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22nd
ANNUAL REPORT



O'BRIEN GOLD MINES LIMITED
NO PERSONAL LIABILITY



TWENTY-SECOND 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
M. J. O'BRIEN JR.	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, QUEBEC

DIRECTORS' REPORT

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

Your Directors present herewith their Twenty-second 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 1956.

Regretfully we must record the cessation of all underground operations on the Cadillac Property as of 31st July 1956. The clean-up of surface and the mill continued into October. This work has been discontinued for the winter and will be finally completed in the summer of 1957.

Mine operating revenues exceeded mine expenses by an amount of \$116,069 in the year; the comparable figure for the previous year being \$44,256. This improvement was due largely to the curtailment of development work, and reduction of mine personnel, and was achieved in the face of a reduction of \$92,648 in estimated revenue under the Emergency Gold Mining Assistance Act. However, largely as the result of increased exploration activity, other operations resulted in a net outlay for the year approximately \$105,000 greater than that of the previous year, in spite of an increase of \$32,520 in other revenue earned. The result of all operations is a Net Loss of \$49,230 for the year compared with a loss of \$16,199 in the previous year.

A dividend of \$65,000, at the rate of two cents per share, was paid in March 1956. Net change in the Surplus Account for the year is an increase of \$19,279, after taking into account the proceeds of mine plant, buildings and equipment disposals in the amount of \$133,509 in excess of written down values.

The remaining general stores now appear in the Balance Sheet at estimated realizable value. The mine property remains in fixed assets at its original cost but the mine plant, buildings and equipment have been reduced to a nominal value of \$1.00. Disposal of all remaining surface assets is contemplated for the ensuing year. In this connection, your attention is drawn to the note appended to the Balance Sheet that these values are not intended to reflect present or future worth.

Exploration activity was carried out at an accelerated pace during the year. General prospecting which was largely in Quebec involved an expenditure of \$62,518. Nothing of continuing importance was disclosed and these costs have been absorbed into the year's operations. Participation in the general reconnaissance program of Exploration Projects has been maintained. The principal activity at the present time relates to certain mineral holdings in the State of Virginia on which diamond drilling is disclosing worthwhile

values in copper and zinc, in association with extensive sulphide deposits. A separate project, in which your Company holds a 23% interest, has been established for this investigation. Total advances to Exploration Projects during the year amounted to \$22,870, bringing advances to date to \$58,870. Of this amount, the sum of \$28,072 has been written off against operations.

Further substantial commitments were taken during the year in connection with the oil and gas developments in Western Canada in which your Company has a participation. This brings to \$628,842 the amount so invested, of which \$309,453 have been written off out of income up to 30th September 1956. Your attention is drawn to the improvement in revenue from these sources during the year, all of which has come from oil production. This revenue is now at a rate of \$75,000 per year and will continue to show some increase. As of 30th September your Company's net interest in proven oil and gas reserves is estimated to be 750,000 barrels of oil and over three billion cubic feet of gas. No appreciable income will be derived from the gas reserves before the autumn of 1957.

In December 1955, your Directors approved participation with New Highridge Mining Company Limited in the further development and exploitation of the Little Bay Copper Property in Newfoundland. The diamond drilling carried out since that date, in conjunction with the earlier results obtained by Highridge, has indicated an ore body containing an estimated 2,000,000 tons, grading 2.10% copper, to a depth of 1500 feet. This ore is partly in the hanging wall but mainly below and to the west of the area mined from 1878 to 1892. The present drilling has not delimited the ore occurrence at depth. In the opinion of the managements of both Highridge and your Company sufficient information has now been obtained to warrant reopening the property. Accordingly, a new Company, Atlantic Coast Copper Corporation Limited, has been incorporated to take over the property and carry on all subsequent stages of mine development and production operations. Your Company and Highridge will jointly and equally guarantee the necessary funds for shaft sinking and preliminary mine development. Full details of the new incorporation will be conveyed to all shareholders as soon as final arrangements are concluded.

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,
10th December 1956.

MINE MANAGER'S REPORT

Cadillac, Quebec,
25th October 1956.

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

Gentlemen:

The operations of your Company for the Fiscal Year ended 30th September 1956 are as follows:

PRODUCTION:

A summary of production is as follows:

Tons of Ore Treated.....		57,727
Average Grade per Ton Ore.....	0.367 ounces	(\$12.76)
	<u>Ounces</u>	<u>Value</u>
Values in Ore Treated.....	21,174.763	\$736,314.46

Tailings Loss:

	<u>Ounces</u>		
Flotation.....	740.079		
Roasting.....	58.367		
Cyaniding.....	<u>276.701</u>	<u>1,075.147</u>	<u>37,414.24</u>
Bullion Produced.....		<u>20,099.616</u>	<u>\$698,900.22</u>
Recovery per Ton Treated.....	0.348 ozs.	\$	12.11
Percentage recovered.....	94.9%		

The average daily tonnage milled was 194.2 tons.

MINING:

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

<u>Source</u>	<u>Tons</u>	<u>Percent of Total Tons</u>	<u>Grade Ozs. per Ton</u>
Stopes and Backstopes.....	56,946	99.3	0.322
Development.....	<u>387</u>	<u>0.7</u>	<u>0.222</u>
	<u>57,333</u>	<u>100.0</u>	<u>0.321</u>

The following is a summary of development work:

	<u>Current Year</u>	<u>Accumulated Totals to 30th Sept. 1956</u>
Drifting.....	163 ft.	83,950 ft.
Crosscutting.....	45 ft.	18,253 ft.
Raising and Boxholing.....		8,241 ft.
Shaft Sinking.....		5,107 ft.
Station Cutting.....		<u>1,569 ft.</u>
	<u>208 ft.</u>	<u>117,120 ft.</u>

DIAMOND DRILLING:

	Current Year	Accumulated Totals to 30th Sept. 1956
Underground.....	86 ft.	178,092 ft.
Surface.....	—	20,295 ft.
	<u>86 ft.</u>	<u>198,387 ft.</u>

Final development of No. 4 Vein in the No. 2 Shaft Pillar, 1500 ft. level, disclosed only average values in badly broken ground.

A net total of 30,646 tons of ore containing 8,204 ounces, in excess of original estimates, were milled during the year.

OPERATING COSTS:

		Per Ton Ore Treated
Development and Diamond Drilling.....	\$ 6,101.69	\$0.10
Extraction.....	320,224.12	5.55
Total Mining.....	326,325.81	5.65
Milling, Roasting and Cyaniding.....	126,947.08	2.20
General.....	106,691.41	1.85
	<u>\$559,964.30</u>	<u>\$9.70</u>

CAPITAL EXPENDITURES:

There were no Capital Expenditures at the mine during the year.

OUTSIDE EXPLORATION:

Four parties were engaged in prospecting for base metals in north-western Quebec. Detailed examination of the geophysical anomalies on the Bergères Township claims showed no mineral concentrations of economic value. A limited amount of X-ray diamond drilling was done on a sulphide zone in Cadillac Township without favourable returns. No disclosures of importance were made in other areas.

In equal partnership with New Highridge Mining Company Limited, an old copper mine at Little Bay, Newfoundland was explored by over 40,000 feet of diamond drilling. An estimated 2,000,000 tons of 2.1% copper ore have been outlined and a decision has been made to proceed with development work.

GENERAL:

The hoisting of ore from the mine was completed on 31st July, and was followed immediately by a clean-up of the Mill, Roasters and Bag House. This work was suspended in October and will be completed in the summer of 1957.

A section of No. 4 Vein between 1375 ft. and 1750 ft. levels was left in place as pillar support to No. 2 Shaft. Although the values in the area are estimated at 1400 ounces, removal of the shaft pillar would not have been a profitable operation.

I wish to express my appreciation to Mr. H. F. Berry, Mill Superintendent, Mr. J. E. Kelly, Plant Superintendent, Mr. E. J. Turnbull, Chief Mine Accountant, and to the entire staff for their good work and splendid co-operation. I also want to thank the President and Directors for their help and guidance.

Respectfully submitted,

H. E. SPARKS,

Manager.

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

ASSETS

Current Assets

Cash.....	102,916		
Accounts receivable.....	148,040		
Claim under The Emergency Gold Mining Assistance Act — estimated.....	18,659		
Dominion of Canada bonds and Treasury Bills, par value \$325,000 — at cost and accrued interest (quoted market value \$306,483).....	327,973		
Other bonds and shares — at cost and accrued interest (quoted market value \$731,641).....	783,591	1,381,179	

Other Assets

Inventories of general stores — at estimated realizable value.....	16,188		
Prepaid expenses.....	16,896		
Participation in exploration ventures — Shares — at cost.....	25,000		
Cash payments, less amounts written off (in addition, the company has com- mitments of \$103,980 and a probable commitment estimated at \$22,337)...	422,401	447,401	
Sundry investments and mining claims — at nominal values.....	10	480,495	

Fixed Assets

Mine property — at cost (Note).....	1,385,123		
Mine plant, buildings and equipment — at nominal value (Note).....	1		
Other fixed assets — at cost.....	32,470		
Accumulated depreciation.....	14,167	18,303	1,403,427
			<u>\$3,265,101</u>

NOTE:

Mining operations were discontinued in July 1956. The amounts shown for mine property and mine plant, buildings and equipment are not intended to reflect present or future values.

MINES, LIMITED

(LIABILITY)

OF THE PROVINCE OF QUEBEC

30th SEPTEMBER 1956

LIABILITIES**Current Liabilities**

Accounts payable and accrued liabilities	45,782	
Wages payable	5,659	
Quebec mining tax	<u>10,321</u>	61,762

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>203,339</u>	3,203,339

\$3,265,101

Approved on behalf of the Board

J. BARRY O'BRIEN	} <i>Directors</i>
ST. B. SLADEN	

O'BRIEN GOLD MINES, LIMITED

(NO PERSONAL LIABILITY)

STATEMENT OF PROFIT AND LOSS**FOR THE YEAR ENDED 30th SEPTEMBER 1956****Mine Operating Revenue**

Bullion.....	698,900		
Less: Marketing expenses.....	<u>5,441</u>	693,459	
Estimated revenue under The Emergency Gold Mining Assistance Act (including approximately \$7,000 applicable to prior year).....		<u>35,587</u>	729,046

Mine Operating Expenditure

Development, mining, milling, general and office.....	559,964		
Legal and directors' fees, stock transfers and registrations, administration and miscellaneous.....	<u>48,813</u>	608,777	
Depreciation of buildings and machinery..		<u>4,200</u>	<u>612,977</u>
			116,069

Other Revenue

Share of operating profit from participation in oil ventures.....	35,745		
Interest on bonds.....	37,131		
Dividends received.....	9,780		
Profit on realization of investments.....	<u>28,951</u>	111,607	

Other Expenditure

Outside exploration — mining.....	76,577		
— oil and gas.....	190,229		
Provision for Quebec mining tax.....	<u>10,100</u>	<u>276,906</u>	<u>165,299</u>

Net Loss for the Year..... \$49,230

NOTE: In addition to the depreciation of \$4,200 shown above, an amount of \$3,096 is included elsewhere in the above accounts representing depreciation of equipment.

STATEMENT OF SURPLUS**FOR THE YEAR ENDED 30th SEPTEMBER 1956**

Balance—30th September 1955			184,060
Net proceeds on disposal of mine plant, buildings and equipment during the year, less amount required to reduce these assets to nominal value.....		133,509	
Net loss for the year.....	49,230		
Dividend No. 20 paid 14th March 1956..	<u>65,000</u>	<u>114,230</u>	<u>19,279</u>
Balance—30th September 1956			<u>\$203,339</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
SHERRBOURNE VANCOUVER HAMILTON CHARLOTTETOWN
EDMONTON RIMOUSKI WINNIPEG KITCHENER

TELEPHONE
CENTRAL 5-7231
CABLE ADDRESS
"CURMAC"

222 SOMERSET STREET WEST
OTTAWA 4
ONTARIO, CANADA

6th December 1956

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of O'Brien Gold Mines, Limited (No Personal Liability) as at 30th September 1956 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 1956 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 Donald Currie & Co.
CHARTERED ACCOUNTANTS

O'BRIEN GOLD MINES LIMITED
1934 - 1956

