

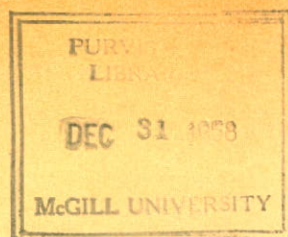
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24th  
Annual  
Report  
1958

O'BRIEN

*Gold Mines  
Limited*





# Twenty-Fourth Annual Report of

# O'BRIEN

## Gold Mines, Limited

### OFFICERS

*President, J. BARRY O'BRIEN*

*Vice-President, ALAN SCOTT*

*Manager, H. E. SPARKS*

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

*Assistant Secretary-Treasurer, E. J. TURNBULL*

### 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.





# Directors' Report

To the Shareholders of

O'BRIEN GOLD MINES, LIMITED

YOUR DIRECTORS present herewith their Twenty-fourth Annual Report, together with the Auditors' Report to the Shareholders and the Financial Statements for the fiscal year ended 30th September 1958.

Primary attention was directed throughout the year to an accelerated programme of mining exploration and to additional participations in oil and gas ventures in western Canada. Further progress was also made during the past summer on clean-up operations at the Cadillac property. Total revenues for the year show a decline of \$79,620 and expenditures are higher by \$38,916, resulting in a net loss of \$82,821 as compared with a net profit of \$35,715 for the previous year.

The reduction in revenue relates principally to the substantially lower gold values recovered from clean-up work at the Mine, and to a decrease in income from investment securities as a result of sales during the year. Proceeds of these sales were directed to the additional participations in oil, gas and mining ventures, and the transactions are reflected in the reduction of \$555,068 in Current Assets and the increase of \$528,760 in Other Assets. Income from oil and gas ventures was \$71,220 in the year under review as compared with \$75,537 in the previous year — a practical reminder of some of the difficulties currently present in the marketing of Alberta oil production.

On the expenditure side, the charges in connection with outside exploration show an increase of \$13,179 over those of last year. In this year's accounts however, there has also been included a loss of \$42,032 pertaining to the current and the previous years' exploration activities in the State of Virginia. Investigation of the sulphide occurrences in that area, through the medium of Willis River Mines Limited, was terminated in February 1958 when diamond drilling failed to confirm an economic ore potential. Your Company's interest in Willis River Mines Limited was subsequently sold at a nominal value to Virginia Mining Corporation, resulting in the net loss reported above.

Further advances totalling \$304,382 were made during the year in respect of your Company's participation with Home Oil Company Limited in the acquisition and development of oil resources in western Canada. This brings the aggregate so invested, at the close of the year under review, to \$1,038,542. A substantial portion of the year's outlay relates to the purchase of additional acreage in the Swan Hills-Virginia Hills areas where a major oil field is indicated. A pipe line connecting the field with Edmonton was completed during 1958, and the first of a series of production wells is now being drilled. As the conservative valuation of \$2,000,000 estimated for these assets in last year's report has been still further enhanced, the advances in the current year have been added to the residual balance sheet valuation at 30th September 1957 without provision for further write-off. This is a continuation of the policy adopted last year, with the result that the balance sheet valuation for these participations as at 30th September 1958 stands at \$765,712. Income from oil and gas sales amounted to \$71,220 during the year, bringing the cumulative total of these earnings to \$192,626.

A further amount of \$10,000 was advanced during the year to Alminex Limited — a private company in which your Company holds a 10% equity — for additional participations in oil and gas ventures. Advances to date, after deducting the amount of \$35,500 written off in prior years, stand at \$27,500, in respect of which your Company holds 5% income debentures. In addition, your Company holds 2,500 shares of Alminex Limited which are included in the Balance Sheet at their cost of \$25,000. Initial gas revenues have been received by Alminex from its holdings in the Buffalo-Bindloss area, and it is expected that these will show substantial growth in the coming year.

Your Company has continued its support of the mine development programme of Atlantic Coast Copper Corporation Limited at the Little Bay property in Newfoundland. Early in the year a further 175,000 shares were taken up at a price of \$1.00 per share, following which a firm undertaking was given to purchase an additional 300,000 shares at a price of 33½ cents per share, of which 225,000 shares had been purchased by 30th September 1958. The total funds so advanced during the year amounted to \$250,000, bringing your investment up to a total of \$529,104. Shaft sinking to the



1,000-foot level commenced in January 1958 and was completed in July. Following installation of pumping facilities and the preparation of underground stations, the main foot-wall drive on the bottom level was commenced in September. It is expected that this drifting, together with some lateral diamond drilling, will be completed by 31st December 1958, after which plans for further development and financing will be reviewed with our joint partner in the operation.

Exploration Projects, in which your Company held a 15% interest, completed its five-year programme of field activities in August 1958. The sulphide occurrences in the southern Appalachian area of the United States referred to in last year's report were found to be shallow, and activities during the past season were transferred to the Timiskaming District of Ontario. Further work in this area is planned for the coming year as a Separate Development Project, in which your Company has agreed to take a 17 $\frac{3}{4}$ % financial interest. An amount of \$8,000 has been provided in the year under review as the relevant share of the funds required for the first stage of the project.

Under the terms of an option agreement with Broulan Reef Mines Limited, your Company purchased 25,000 shares of H. G. Young Mines Limited at a price of 50 cents per share and has undertaken a firm commitment for a similar purchase in January 1959. This financing is in return for a 5% interest in the development of a promising gold property in the Red Lake District, Ontario. Additional options are held covering the purchase of a further 42,500 shares at a cost of \$27,500 during 1959.

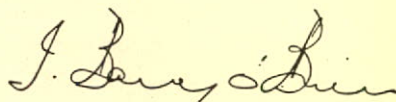
An option was acquired in July on a group of twenty claims in Daniel Township immediately west of the New Hosco property in the Mattagami District, Quebec, on which an interesting copper-zinc discovery had been made in June. However, diamond drilling of the three anomalies indicated by our geophysical surveys failed to disclose any mineralization of importance and the option was dropped. Expenditure in connection with this venture in the amount of \$26,623 has been written off in the year under review.

Two parties were maintained on general prospecting in north-western Quebec and special attention was devoted, in the early part of the year, to

the examination of molybdenum deposits in eastern Canada, with disappointing results. At the mine property in Cadillac Township, clean-up work was resumed in June and gold-bearing residues with an estimated net value of \$16,000 were recovered and shipped to the Noranda smelter for processing. A net amount of \$40,947 was realized during the year from the further disposal of buildings and equipment. The net realization on such disposals since the suspension of mining operations in July 1956 amounts to \$298,917, all of which has been added to surplus.

The Directors join me in expressing their appreciation of the loyal and efficient services of the Manager and members of the staff in the conduct of the year's operations.

On behalf of the Board,

  
*President.*

28th November 1958.



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

**MCDONALD, CURRIE & CO.**

CHARTERED ACCOUNTANTS

**COOPER BROTHERS & CO.**

CHARTERED ACCOUNTANTS

MONTREAL QUEBEC OTTAWA TORONTO SAINT JOHN  
CHARLOTTETOWN HALIFAX RIMOUSKI SHELBROOKE HAMILTON  
KITCHENER WINNIPEG EDMONTON CALGARY VANCOUVER

TELEPHONE  
CENTRAL 5-7231  
CABLE ADDRESS  
CURMAC

222 SOMERSET STREET WEST  
OTTAWA 4  
ONTARIO, CANADA

24th November 1958

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of O'Brien Gold Mines, Limited (No Personal Liability) as at 30th September 1958 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 1958 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 (NO PERSONAL)

(Incorporated under the laws of the Province of Quebec)

## Assets

### Current Assets

Cash . . . . .	\$ 17,642	
Gold bearing residues — at estimated value . . . . .	16,000	
Accounts receivable . . . . .	25,657	
Securities — at cost and accrued interest (quoted market value \$462,674) . . . . .	509,593	
		568,892

### Other Assets

Prepaid expenses . . . . .	2,849	
Participation in exploration ventures (note 1)—		
Shares — at cost . . . . .	\$566,604	
Income debentures — at cost . . . . .	27,500	
Cash payments to date, less amounts written off . . . . .	781,006	
	1,375,110	
Sundry investments and mining claims — at nominal values . . . . .	7	
		1,377,966

### 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 . . . . .	9,330	
	15,532	
		1,400,656
		<u>\$3,347,514</u>

### NOTES:

1. This amount does not include commitments to pay additional sums totalling \$85,000.
2. Mining operations were discontinued in the year ended 30th September 1956. 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 1958

**Liabilities**

**Current Liabilities**

Accounts payable and accrued liabilities . . . . . \$ 17,208

**Capital Stock and Surplus**

Capital stock —

Authorized —

4,000,000 shares of a par value of \$1 each . . . . . \$4,000,000

Issued as fully paid and non-assessable —

3,250,000 shares . . . . . 3,000,000

Surplus . . . . . 330,306

3,330,306

\$3,347,514

Approved on behalf of the Board

J. BARRY O'BRIEN  
ST. B. SLADEN

} *Directors.*



## Statement of Profit and Loss

For the Year Ended 30th September 1958

### Revenue

Participation in oil and gas ventures . . . . .	\$71,220	
Estimated recovery from gold bearing residues . . . . .	12,885	
Interest on bonds . . . . .	27,881	
Dividends received . . . . .	6,711	
	<u>          </u>	118,697

### Expenditure

Outside exploration — mining (including depreciation \$2,296) . . . . .	\$80,072	
Loss on realization of shares of Willis River Mines Limited . . . . .	42,032	
	<u>          </u>	122,104
Mine property expense . . . . .	15,091	
Administrative and general . . . . .	52,385	
	<u>          </u>	67,476
Loss on realization of securities . . . . .	11,938	
	<u>          </u>	201,518

Net Loss for the Year . . . . .	<u><u>\$ 82,821</u></u>
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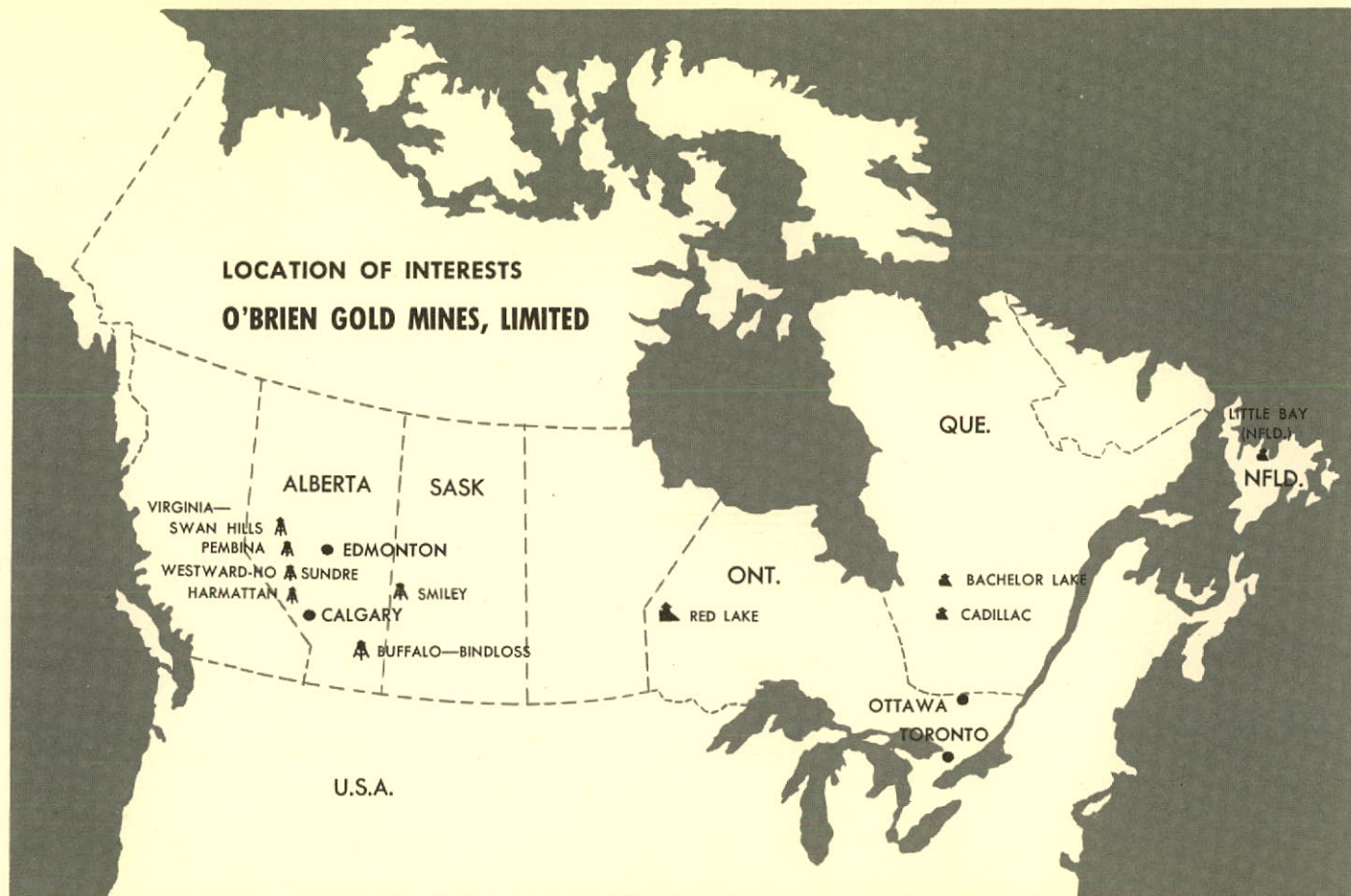
### NOTE:

As in the previous year no write-off has been made in respect of the company's participation in oil and gas ventures.



## Statement of Surplus

For the Year Ended 30th September 1958

Balance—30th September 1957 . . . . .	\$363,514
Net proceeds on disposal of mine plant, buildings and equipment during the year . . . . .	\$ 40,947
Reduction of Quebec mining taxes paid in previous years . . . . .	8,666
	<u>          </u>
	49,613
	<u>          </u>
Net loss for the year . . . . .	413,127
	<u>          </u>
	82,821
Balance—30th September 1958 . . . . .	<u><u>\$330,306</u></u>



**LEGEND**

 OIL AND GAS PARTICIPATIONS  MINING PROPERTIES







