

# O'BRIEN

Gold Mines, Limited

## 23rd

Annual Report  
1957

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# Twenty-third Annual Report of

# O'BRIEN

## Gold Mines, Limited

### OFFICERS

*President, J. BARRY O'BRIEN*

*Vice-President, ALAN SCOTT*

*Secretary-Treasurer, R. FERRIER BURNS, C.A.*

### DIRECTORS

J. BARRY O'BRIEN

M. J. O'BRIEN JR.

B. A. O'BRIEN

ALAN SCOTT

ST. BARBE SLADEN

### STOCK TRANSFER AGENT & REGISTRAR

MONTREAL TRUST COMPANY

Montreal, Quebec, and Toronto, Ontario

### OFFICES

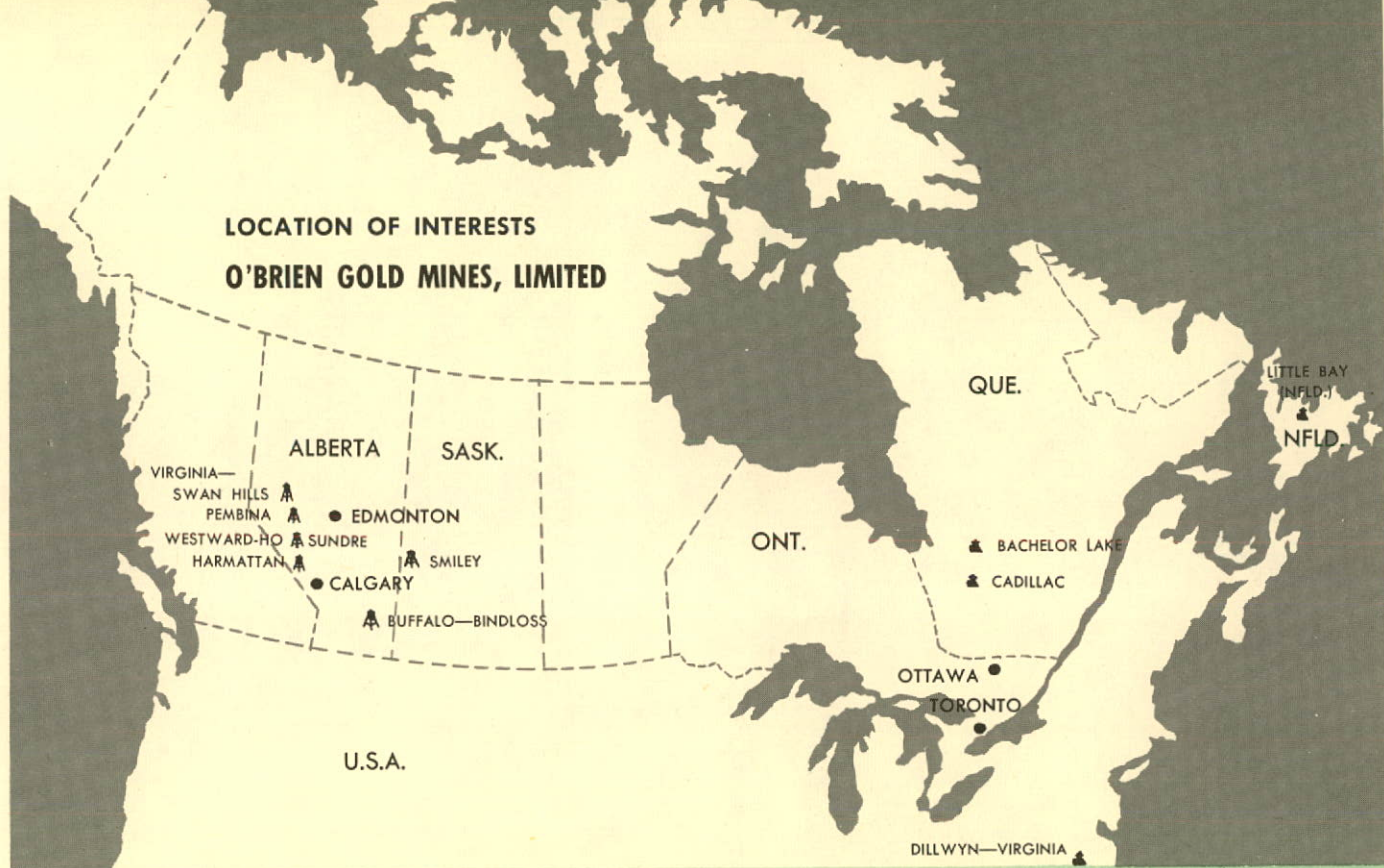
Executive Office  
OTTAWA

Exploration Office  
TORONTO

Head Office  
KEWAGAMA, QUE.



# LOCATION OF INTERESTS O'BRIEN GOLD MINES, LIMITED



## LEGEND

⌘ OIL AND GAS PARTICIPATIONS    ⚡ MINING PROPERTIES

⌘ VIRGINIA—SWAN HILLS

⌘ PEMBINA

⌘ WESTWARD-HO—SUNDRE

⌘ HARMATTAN

⌘ BUFFALO—BINDLOSS

⌘ SMILEY

⚡ BACHELOR LAKE

⚡ CADILLAC

⚡ LITTLE BAY (NFLD.)

⚡ DILLWYN—VIRGINIA

# Directors' Report

To the Shareholders of  
**O'BRIEN GOLD MINES, LIMITED**

YOUR DIRECTORS submit herewith their Twenty-third Annual Report, together with the Auditors' Report to the Shareholders, Financial Statements and Mine Manager's Report for the fiscal year ended 30th September 1957.

For the first time, earnings from investments in Alberta oil properties form the largest single item in the revenue account. These total \$75,537 as compared with \$35,745 in the previous year. Interest and dividends from the portfolio of investments, totalling \$45,718, provide the second largest source of revenue, and compare with \$46,911 from similar sources last year. Revenue from clean-up operations at Cadillac, after deduction of recovery costs pertaining thereto, amounted to \$20,881 and a profit of \$6,766 was realized on investments sold during the year. Against this aggregate income of \$148,902, administrative, general and mining exploration expenses of \$113,187 were incurred (\$129,590 in the previous year), leaving a net profit for the year of \$35,715.

It will be noted that the Statement of Profit and Loss makes no provision this year for any write-off in respect of the cost of participations in oil and gas ventures. The total amount of cash advances to date is \$787,160, of which \$184,441 has been advanced in the year under review. The expenditure for the year has been added to the previous year's written-down value of \$294,389, resulting in a residual balance sheet valuation of \$478,830 for these participations at 30th September 1957. As the present worth of these assets is conservatively estimated to be in excess of \$2,000,000, your Directors feel that this balance sheet valuation is fully justified and should not be reduced by any charge to the operations of the current year.

The value of your oil interests has been greatly enhanced during the year as a result of three successful discovery wells drilled by Home Oil Company Limited on the 184,000-acre Virginia Hills-Swan Hills reservations, approximately 125 miles north of Edmonton. Your company holds 3% of the Home Oil interest in these reservations and in the additional 184,000-acre Grizzly Mountain reservation—as yet undrilled—to the north-east of the Swan Hills area. No official estimates of oil potential can be made on the drilling to



date, but the evidence of the three holes gives excellent promise of a new oil field of major proportions.

Elsewhere in Western Canada additional oil and gas reserves have been developed during the year. As of 30th September 1957, participations were held in 108 producing oil wells, 11 producing gas wells and 23 capped gas wells. The net revenue of \$75,537 from oil production is an increase of 110% over the previous year, but recent reductions in Alberta oil quota allowables have checked the rising trend of earnings for the present.

Alminex Limited, in which your Company holds a ten per cent equity, commenced deliveries of gas to Trans-Canada Pipe Lines Limited in September 1957 from its gas holdings in the Buffalo-Bindloss area. Gas revenues however are not expected to reach important volume until additional marketing contracts have been negotiated.

As will be noted from the Mine Manager's Report, a substantial portion of the mine plant and buildings (including all of the town site houses) has been sold and removed from the Cadillac property. This resulted in a net profit of \$124,461 in the year, which has been added to the surplus account. The clean-up of all areas and equipment in which gold could accumulate was continued during the year, and will be completed in 1958.

Prospecting activity in Canada in 1957 was concentrated primarily on a detailed investigation of claim groups staked in previous years and, secondly, on exploration in virgin territories. Results were disappointing in all cases, although further work will be done next season on a claim group in north-western Quebec where preliminary indications of mineralization are encouraging.

The special project organized last year by Exploration Projects for the investigation of sulphide occurrences in the State of Virginia was transferred in July to Willis River Mines Limited, a new company jointly financed by your Company and Virginia Mining Corporation. Preliminary exploration had disclosed an interesting association of copper and zinc values with two large bodies of iron sulphides. A further expenditure of \$30,000 is now being made by the new company to drill these occurrences at greater depth. The ultimate equity of your Company in Willis River Mines Limited will be 48%, if results warrant the exercise of all outstanding options. The general activities of Exploration Projects have continued independently of the Willis

River operation, and additional sulphide occurrences in the southern Appalachians are presently under investigation.

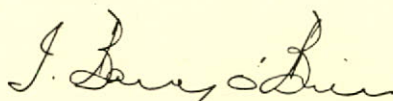
As reported last year, titles to the Little Bay copper property in Newfoundland were transferred to a new company named Atlantic Coast Copper Corporation Limited. The authorized capital of the new company is 3,500,000 shares, of which 1,000,005 shares have been issued in consideration of title transfers and pre-incorporation development expenses. Your Company received 300,000 shares of this allotment and a further 300,000 shares accrued to New Highridge Mining Company Limited.

Early in 1957 the Board of Directors of Atlantic Coast Copper Corporation Limited approved a program of shaft-sinking and limited underground development work, and agreements were entered into covering the necessary finances. Your Company and New Highridge Mining Company Limited each subscribed for 325,000 shares at a price of \$1.00 per share, of which 150,000 shares had been taken up and paid for by each company by 30th September. The balance of the firm underwriting has been fully subscribed subsequent to the date of the balance sheet, bringing to \$650,000 the total cash paid into the treasury of Atlantic Coast Copper Corporation Limited. Options covering an additional 650,000 shares at a price of \$1.00 per share are held by New Highridge Mining Company Limited and your Company jointly.

With finances assured, the necessary preliminaries to shaft-sinking have been in progress throughout the summer, and actual sinking operations will be under way in December. No production plans will be formulated until completion of the shaft-sinking and preliminary program of underground development, following which results obtained will be appraised in the light of prevailing market conditions.

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,

  
President.

6th December 1957.



## Assets

## Current Assets

Cash . . . . .	\$ 18,046	
Bullion . . . . .	17,739	
Accounts receivable . . . . .	27,947	
Dominion of Canada bonds, par value \$250,000—at cost and accrued interest (quoted market value \$224,250) . . . . .	251,895	
Other bonds and shares—at cost and accrued interest (quoted market value \$707,575) . . . . .	808,333	
		1,123,960

## Other Assets

Inventories of general stores—at nominal value . . . . .	1	
Prepaid expenses . . . . .	4,823	
Participation in exploration ventures (note 1)— Shares—at cost . . . . . \$346,449 Cash payments, less amounts written off . . . 497,924	844,373	
Sundry investments and mining claims—at nominal values . . . . .	9	
		849,206

## Fixed Assets

Mine property—at cost (note 2) . . . . .	1,385,123	
Mine plant, buildings and equipment—at nominal value (note 2) . . . . .	1	
Other fixed assets—at cost . . . . . 24,862 Accumulated depreciation . . . . . 7,034	17,828	
		1,402,952
		<u>\$3,376,118</u>

## NOTES:

1. This amount does not include commitments to pay additional sums totalling \$236,000, of which \$175,000 was paid subsequent to the date of the balance sheet.
2. Mining operations were discontinued in the previous year. The amounts shown for mine property and mine plant, buildings and equipment are not intended to reflect present or future values.



LIABILITY) **Balance Sheet** as at 30th September 1957

**Liabilities**

**Current Liabilities**

Accounts payable and accrued liabilities . . . . .	\$ 9,268	
Sundry taxes . . . . .	<u>3,336</u>	12,604

**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>363,514</u>	3,363,514

\$3,376,118

Approved on behalf of the Board

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

## Statement of Profit and Loss

For the Year Ended 30th September 1957

### Revenue

Operating profit from participation in oil ventures . . . . .	\$75,537	
Interest on bonds . . . . .	36,531	
Dividends received . . . . .	9,187	
Profit on realization of investments . . . . .	6,766	
	<u>          </u>	128,021

### Expenditure

Outside exploration—mining (including depreciation \$2,825) . . . . .	66,893	
Administrative and general . . . . .	46,294	
	<u>          </u>	113,187
		<u>          </u>
		14,834

### Revenue from Mine Operations

Bullion . . . . .	70,296	
Less: Marketing expenses . . . . .	\$ 608	
Milling, general and office . . . . .	45,507	
Provision for Quebec mining tax . . . . .	3,300	
	<u>          </u>	49,415
		<u>          </u>
		20,881

Net Profit for the Year . . . . .	<u><u>\$ 35,715</u></u>
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#### NOTE:

No write-off has been made during the year for any portion of the cost of the company's participation in oil and gas ventures. If such write-off had been made on the same basis as in previous years, the charge to profit and loss would have amounted to approximately \$248,700.

## Statement of Surplus

For the Year Ended 30th September 1957

Balance—30th September 1956 . . . . .	\$203,338
Net profit for the year . . . . .	35,715
Net profit on disposal of mine plant, buildings and equipment during the year . . . . .	124,461
	<u>          </u>
Balance—30th September 1957 . . . . .	<u><u>\$363,514</u></u>



ASSOCIATED WITH  
COOPERS & LYBRAND  
UNITED KINGDOM, UNITED STATES OF AMERICA,  
CANADA, AUSTRALIA, NEW ZEALAND, SINGAPORE,  
CENTRAL, EAST, SOUTH AND WEST AFRICA,  
BELGIUM, BELGIAN CONGO, FRANCE, HOLLAND

**MCDONALD, CURRIE & CO.**

CHARTERED ACCOUNTANTS

**COOPER BROTHERS & CO.**

CHARTERED ACCOUNTANTS

MONTREAL QUEBEC OTTAWA TORONTO SAINT JOHN  
CHARLOTTETOWN RHINOSUR SHERRBROOKE HAMILTON KITCHENER  
WINNIPEG EDMONTON CALGARY VANCOUVER

TELEPHONE  
CENTRAL 5-7231  
CABLE ADDRESS  
"CURMAC"  
222 SOMERSET STREET WEST  
OTTAWA 4  
ONTARIO, CANADA

28th November 1957

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of O'Brien Gold Mines, Limited (No Personal Liability) as at 30th September 1957 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 1957 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.*  
CHARTERED ACCOUNTANTS

# Mine Manager's Report

Toronto, Ontario,  
3rd December 1957.

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

Gentlemen:

The operations of your Company at Cadillac, Quebec, for the fiscal year ended 30th September 1957 are reviewed herewith.

## Production

The clean-up of surface plant and equipment which was under way at the start of the fiscal year was curtailed during the winter season and resumed again in May 1957. Values recovered from these operations during the year were as follows:—

	<i>Ounces</i>	<i>Value</i>
Mint returns . . . . .	1,985.037	\$67,446.09
Residues to Noranda Smelter (estimated) . . . . .	89.387	2,850.00
Total . . . . .	<u>2,074.424</u>	<u>\$70,296.09</u>

A substantial portion of the mine plant and equipment and practically all remaining stores and supplies have been sold. All of the dwellings on the Kewagama town site and a number of the smaller plant buildings were sold and removed from the property during the year. The final dismantling of the mill building and equipment will be completed in 1958 with some additional gold recovery at that time.

## Exploration

The Quebec Government has withheld approval to date of our application for a concession on the Ungava nickel belt.

Detailed examination of the mineralized zones in Bousquet and Bergeres Townships gave disappointing results. Three prospecting parties were maintained in north-western Quebec during the 1957 season and a group of twenty-five claims in the Buteux-Marceau area has been staked for additional attention next year.

A considerable number of property examinations were made in Ontario and Quebec but none had sufficient merit to warrant further consideration.

Headquarters of the Exploration Department of your Company have been established in the Bank of Montreal Building, Toronto, with an additional engineer resident in Noranda, Quebec.

Respectfully submitted,

H. E. SPARKS,  
*Manager.*



