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Annual  
Report  
1962

O'BRIEN

*Gold Mines  
Limited*

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McGILL UNIVERSITY

O'BRIEN Gold

## 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

B. A. O'BRIEN

M. J. O'BRIEN

ALAN SCOTT

ST. BARBE SLADEN

## STOCK TRANSFER AGENT & REGISTRAR

MONTREAL TRUST COMPANY

Montreal and Toronto

## OFFICES

Executive Office: OTTAWA, ONT.

Head Office: HULL, QUE.

## DIRECTORS' REPORT

To the Shareholders of

**O'BRIEN GOLD MINES, LIMITED**

Your Directors submit herewith their Twenty-eighth Annual Report together with the Financial Statements and the Auditors' Report to the Shareholders for the fiscal year ended 30th September 1962.

The year was uneventful in respect of any major developments or discoveries. In comparison with the previous year, revenues at \$38,856 show an improvement of \$12,208, and total expenses at \$74,388 show a reduction of \$4,191. The increased expenditure on outside exploration was more than offset by a reduction in administrative and general expenses. A management service contract with British Newfoundland Exploration Limited (Brinex), covering the initial development of its Whalesback property in Newfoundland, contributed to the improvement.

The net loss for the year is \$35,532 compared with a loss of \$51,931 in the previous year. It will be noted that this is before giving effect to a profit of \$114,352 on shares of Alminex Limited sold during the year, and to the initial payment of \$18,000 received in respect of the sale of the Bachelor Lake property. Taking these into account, the retained earnings of the Company now stand at \$434,980, an improvement of \$98,380 in the year.

Net working capital at \$520,731 shows an increase of \$108,917. Surplus funds which were available from time to time throughout the year were invested in short term interest-bearing notes whenever possible. At the close of the year, such investments totalled \$125,000, of which \$100,000 was on loan to Atlantic Coast Copper Corporation Limited as working capital pending receipt of final smelter settlements.



### *Atlantic Coast Copper Corporation Limited*

As reported last year, the treatment of mine ore at this Company's Little Bay mine, Newfoundland, commenced on a limited scale in July 1961. It was subsequently established that 1st November 1961 would be the effective date of commencement of mining operations for income tax purposes. All mine expenses prior to that date, less the net amount of metal recoveries, constitute a preproduction expense aggregating \$1,896,456 and this will be written-off over the operating life of the mine at the rate of \$1.00 per ton. For the fiscal period ended 31st December 1961 there was a net loss of \$88,496. For the nine months of the current year to 30th September 1962, the Company has reported an operating profit of \$491,513 and a net loss, after all charges, of \$63,549.

Mining operations have encountered much heavier ground conditions, and greater dilution, in the upper levels of the mine than anticipated. The grade of ore treated to date has averaged 1.32 per cent copper. The resultant curtailment in production revenues has delayed the repayment of working capital loans and advances which, as of 31st October 1962, comprised a net debt of \$690,619. This is in addition to outstanding sinking fund debentures totalling \$1,850,000. Consideration has been given to an increase in milling capacity but this must be delayed temporarily due to the shaft sinking programme which is now underway to open three additional levels down to approximately 1,600 feet.

### *Exploration*

Exploration activity for the year was mainly directed to a more detailed investigation of areas in Northwestern Quebec where previous work had indicated interesting geophysical anomalies. In all, four such areas were explored at a cost of \$46,435, including \$7,216 for diamond drilling. No mineralization of importance was disclosed and the claims held in respect of three of the areas have been dropped.

Further work will be carried out in the fourth area during the coming year. Elsewhere in the field, the activities of two prospecting parties were similarly unrewarding.

### *General*

As reported last year, a conditional sale agreement covering your Company's Bachelor Lake claims was entered into with Sturgeon River Mines Limited. The agreement provides for minimum annual purchase payments of \$18,000 supplemented by royalties on production. Title to the claims will pass to Sturgeon River Mines Limited when payments totalling \$275,000 have been made. We are advised that a mining plant has been erected on the property and that shaft sinking is now under way.

Your Company's shareholding in Alminex Limited was reduced to 548,783 shares by the sale of 112,900 shares in December 1961, with a resultant profit of \$114,352 as previously noted. Alminex Limited, in its annual report for 1961, showed substantial increases in both oil and gas production over the previous year and this upward trend has been continued during 1962. Oil and gas reserves have been fully maintained by virtue of the Company's strong emphasis on exploratory and development drilling programmes. Net production income, after royalties and production costs, is reported at \$1,137,000 for the first half of 1962, and net loss after all charges was \$72,000. Comparable figures for the same period in the previous year were \$891,157 and \$263,445 respectively.

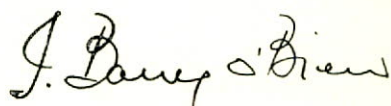
Early in 1962 a contract was negotiated with Brinex under which your Company will manage and carry out, on a fee basis, an underground development programme for Brinex at its Whalesback property, Newfoundland, approximately three miles from Little Bay. The programme involves construction and installation of a surface plant and equipment together with a mine shaft to approximately

1,000 foot depth, and related underground lateral development. Work on this project is now reaching the shaft sinking stage.

An arrangement was entered into during the year for the recovery of any further gold-bearing residues that could be found on the surface of the Cadillac property. This work resulted in incidental revenues of \$681.

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,

A handwritten signature in dark ink, reading "J. Daney O'Brien". The signature is written in a cursive style with a large, stylized initial "J".

*President.*

3rd December 1962.



# O'BRIEN Gold Mines, Limited

(Incorporated under the laws of Quebec)

## Assets

	1962	1961
<b>Current Assets</b>		
Cash .....	\$ 3,106	\$ 1,509
Cash held in trust — contra .....	28,611	—
Accounts receivable .....	17,600	6,665
5% demand note .....	25,000	—
Securities — at cost and accrued interest (quoted market value \$422,801) .....	479,195	504,127
Prepaid expenses .....	758	754
	<u>554,270</u>	<u>513,055</u>
<b>Other Assets</b>		
Investment in and advances to Atlantic Coast Copper Corporation Limited —		
Shares — at cost (quoted market value \$1,351,608) .....	\$774,255	774,255
Advances recoverable 1st June 1968 at 5% (Note 1) .....	237,498	237,498
5% demand note .....	100,000	—
	<u>1,111,753</u>	<u>—</u>
Shares in Alminex Limited — at cost, less amounts written off in previous years (quoted market value \$1,015,249) .....	546,946	659,468
Sundry investments and mining claims — at nominal values .....	7	10
	<u>1,658,706</u>	<u>1,671,231</u>
<b>Fixed Assets (Note 2)</b>		
Mine property — at cost .....	1,385,123	1,385,123
Mine plant, buildings and equipment — at nominal value .....	1	1
Field equipment — at cost .....	2,840	—
Accumulated depreciation .....	852	—
	<u>1,387,112</u>	<u>1,385,124</u>
	<u>\$3,600,088</u>	<u>\$3,569,410</u>

- NOTES: 1. The company has the option of converting these advances into shares of Atlantic Coast Copper Corporation Limited up to 1st June 1963 at \$1 per share.
2. Mining operations were discontinued in 1956. The amounts shown for mine property and mine plant, buildings and equipment are not intended to reflect present or future values.



# NO PERSONAL LIABILITY, **Balance Sheet** as at 30th September 1962

(With comparative figures as at 30th September 1961)

## Liabilities

	1962	1961
<b>Current Liabilities</b>		
Bank loan.....	\$ —	\$ 90,000
Accounts payable and accrued expenses .....	4,928	11,241
Unexpended portion of advances from British Newfoundland Exploration Limited — contra.....	28,611	—
	<u>33,539</u>	<u>101,241</u>

## Shareholders' Equity

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.....	3,131,569	3,131,569
Retained earnings.....	434,980	336,600
	<u>3,566,549</u>	<u>3,468,169</u>

## Contingent Liabilities

As a joint guarantor of bank loans of Atlantic  
Coast Copper Corporation Limited up to \$600,000.  
As a sole guarantor of additional bank loans of Atlantic  
Coast Copper Corporation Limited up to \$200,000.

<u>\$3,600,088</u>	<u>\$3,569,410</u>
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Signed on behalf of the Board

J. Barry O'Brien }  
St. Barbe Sladen } Directors

# O'BRIEN Gold Mines, Limited

(NO PERSONAL LIABILITY)

## Statement of Retained Earnings

For the year ended 30th September 1962

(With comparative figures for the year ended 30th September 1961)

	1962	1961
<b>Balance — Beginning of year</b> .....	\$336,600	\$305,103
Net proceeds on disposal of mine plant and equipment.....	—	3,093
Profit on sale of shares of Alminex Limited.....	114,352	75,335
Proceeds received on account of sale of certain mining claims (Note).....	18,000	5,000
Reduction of Quebec capital taxes of previous years.....	1,560	—
	<u>470,512</u>	<u>388,531</u>
Net loss for the year.....	35,532	51,931
<b>Balance — End of year</b> .....	<u>\$434,980</u>	<u>\$336,600</u>

## Statement of Earnings

For the year ended 30th September 1962

### Revenue

Interest.....	\$ 36,981	\$ 23,814
Dividends.....	1,194	2,834
Recovery from gold bearing residues.....	681	—
	<u>38,856</u>	<u>26,648</u>

### Expense

Outside exploration — mining (including depreciation \$852).....	51,916	41,627
Mine property expense.....	399	373
Administrative and general, less management fees earned.....	21,891	36,579
Loss on sale of securities.....	182	—
	<u>74,388</u>	<u>78,579</u>

<b>Net loss for the year</b> .....	<u>\$ 35,532</u>	<u>\$ 51,931</u>
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NOTE: The company is entitled to receive a further amount of \$257,000 in minimum annual payments of \$18,000. Title remains with the company until the full amount has been received.

MCDONALD, CURRIE & CO.

CHARTERED ACCOUNTANTS

COOPER BROTHERS & CO.

CHARTERED ACCOUNTANTS

COOPERS & LYBRAND

CANADA UNITED KINGDOM UNITED STATES OF AMERICA MEXICO BERMUDA

BELGIUM FRANCE GERMANY THE NETHERLANDS ITALY SWITZERLAND

AUSTRALIA NEW ZEALAND IRAN MALAYA SINGAPORE

UNION OF SOUTH AFRICA CENTRAL EAST AND WEST AFRICA

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

23rd November 1962

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of O'Brien Gold Mines, Limited (No personal liability) as at 30th September 1962 and the statements of earnings and retained earnings 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, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statements of earnings and retained earnings, when read in conjunction with the notes appended thereto, 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 1962 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*McDonald, Currie & Co.*

CHARTERED ACCOUNTANTS



