

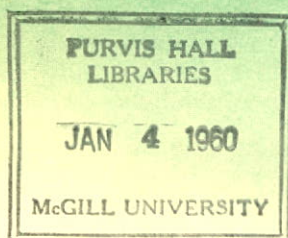
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25th
Annual
Report
1959

O'BRIEN

*Gold Mines
Limited*



Twenty-Fifth Annual Report of

O'BRIEN

Gold Mines, Limited

OFFICERS

President, J. BARRY O'BRIEN

Vice-President and General Manager, ALAN SCOTT

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

Administrative Office

OTTAWA, ONT.

Head Office

KEWAGAMA, QUE.

Directors' Report

To the Shareholders of
O'BRIEN GOLD MINES, LIMITED

Your Directors submit herewith their Twenty-fifth Annual Report, together with the Auditors' Report to the Shareholders and the Financial Statements for the fiscal year ended 30th September 1959.

Net loss for the year was \$13,462 as compared with \$82,821 in the previous year. Total revenues declined by \$38,632 and overall expenditures were lower by \$107,992 due to the non-recurrence of losses on realizations totalling \$53,970 in the previous year, and a reduction of \$54,022 in other expenses.

An offering was made to the shareholders of the Company in May 1959 giving them the right to acquire one additional common share of the Company for each five shares held, at a price of \$1.00 per share. Speaking generally, the response to the offering was disappointing. A total of 131,569 new shares was subscribed, practically all of which was taken up by a single shareholder. The proceeds of this issue were invested until required in short term treasury bills and notes thus assisting to increase the net current assets to \$595,192 at 30th September 1959 from \$551,684 at the close of the previous year.

A development of major importance in the period under review was the transfer of all oil and gas interests of your Company to Alminex Limited as of 1st January 1959. Originally a private company, Alminex Limited was reorganized as of that date into a public company with an authorized capital of 10,000,000 shares without par value, and the stock was listed on the Toronto Stock Exchange in May 1959. The oil and gas interests of the several participants associated with your Company in the Western Canada programme, together with similar interests of Geoil Limited, were acquired by Alminex Limited in consideration of the issue of 6,973,308 shares, of which your Company received 761,683 shares. The valuation of your assets for transfer purposes was established at \$3,808,415. The balance sheet valuation

of these shares is carried at \$759,133, being cost of \$1,067,464 less amounts previously written off. The transfer of these assets in the above manner has meant that your Company has been freed of the obligation for any further advances in respect of Western Canada oil and gas activities since 1st January 1959. Equally, of course, your Company ceased to receive direct revenues from oil and gas production as of the same date; the revenue item of \$22,595 appearing in the Statement of Profit and Loss relates entirely to such earnings during the first quarter of the fiscal year. An interim report by Alminex Limited for the nine months of operation to 30th September 1959 shows a substantial appreciation in the value of its property holdings, as well as a continuation of successful participations in additional exploration and development ventures.

Your investment in Atlantic Coast Copper Corporation Limited was increased during the year by an amount of \$195,000, bringing the total investment as of 30th September 1959 to \$724,106. Your Company now holds 1,225,002 shares (43% of the total issued stock) with an option to acquire a further 50,000 shares at a price of \$1.00 per share on or before 31st December 1959. A programme of underground development under the management control of your Company has been in constant progress throughout the year, with encouraging results. A total of 4,089 feet of drifting was completed to 30th September 1959 on the five levels being opened up between surface and the 1,000 foot horizon. This work will continue until these levels have been made ready for actual stoping operations. An appraisal of the mine property made in May 1959 by an independent Professional Engineer showed Total Ore in Sight and Indicated of 2,610,000 tons averaging 2.11% copper. Ore dressing tests to establish appropriate mill procedures are now underway, with the expectation that mill construction will commence in the Spring of 1960 in preparation for actual production operations at a rate of 750 to 800 tons per day by the end of 1960. An estimated \$2,000,000 will be required to bring the property into production and methods of financing are already being considered. The shares of Atlantic Coast Copper Corporation Limited were listed on the Toronto Stock Exchange in August.

Your Company has continued to exercise the options available for the purchase of additional shares of H. G. Young Mines Limited. During the year 62,500 shares were acquired, bringing the total purchased to 87,500. Of this number, 75,000 shares were sold during the year at a profit of \$27,030. A further option covering 5,000 shares at a price of \$1.00 per share is exercisable on or before 12th May 1960, and a final option on 50,000 shares is exercisable after six months of profitable production at the Red Lake property.

An active interest has been maintained throughout the year in the exploration programme of the Temiskaming Project Syndicate in the Cobalt - Gowganda silver area of Northern Ontario. Your Company's 15% equity in this Syndicate was maintained by an additional advance of \$6,222 during the year, bringing the total advances to date up to \$14,222. Geophysical and field surveys plus a limited amount of diamond drilling have narrowed the search programme to two areas on which detailed investigations are still underway.

General prospecting activity was continued during the summer of 1959 with two parties in the field and with minor participations in two prospecting syndicates. A group of twenty mining claims was staked in the area north of Chibougamau, Quebec, where preliminary indications warrant more detailed investigation during the coming year. An amount of \$12,885 was expended on the investigation of a molybdenum occurrence in LaMotte Township, Quebec, on which an option had been taken the previous year. However, values were found to be uneconomic and the option was not exercised.

Further disposals of mine plant, buildings and equipment resulted in net proceeds of \$26,997. In addition, gold bearing residues having an approximate value of \$4,300 were recovered from the final clean-up of buildings and machinery. No further activities are contemplated for the Cadillac property. The titles will be maintained in good standing but, operationally, the mine can now be considered to be permanently closed.

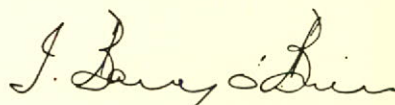
The Company's holding of six patented mining claims in the Algoma district of Ontario, formerly the property of Cline Lake Gold Mines Limited, was disposed of during the year.

It is with sincere regret that we record the death of Mr. H. E. Sparks on 25th December 1958. Mr. Sparks had been manager of the Company from its incorporation in 1934, and was in charge of the Exploration Department office in Toronto following the conclusion of mining operations at Cadillac in 1956. He was at all times outstanding in his devotion to the affairs of the Company and to the welfare of his fellow employees, and we remain highly conscious of our loss.

The Toronto office was closed in March 1959 and the exploration activities of the Company are now conducted from the Ottawa office.

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

On behalf of the Board,



President.

1st December 1959

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

MCDONALD, CURRIE & CO.
CHARTERED ACCOUNTANTS
COOPER BROTHERS & CO.
CHARTERED ACCOUNTANTS

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

TELEPHONE
CENTRAL 5-7231
CABLE ADDRESS
"CURMAC"

222 SOMERSET STREET WEST
OTTAWA 4
ONTARIO, CANADA

16th November 1959

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of O'Brien Gold Mines, Limited (No Personal Liability) as at 30th September 1959 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, when read in conjunction with the notes appended thereto, are properly drawn up so as to exhibit, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, a true and correct view of the state of the affairs of the company as at 30th September 1959 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	\$ 13,380	
Gold bearing residues — at estimated value	4,338	
Accounts receivable	2,516	
Treasury bills and notes — at cost and accrued interest	139,722	
Securities — at cost and accrued interest (quoted market value \$427,915)	512,454	
		<u>672,410</u>

Other Assets

Prepaid expenses	1,781	
Shares in Alminex Limited — at cost, less amounts written off in previous years (quoted market value \$2,094,628) (note 1)	\$759,133	
Shares in Atlantic Coast Copper Corporation Limited — at cost (quoted market value \$2,450,004) (note 2)	724,106	
		<u>1,483,239</u>
Participation in exploration venture — cash payments to date	14,222	
Sundry investments and mining claims — at nominal values	6	
		<u>1,499,248</u>

Fixed Assets

Mine property — at cost (note 3)	1,385,123	
Mine plant, buildings and equipment — at nominal value (note 3)	1	
Other fixed assets — at cost	12,066	
Accumulated depreciation	6,221	
		<u>5,845</u>
		<u>1,390,969</u>
		<u>\$3,562,627</u>

- NOTES: 1. The sale of these shares is restricted by the terms of an agreement which terminates in April 1960.
 2. The company has an option to purchase 50,000 additional shares at \$1 per share on or before 31st December 1959.
 3. 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 1959

Liabilities

Current Liabilities

Accounts payable and accrued liabilities	\$ 7,220	
Due to Atlantic Coast Copper Corporation Limited	70,000	
	<u> </u>	77,220

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—		
3,381,569 shares, including 131,569 shares issued		
during the year for cash at \$1 per share	3,131,569	
Surplus	353,838	
	<u> </u>	3,485,407

\$3,562,627

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 1959

Revenue

Participation in oil and gas ventures	\$ 22,595	
Interest	22,006	
Dividends	2,881	
Profit on sale of securities	32,582	
		<u>80,064</u>

Expenditure

Outside exploration — mining	39,298	
Mine property expense	10,518	
Administrative and general	43,710	
		<u>93,526</u>

Net Loss for the Year \$ 13,462

NOTE: Depreciation of \$1,151 has been charged before determining the net loss for the year.

Statement of Surplus

For the Year Ended 30th September 1959

Balance — 30th September 1958	\$ 330,306
Net proceeds on disposal of mine plant, buildings and equipment during the year	26,997
Net proceeds on disposal of a group of mining claims	9,997
	<u>36,994</u>
	367,300
Net loss for the year	<u>13,462</u>
Balance — 30th September 1959	<u>\$353,838</u>

