

19th

ANNUAL REPORT



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O'BRIEN GOLD MINES, LIMITED
(NO PERSONAL LIABILITY)

NINETEENTH 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 are pleased to submit their Nineteenth Annual Report, together with the Auditors' Report to the Shareholders, Financial Statements and Mine Manager's Report for the fiscal year ended 30th September 1953.

Net profit of \$36,678.94 for the year, including a marginal profit of \$440.48 from the operation of the mine, compares with a profit of \$30,594.12 earned the previous year when the profit from mining operations was \$10,317.49. A moderate reduction in the tonnage and grade of ore treated, coupled with a further decline of 26 cents per ounce in the average price received for gold, resulted in a decrease of \$66,529.82 in the value of bullion production as compared with last year. Partly offsetting this decrease, there is an increase of \$15,527.96 in revenue under the Emergency Gold Mining Assistance Act, and a decrease of \$40,729.25 in mine operating expenditure. Other Revenue exceeded Other Expenditure by \$36,238.46, as against a net Other Revenue of \$20,276.63 the previous year, the improvement of \$15,961.83 being largely attributable to a reduction in outside exploration expenses. Having regard to the present adverse conditions in the gold mining industry in general, and the limitations inherent in a small tonnage mine, it will be appreciated that a loss on mining operations was avoided only by careful attention to all elements of cost throughout the year.

A dividend of \$65,000.00, at the rate of 2 cents per share, was paid in March 1953. The balance of \$305,112.82 remaining in surplus account at the close of the year under review is \$28,219.18 less than the balance at 30th September 1952.

Underground exploration and developmen work was accelerated during the year and there was a small increase in the amount of new ore put in sight. However, this was not sufficient to offset the tonnage extracted, and Ore Reserves at 63,153 tons show a decrease of 30,232 tons. The grade of reserves at 0.439 ounces shows an improvement of approximately \$1.60 per ton. The ore zone on No. 1 Vein on the bottom level is not included in Ore Reserves, having been reached since the close of the year under review, and will be in addition to the tonnage shown in the Mine Manager's Report. Final ore disclosures on the bottom horizon will have an important bearing on further shaft sinking.

Two prospecting parties have been active in the field in the past season, and several mining properties have also been appraised. No occurrences of importance have been found.

Alminex Limited, in which your Company holds a 10 per cent interest, has continued its activities in the Western Canada oil fields. Through Alminex, your Company now has an equity in one commercial gas well, and two potential oil locations, with prospects of worthwhile discoveries from further drilling operations and from lease holdings.

During the year, your Company has entered into an additional oil venture in Western Canada through the acquisition of a 2 per cent interest in Oilwell Operators Limited. Out of a commitment of \$100,000, an amount of \$50,000 has been paid, the balance being subject to call before 31st December 1953, if required. To date, Oilwell Operators Limited have brought in three producing wells in the Erskine Field, Alberta, and prospects are considered good for additional producers in the same area and in other favourable ground owned by this company.

In conjunction with the American Metal Company, New York, and certain Canadian mining companies, a commitment has been undertaken for the financing of a five-year exploration programme by Exploration Projects of Toronto. Emphasis will be on the application of geophysical techniques to the discovery of mineral deposits. Your Company will contribute \$12,000 annually to the cost of this programme, and will hold an 8.5 per cent interest in any resultant discoveries.

Your Directors again take this opportunity to express their appreciation of the loyal and efficient services of the Mine Manager and members of the staff in the conduct of the year's operations.

On behalf of the Board,

J. BARRY O'BRIEN,
President.

Ottawa, Ontario,
1st December 1953.

MINE MANAGER'S REPORT

Kewagama, Quebec,
19th October 1953.

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

Gentlemen:

The operations of your Company for the year ended 30th September 1953 are summarized as follows:

PRODUCTION:

A summary of production is as follows:

Tons of Ore Treated.....	64,292
Average Grade per Ton Ore.....	0.388 ounces (\$13.37)

	Ounces	Value
Values in Ore Treated.....	24,950.165	\$859,761.49

Tailings Loss:

	Ounces	
Flotation.....	665.287	
Roasting.....	70.623	
Cyaniding.....	240.668	976.578 \$ 33,498.03
Bullion Produced.....	23,973.587	\$826,263.46

Recovery per Ton Treated.....	0.373 ozs.	\$ 12.85
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Percentage Recovered.....	96.1%
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The average daily tonnage milled was 179.2 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.....	62,465	97.6	.392
Development.....	1,565	2.4	.259
	<u>64,030</u>	<u>100.0</u>	<u>.389</u>

The following is a summary of development work:

	Current Year	Accumulated Totals to 30th Sept., 1953
Drifting.....	3,125 ft.	81,246 ft.
Crosscutting.....	368 ft.	17,642 ft.
Raising and Boxholing.....		8,053 ft.
Shaft Sinking.....		5,107 ft.
Station Cutting.....		1,569 ft.
	<u>3,493 ft.</u>	<u>113,617 ft.</u>

DIAMOND DRILLING:

	Current Year	Accumulated Totals to 30th Sept., 1953
Underground.....	8,460 ft.	167,368 ft.
Surface.....		20,295 ft.
	<u>8,460 ft.</u>	<u>187,663 ft.</u>

Investigation of the upward extension of the east ore shoot of No. 1 Vein was carried out on the 1250, 1000, 750 and 300 foot levels. The 1,250 and 1,000 foot levels disclosed higher than average values.

The east exploration drift on the 2,000 foot level which was extended 666 feet, failed to disclose any favourable ore possibilities.

On the 3,450 foot level, development of No. 1 Vein has indicated the downward continuity of ore from the level above. However, this ore will not be included in ore reserves until final drifting and backtesting are completed.

ORE RESERVES as at 1st October 1953:

	Tons	Ounces per Ton
Broken Ore.....	29,204	0.454
Probable Ore in Place.....	33,949	0.425
	<u>63,153</u>	<u>0.439</u>

The net total of new ore put in sight during the year amounted to 34,060 tons containing 16,066 oz. This is made up principally from the new stopes in the No. 1 Vein system on the upper levels and extension of mining limits of older stopes of No. 1 and No. 14 Veins.

OPERATING COSTS:

		Per Ton Ore Treated
Development and Diamond Drilling	\$ 80,862.69	\$ 1.26
Extraction	525,824.23	8.18
Total Mining.....	606,686.92	9.44
Milling, Roasting and Cyaniding...	137,930.91	2.14
General.....	140,998.39	2.19
	<u>\$885,616.22</u>	<u>\$13.77</u>

CAPITAL EXPENDITURES:

The Capital Expenditures for the year amounted to \$2,100.00.

OUTSIDE EXPLORATION:

Two prospecting parties, one in Northwestern Ontario and the other in the Chibougamau and Alabanel Lake areas of Northern Quebec, were actively engaged on exploration work throughout the season. No commercial ore deposits were discovered.

In addition, several prospects were examined, but none was sufficiently interesting to warrant extensive investigation.

GENERAL:

The average price received for an ounce of gold in terms of the Canadian dollar showed a further decline at \$34.41 as compared with \$34.67 for last year.

The situation in respect to inexperienced labour has shown improvement during the year.

All efforts to dispose of our Crude Arsenic were unsuccessful, and at the end of the year, there were approximately 800 tons of this material stored at the Mine.

I wish to express my appreciation to the Mine Staff and Employees for their loyal and excellent work. The continued help and counsel of the President and Directors is gratefully acknowledged.

Respectfully submitted,

H. E. SPARKS,
Manager.

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

ASSETS

Current Assets:

Cash	69,161.23	
Bullion	73,538.14	
Accounts receivable	6,431.77	
Claim under the Emergency Gold Mining Assistance Act — estimated	52,300.23	
Overpayment of income tax	1,289.01	
Dominion of Canada bonds, par value \$1,305,000 — at cost and accrued interest (Quoted market value \$1,250,293.75)	1,311,079.50	
Other bonds and preferred shares — at cost and accrued interest (Quoted market value \$138,407.50) ...	141,127.51	1,654,927.39

Other Assets:

Inventories of general stores — at cost	146,070.65	
Prepaid expenses	30,059.07	
Participation in exploration ventures — Alminex Limited (see note 1) — Investment in shares — at cost	25,000.00	
Cash advances	12,500.00	
Oilwell Operators Limited — Cash payments (see note 2)	50,171.02	
Exploration Projects — Cash payments (see note 3)	12,000.00	99,671.02
Sundry investments and mining claims — at nominal values	9.00	275,809.74

Fixed Assets:

Mine property — at cost	1,385,122.84	
Plant, buildings and equipment — at cost	1,021,989.17	
Accumulated depreciation. 974,743.69	47,245.48	1,432,368.32
		<u>\$3,363,105.45</u>

NOTE 1 — As at 30th September 1952 the company had acquired 2,500 shares of the capital stock of Alminex Limited at a cost of \$25,000 and had subscribed for an additional \$25,000 payable on call. Subsequent to that date it was agreed to cancel the additional subscription of \$25,000 and instead the company undertook to make accountable advances of this amount to Alminex Limited on request, of which \$12,500 had been paid as at 30th September 1953.

NOTE 2 — Under an agreement which expires on 31st December 1953, the company is committed to pay an additional amount of \$50,000 to Oilwell Operators Limited if requested.

NOTE 3 — This represents the first of five annual payments to an association called Exploration Projects for which the company is committed under an agreement.

MINES, LIMITED

(LIABILITY)

OF THE PROVINCE OF QUEBEC

30th SEPTEMBER 1953**LIABILITIES****Current Liabilities:**

Accounts payable and accrued liabilities.	31,429.70	
Wages payable	17,920.98	
Tax under the Province of Quebec		
Mining Act	<u>292.11</u>	49,642.79

Deferred Liability re Cost of Past

Service Pensions		8,349.84
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Capital Stock and Surplus:

Capital stock —		
Authorized —		
4,000,000 shares of \$1 par value....	<u>\$4,000,000.00</u>	
Issued as fully paid and non-assessable —		
3,250,000 shares.....	<u>3,000,000.00</u>	
Surplus.....	<u>305,112.82</u>	3,305,112.82

\$3,363,105.45

Approved on behalf of the Board:

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

O'BRIEN GOLD MINES, LIMITED

(NO PERSONAL LIABILITY)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30th SEPTEMBER 1953

Mine Operating Revenue:

Bullion	826,263.46		
Less: Marketing expenses ..	<u>6,701.31</u>	819,562.15	
Estimated revenue under the Emergency Gold Mining Assistance Act (including approximately \$22,000 applicable to prior year) ...		<u>130,500.00</u>	950,062.15

Mine Operating Expenditure:

Development, mining, milling, general and office	885,616.22		
Legal and directors' fees, stock transfers, registration, administration and miscellaneous	<u>50,925.45</u>	936,541.67	
Depreciation of buildings and machinery		<u>13,080.00</u>	949,621.67
			<u>440.48</u>

Other Revenue:

Interest on bonds and deposits	41,020.48		
Dividends received	6,417.52		
Profit on realization of investments	<u>3,873.53</u>	51,311.53	

Other Expenditure:

Outside exploration	14,308.19		
Provision for tax under the Province of Quebec Mining Act	<u>764.88</u>	<u>15,073.07</u>	36,238.46

Net Profit for the Year \$36,678.94

NOTE: In addition to the depreciation of \$13,080.00 shown above, an amount of \$6,898.43 is included in the above accounts representing depreciation of equipment.

STATEMENT OF SURPLUS

Balance 30th September 1952		333,332.00
Net profit for the year	36,678.94	
Reduction in liability for cost of past service pensions — arising from terminations during the year	<u>101.88</u>	36,780.82
		<u>370,112.82</u>
Dividend No. 17 paid 11th March 1953		65,000.00
Balance 30th September 1953		<u>\$305,112.82</u>

ASSOCIATED WITH
SCOVELL, WELLINGTON & CO.
ACCOUNTANTS AND AUDITORS
UNITED STATES OF AMERICA
AND
COOPER BROTHERS & CO.
CHARTERED ACCOUNTANTS
GREAT BRITAIN EUROPE
SOUTH AND EAST AFRICA
SOUTHERN RHODESIA
AUSTRALIA NEW ZEALAND

McDonald, Currie & Co.

Chartered Accountants

MONTREAL • QUEBEC • OTTAWA • TORONTO • SAINT JOHN
SHERBROOKE • VANCOUVER • KIRKLAND LAKE • MONCTON
HAMILTON • CHARLOTTETOWN • EDMONTON

TELEPHONE 5-7231
CABLE ADDRESS 'CURMAC'

222 SOMERSET STREET WEST
OTTAWA, ONT.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of O'Brien Gold Mines, Limited (No Personal Liability) as at 30th September 1953 and the statements of profit and loss and surplus for the year ended on that date and have obtained all the information and explanations we have required. 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, the accompanying balance sheet and statements of profit and loss and 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 1953 and the results of its 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.

McDonald, Currie & Co.

OTTAWA, 13th November 1953.

CHARTERED ACCOUNTANTS

