.08

Sundry Assets:

Inventories of general stores — at not more than cost.....	140,034.59	
Prepaid expenses.....	23,871.48	
Development expense — deferred charge	22,258.34	
Sundry investments — at nominal values..	7.00	
Sundry mining claims — at nominal values	4.00	186,175.41

Fixed Assets:

Mine property — at cost.....	1,385,122.84	
Plant, buildings and equipment — at cost.....	1,027,608.15	
Less: Reserves for depreciation.....	905,307.57	122,300.58
		1,507,423.42

\$3,617,804.91

MINES, LIMITED

(LIABILITY)

OF THE PROVINCE OF QUEBEC

30th SEPTEMBER 1950**LIABILITIES****Current Liabilities:**

Accounts payable and accrued expenses..	59,708.52	
Wages payable.....	18,307.46	
Income tax and tax under the Province of Quebec Mining Act.....	<u>23,001.66</u>	101,017.64

Deferred Liability:

Re pension plan, for past service of employees.....		25,235.28
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Capital Stock and Surplus:

Capital stock —		
Authorized — 4,000,000 shares of a par value of \$1 each.....	<u>\$4,000,000.00</u>	
Issued as fully-paid and non-assessable— 3,250,000 shares.....	3,000,000.00	
Surplus —		
As per attached statement.....	<u>491,551.99</u>	3,491,551.99

Approved on behalf of the Board:

J. Barry O'Brien	} Directors
M. A. Thomson	

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of O'Brien Gold Mines, Limited (No Personal Liability) for the year ended 30th September 1950, and we have obtained all the information and explanations which we have required.

We report that, in our opinion, the above balance sheet and the accompanying statements of operations and of surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at 30th September 1950 and the results of the operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the company.

Ottawa, 2nd November, 1950.

McDONALD, CURRIE & CO.,
Chartered Accountants\$3,617,804.91

O'BRIEN GOLD MINES, LIMITED

(NO PERSONAL LIABILITY)

Statement of Operations for the Year Ended 30th September 1950

Revenue:

Bullion.....	1,086,217.11	
Less: Marketing expenses.....	<u>7,711.98</u>	1,078,505.13
Estimated revenue under the Emergency Gold Mining Assistance Act (including approximately \$21,000 applicable to previous years) ..		89,699.06
Interest on investments and deposits.....	<u>48,837.35</u>	1,217,041.54

Expenditure:

Operating —		
Development, mining, milling, general and office.....	928,083.79	
Legal and directors' fees, stock transfers, registration, administration and miscellaneous.....	<u>45,091.86</u>	973,175.65
Other —		
Reserved for depreciation of plant.....	38,275.50	
Development other than operating — portion written off.....	<u>22,258.35</u>	
Outside exploration.....	<u>21,639.05</u>	<u>82,172.90</u>
		1,055,348.55
		<u>161,692.99</u>

Provision for Income Tax and Tax Under the Province of Quebec Mining Act.....	<u>21,000.00</u>
Net Profit for the Year.....	<u><u>\$140,692.99</u></u>

STATEMENT OF SURPLUS

Balance — 30th September 1949.....		510,448.81
Net profit for the year.....	140,692.99	
Profit on sale of fixed assets.....	2,219.50	
Net reduction in liability re pension plan, for past service of employees — arising from terminations and adjustments during the year	<u>690.69</u>	<u>143,603.18</u>
		654,051.99
Dividend No. 14 paid 8th March 1950.....		162,500.00
Balance — 30th September 1950.....		<u><u>\$491,551.99</u></u>

