

21<sup>ST</sup>  
ANNUAL REPORT

**O'BRIEN GOLD MINES LIMITED**  
NO PERSONAL LIABILITY





TWENTY-FIRST ANNUAL REPORT  
of  
O'BRIEN GOLD MINES, LIMITED

(No Personal Liability)

*President*

J. BARRY O'BRIEN

*Vice-President*

ALAN SCOTT

*Secretary-Treasurer*

R. FERRIER BURNS

*Directors*

J. BARRY O'BRIEN . . . . .	Ottawa, Ontario
J. A. O'BRIEN . . . . .	Ottawa, Ontario
B. A. O'BRIEN . . . . .	Ottawa, Ontario
ALAN SCOTT . . . . .	Ottawa, Ontario
ST. BARBE SLADEN . . . . .	Ottawa, Ontario

*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 present herewith their Twenty-first Annual Report, together with the Auditors' Report to the Shareholders, Financial Statements and Operating Report of the Mine Manager for the fiscal year ended 30th September 1955.

There was a Net Loss of \$16,199 for the year, compared with a Net Profit of \$29,803 in the previous year.

In spite of a small increase in tonnage treated, bullion production declined approximately 9.5% due to the lower grade of ore milled. Offsetting the lower bullion revenue however, there was a reduction of 8.8% in mine operating expenditures, with the result that the mine operating profit of \$44,256 shows an improvement of \$4,168 over the previous year. Estimated revenue under the Emergency Gold Mining Assistance Act is approximately the same in both years.

Non-operating revenue, including \$10,123 relating to oil ventures and \$16,888 representing profit realized on investments, shows an increase of \$26,298 over last year. In this connection Dominion of Canada bonds to the value of over \$600,000 have been converted into other bonds and shares with a resultant improvement of over \$5,700 in income for the year from marketable securities.

Other Expenditures are higher by \$76,468, arising from the increased activity in outside exploration, and the continuing participation in the development of Western Canada oil and gas.

A dividend of \$65,000, at the rate of 2 cents per share was paid in March 1955. Surplus account at the close of the year under review is \$184,060, a reduction of \$86,282 in the year.

Your attention is directed to the Auditors' footnote on the Balance Sheet regarding realizable values of Fixed Assets and Inventories. The mine property cost has been retained in the Balance Sheet since the inception of the Company, without annual depreciation, in accordance with customary practice. It will be noted that the cost of plant, buildings and equipment has been almost completely written off, and in respect of these items the net Balance Sheet figure is now less than probable realizable values.

At the main property normal development of new ore ceased in June with the completion of drifting on the bottom level of the mine and, with the exception of local and limited extensions of known ore bodies, operations are now on the salvage basis reported last year. The present ore reserve position indicates that profitable milling operations may be continued until approximately June 1956.



An accelerated effort has been made during the past year in the search for new mining properties. Additional ground has been staked in Bergères Township, Quebec, adjoining the 1954 staking, where an interesting base metal occurrence is under investigation. Intensive prospecting for base metals in the Timmins area and in north-western Ontario, and for uranium in Pontiac County, Quebec, failed to disclose anything of commercial value. In the joint venture with Exploration Projects several promising ore indications were examined during the year and some of these are still under investigation. Highway access to the Bachelor Lake area is nearing completion and will shortly be supplemented by railroad facilities. However, the present outlook for exploitation of a gold occurrence such as the Bachelor Lake deposit is not attractive, and a decision to commence underground development will have to be postponed until the economic factors are more favourable.

Attention is drawn to the expanding position your Company is taking in Western Canada oil and gas developments. Cash invested during the year in the operations of Alminex Limited and Oilwell Operators Limited amounted to a combined total of \$139,628, with commitments to provide an additional sum of \$67,500 before the end of December 1955. The cumulative total invested in these projects to the close of the fiscal year under review amounts to \$289,964, of which \$119,224 has been written off out of income up to 30th September 1955. On the revenue side, income is now being earned at the rate of approximately \$13,500 per annum. This revenue is predominantly from producing wells in the Erskine and Pembina fields under the agreement with Oilwell Operators Limited and will continue to increase as additional wells are brought into production. Present indications are that marketing of natural gas will commence in 1956 from the Alberta fields in which your Company is interested.

It is with pleasure that we again express our appreciation of the faithful 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,  
25th November 1955.

# MINE MANAGER'S REPORT

Kewagama, Quebec,  
19th October 1955.

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

Gentlemen:

The following report covers the operations of your Company for the Fiscal Year ended 30th September 1955.

## PRODUCTION:

A summary of production is as follows:

Tons of Ore Treated . . . . .	70,220
Average Grade per Ton Ore . . . . .	0.346 ounces (\$11.90)

	Ounces	Value
Values in Ore Treated . . . . .	24,319.915	\$835,711.01

## Tailings Loss:

	Ounces	
Flotation . . . . .	726.622	
Roasting . . . . .	65.187	
Cyaniding . . . . .	276.363	1,068.172
Bullion Produced . . . . .	23,251.743	\$798,432.90
Recovery per Ton Treated . . . . .	0.331 ozs.	\$ 11.37
Percentage recovered . . . . .	95.6%	

The average daily tonnage milled was 196.5 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 . . . . .	68,659	97.9	0.349
Development . . . . .	1,464	2.1	0.240
	<u>70,123</u>	<u>100.0</u>	<u>0.346</u>

The following is a summary of development work:

	Current Year	Accumulated Totals to 30th Sept. 1955
Drifting . . . . .	1,038 ft.	83,787 ft.
Crosscutting . . . . .	131 ft.	18,208 ft.
Raising and Boxholing . . . . .	188 ft.	8,241 ft.
Shaft Sinking . . . . .		5,107 ft.
Station Cutting . . . . .		1,569 ft.
	<u>1,357 ft.</u>	<u>116,912 ft.</u>

## DIAMOND DRILLING:

	Current Year	Accumulated Totals to 30th Sept. 1955
Underground.....	2,796 ft.	178,006 ft.
Surface.....		20,295 ft.
	<u>2,796 ft.</u>	<u>198,301 ft.</u>

Development work and diamond drilling on the bottom level of the Mine were completed during the year, without adding anything to known ore reserves.

A short section of new ore was disclosed on the 2,350 foot level between No's. 4 and 9 Veins.

## ORE RESERVES as at 1st October 1955:

	Tons	Ounces per Ton
Broken Ore.....	17,771	0.350
Probable Ore in Place.....	9,310	0.597
	<u>27,081</u>	<u>0.434</u>

A net total of 52,293 tons of new ore containing 19,179 ounces was disclosed during the year, in excess of original estimates for the areas worked.

## OPERATING COSTS:

		Per Ton Ore Treated
Development and Diamond Drilling.....	\$ 33,980.26	\$ 0.48
Extraction.....	523,728.59	7.46
Total Mining.....	557,708.85	7.94
Milling, Roasting and Cyaniding.....	140,950.20	2.01
General.....	120,438.86	1.71
	<u>\$819,097.91</u>	<u>\$11.66</u>

## CAPITAL EXPENDITURES:

There were no Capital Expenditures during the year.

## OUTSIDE EXPLORATION:

Additional work on claims staked last year in Bergères Township, Quebec, disclosed an interesting area of base metal mineralization. In conjunction with Dome Exploration (Quebec) Limited an airborne magnetometer survey was carried out on adjoining ground, and an additional 83 claims staked. Investigations in the area are continuing.



Detailed work on a Uranium prospect in Quebec and on base metal occurrences in two areas in Ontario brought disappointing returns. General prospecting elsewhere in Ontario and Quebec failed to disclose anything of importance.

GENERAL:

Senior staff and technical personnel have been considerably reduced during the year due to resignations and moves to other Mines in advance of the ultimate shut down of our mining and milling operations.

It is again a pleasure to acknowledge the good work and splendid co-operation of the staff and employees, especially Mr. H. F. Berry, Mill Superintendent, Mr. J. E. Kelly, Plant Superintendent, Mr. E. J. Turnbull, Chief Mine Accountant, and to thank the President and Directors for their help and support.

Respectfully submitted,

H. E. SPARKS,  
*Manager.*

**O'BRIEN GOLD**

(NO PERSONAL)

INCORPORATED UNDER THE LAWS OF CANADA

**BALANCE SHEET AS AT****ASSETS****Current Assets**

Cash.....	22,437	
Bullion.....	58,236	
Accounts receivable.....	4,793	
Claim under The Emergency Gold Mining Assistance Act — estimated.....	23,519	
Dominion of Canada bonds, par value \$500,000 — at cost and accrued interest (quoted market value \$500,475).....	504,116	
Other bonds and shares — at cost and accrued interest (quoted market value \$948,653).....	<u>900,057</u>	1,513,158

**Other Assets**

Inventories of general stores — at cost (Note).....	102,912	
Prepaid expenses.....	23,130	
Participation in exploration ventures — Shares — at cost.....	25,000	
Cash payments, less amounts written off (in addition, the company has commitments of \$31,500 and a probable commitment estimated at \$60,000)...	<u>167,728</u>	192,728
Sundry investments and mining claims — at nominal values.....	<u>9</u>	318,779

**Fixed Assets (Note)**

Mine property — at cost.....	1,385,123	
Plant, buildings and equipment — at cost.....	1,012,088	
Accumulated depreciation.....	<u>988,270</u>	<u>23,818</u>
		<u>1,408,941</u>
		<u><u>\$3,240,878</u></u>

**NOTE:**

It is anticipated that mining and milling operations will terminate in the current financial year of the company. In this event it is expected that the inventories of general stores and the fixed assets will realize salvage values only which will be substantially less than their book values.

**MINES, LIMITED**

LIABILITY)

OF THE PROVINCE OF QUEBEC

30th SEPTEMBER 1955

**LIABILITIES****Current Liabilities**

Accounts payable and accrued liabilities.....	37,597	
Wages payable.....	17,138	
Quebec mining tax.....	<u>2,033</u>	56,768

**Deferred Liability re Cost of Past**

Service Pensions .....		50
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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</u>	
Issued as fully paid and non-assessable —		
3,250,000 shares.....	3,000,000	
Surplus.....	<u>184,060</u>	3,184,060

\$3,240,878

Approved on behalf of the Board

J. BARRY O'BRIEN	} Directors
ST. B. SLADEN	

**O'BRIEN GOLD MINES, LIMITED**

(NO PERSONAL LIABILITY)

**STATEMENT OF PROFIT AND LOSS****FOR THE YEAR ENDED 30th SEPTEMBER 1955****Mine Operating Revenue**

Bullion .....	798,433		
Less: Marketing expenses .....	<u>6,327</u>	792,106	
Estimated revenue under The Emergency Gold Mining Assistance Act (including approximately \$18,000 applicable to prior year) .....		<u>128,235</u>	920,341

**Mine Operating Expenditure**

Development, mining, milling, general and office .....	819,098		
Legal and directors' fees, stock transfers and registrations, administration and miscellaneous .....	<u>50,987</u>	870,085	
Depreciation of buildings and machinery ..		<u>6,000</u>	876,085
			<u>44,256</u>

**Other Revenue**

Share of operating profit from participation in oil ventures .....	10,123		
Interest on bonds .....	42,268		
Dividends received .....	9,808		
Profit on realization of investments .....	<u>16,888</u>	79,087	

**Other Expenditure**

Outside exploration — mining .....	55,129		
— oil and gas .....	<u>82,413</u>		
Provision for Quebec mining tax .....	<u>2,000</u>	139,542	60,455

<b>Net Loss for the Year .....</b>			<u><u>\$16,199</u></u>
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NOTE: In addition to the depreciation of \$6,000 shown above, an amount of \$3,325 is included elsewhere in the above accounts representing depreciation of equipment.

**STATEMENT OF SURPLUS****FOR THE YEAR ENDED 30th SEPTEMBER 1955**

<b>Balance—30th September 1954 .....</b>		270,342	
Reduction in liability for cost of past service pensions — arising from terminations during the year .....		<u>38</u>	
		270,380	
Net loss for the year .....	16,199		
Additional cost of past service pension .....	5,121		
Dividend No. 19 paid 16th March 1955 .....	<u>65,000</u>	86,320	
<b>Balance—30th September 1955 .....</b>			<u><u>\$ 184,060</u></u>



ASSOCIATED WITH  
COOPER BROTHERS & CO.  
GREAT BRITAIN EUROPE  
AUSTRALIA NEW ZEALAND  
CENTRAL EAST SOUTH AND  
WEST AFRICA  
SCOVELL WELLINGTON & COMPANY  
UNITED STATES OF AMERICA

MCDONALD, CURRIE & CO.  
CHARTERED ACCOUNTANTS

COOPER BROTHERS & CO.  
CHARTERED ACCOUNTANTS

MONTREAL QUEBEC OTTAWA TORONTO SAINT JOHN  
SHERBROOKE VANCOUVER HAMILTON CHARLOTTETOWN  
EDMONTON WINNIPEG KITCHENER

TELEPHONE  
CENTRAL 5-7234  
CABLE ADDRESS  
"CURMAC"  
222 SOMERSET STREET WEST  
OTTAWA 4  
ONTARIO, CANADA

7th November 1955

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of O'Brien Gold Mines, Limited (No Personal Liability) as at 30th September 1955 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 1955 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.

*M. McDonald, Currie & Co.*  
CHARTERED ACCOUNTANTS





**O'BRIEN GOLD MINES LIMITED**  
**1934 - 1955**

