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# Kerr-Addison Gold Mines Limited

(NO PERSONAL LIABILITY)

## *Second Annual Report*

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*For the Year Ending  
December 31st, 1937*

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# Kerr-Addison Gold Mines Limited

(No Personal Liability)



## OFFICERS

President

G. B. WEBSTER

Vice-President

J. H. COLVILLE

Secretary-Treasurer

G. A. CAVIN

## Directors

A. H. COCKERAM

J. H. COLVILLE

F. M. CONNELL

A. DORFMAN

G. B. WEBSTER

H. S. MUNROE

J. H. C. WAITE

## Consulting Engineers

M. F. FAIRLIE

W. H. EMENS

## Manager

W. S. ROW

Head Office: 38 King St. West, Toronto, Ont.

Mine Office: Larder Lake, Ont.

## TRANSFER AGENTS AND REGISTRARS

CHARTERED TRUST & EXECUTOR COMPANY

34 King St. West, Toronto, Ont.

## AUDITORS

FRED PAGE HIGGINS & COMPANY

Toronto, Ont.

# Kerr-Addison Gold Mines Limited

(No Personal Liability)

## *Directors' Report*

To the Shareholders,

Kerr-Addison Gold Mines Ltd.,  
(No Personal Liability)

Your Directors submit herewith for your consideration their report of the affairs of the Company for the year ending December 31st, 1937, together with the report of your General Manager (approved by your Consulting Engineers) and that of your Auditors.

We wish to draw your attention to the large increase in the tonnage of developed ore since the last annual report and in view of this, your Directors authorized the installation of equipment designed to handle a much larger tonnage than was originally contemplated. This refers more particularly to the underground crushing plant, head frame, hoist, etc., all of which have been designed with a view to facilitating future expansions.

The cost of this plant has therefore exceeded the original estimates, and has necessitated the negotiation of a loan of \$250,000.00 from your bankers, which is re-payable out of first earnings. It is expected that production will commence early in May, 1938.

During the year your Company incorporated Kerr-Addison Properties Limited, to which your Company transferred the surface rights on 90.85 acres of your Company's property. The stock in this company is entirely owned by your Company.

Kerr-Addison Properties Limited has formed a townsite named Virginiatown and has laid out two hundred and fifty lots. A number of lots have been sold, which will provide funds for the installation of a water and sewage plant, and to build roads, which work will be done this summer.

Your Directors desire to express their appreciation of the services rendered by the Manager and his Staff.

On behalf of the Board,

GEORGE B. WEBSTER,  
President.

April 14th, 1938.



# Kerr-Addison Gold Mines Limited

(No Personal Liability)

## BALANCE SHEET

As at December 31, 1937

### ASSETS

#### Mining Claims at Cost:

Ten Crown Patent Grant claims situated in the Larder Lake Mining Division, District of Temiskaming, Province of Ontario, Numbers H.S. 164, 165, 166; H.J.B. 28, 29, 30, 31, 32, 33; H.F. 33; acquired at a consideration given therefor of 1,250,000 shares of the capital stock of the company issued as fully paid and non-assessable, and carried on the company's books at the par value thereof	\$1,250,000.00
Four patented claims and twelve unpatented claims, situated in the Township of McGarry, District of Temiskaming, Province of Ontario, Numbers H.S. 133, 134, 135; L. 30131, 30132, 30133, 30521, 30522, 30523, 30524, 30525, 31160, 31161, 31162, 27044; H.F. 37; acquired at a consideration given therefor of \$40,461.00 in cash, and 40,000 shares of the capital stock of the company issued as fully paid and non-assessable, and carried upon the company's books at a value of	80,461.00

Buildings, Plant and Equipment, expenditure to date	\$1,330,461.00	567,143.07
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#### Deferred Expenditures:

Exploration and Development	\$493,932.41	
Mine Office Expense	30,688.96	
Head Office Expense	26,936.11	
Incorporation and Organization	2,580.75	
Prepaid Insurance	4,062.28	
Stores on hand, as per inventory	16,180.93	574,381.44
Cash on hand and in Banks	\$534,325.79	
Advances Recoverable	26,412.80	
Canadian National Railway Bonds, par value \$27,500.00, deposited as security for power, cost	26,434.37	587,172.96
		<u>\$3,059,158.47</u>

### LIABILITIES

Unpaid Supply and Equipment Accounts, including accrued payrolls	\$ 138,136.27
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#### Capital Stock:

Authorized:		
5,000,000 shares of \$1.00 each	\$5,000,000.00	
Issued and fully paid:		
4,719,401 shares of \$1.00 each	\$4,719,401.00	
Less: Discount on shares sold	1,798,378.80	2,921,022.20
		<u>\$3,059,158.47</u>

### CERTIFICATE

We hereby certify that the above Balance Sheet is, in our opinion, properly drawn up so as to exhibit a true and correct view of the company's affairs, according to the best of our information and the explanations given to us and as shown by its books. We further certify that all our requirements as auditors have been complied with.

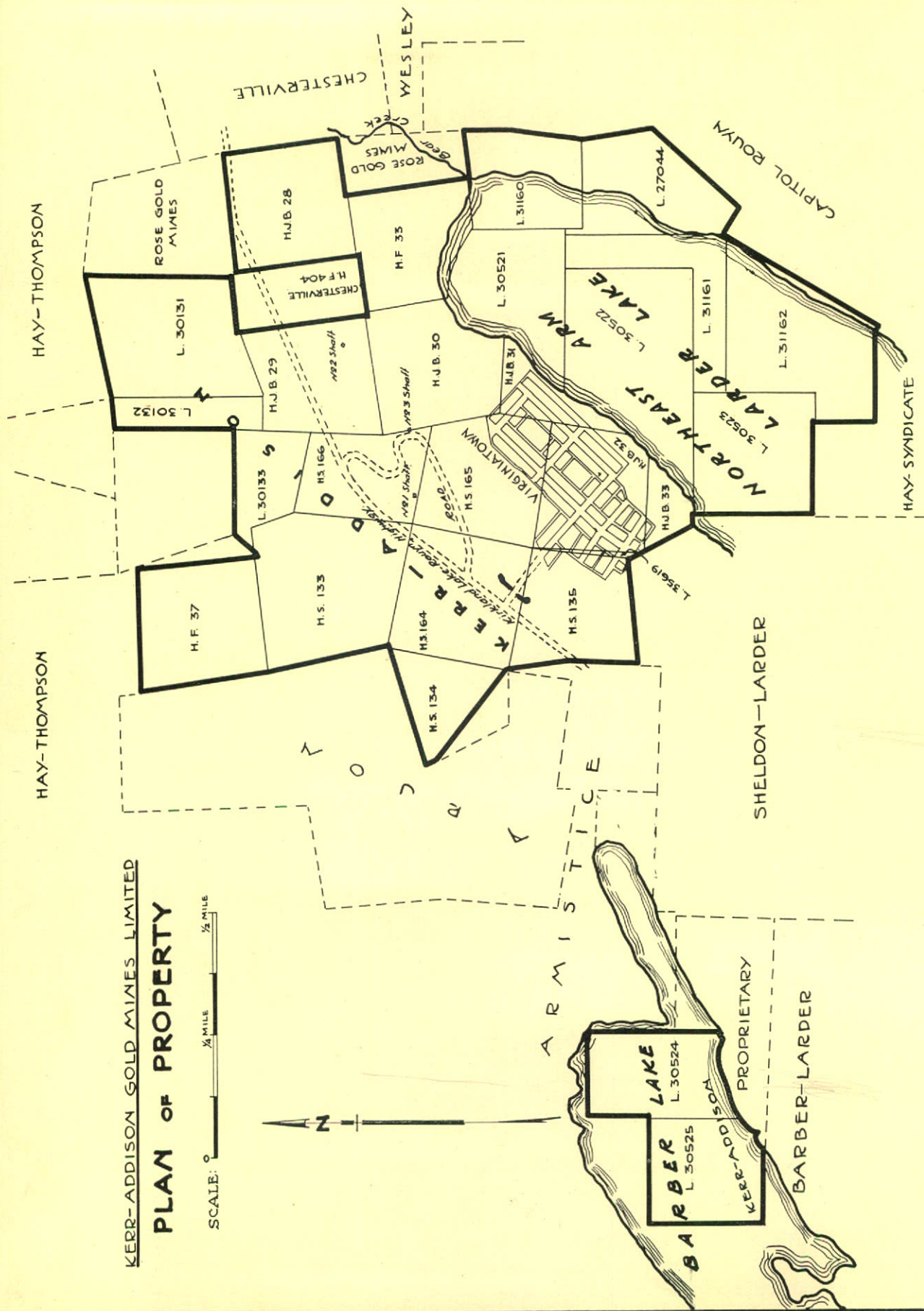
Toronto, April 9, 1938.

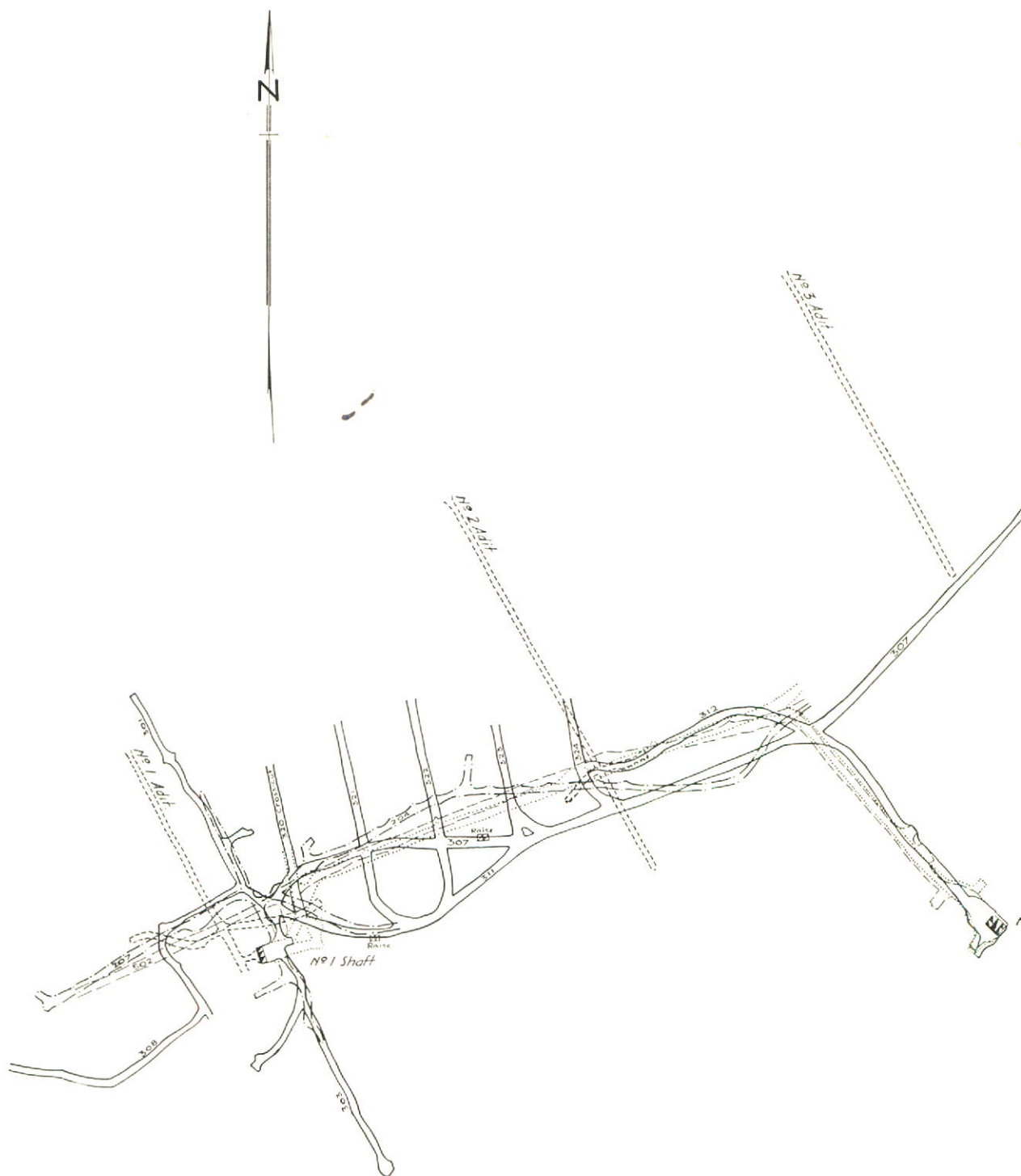
FRED PAGE HIGGINS & COMPANY,  
Chartered Accountants.

KERR-ADDISON GOLD MINES LIMITED

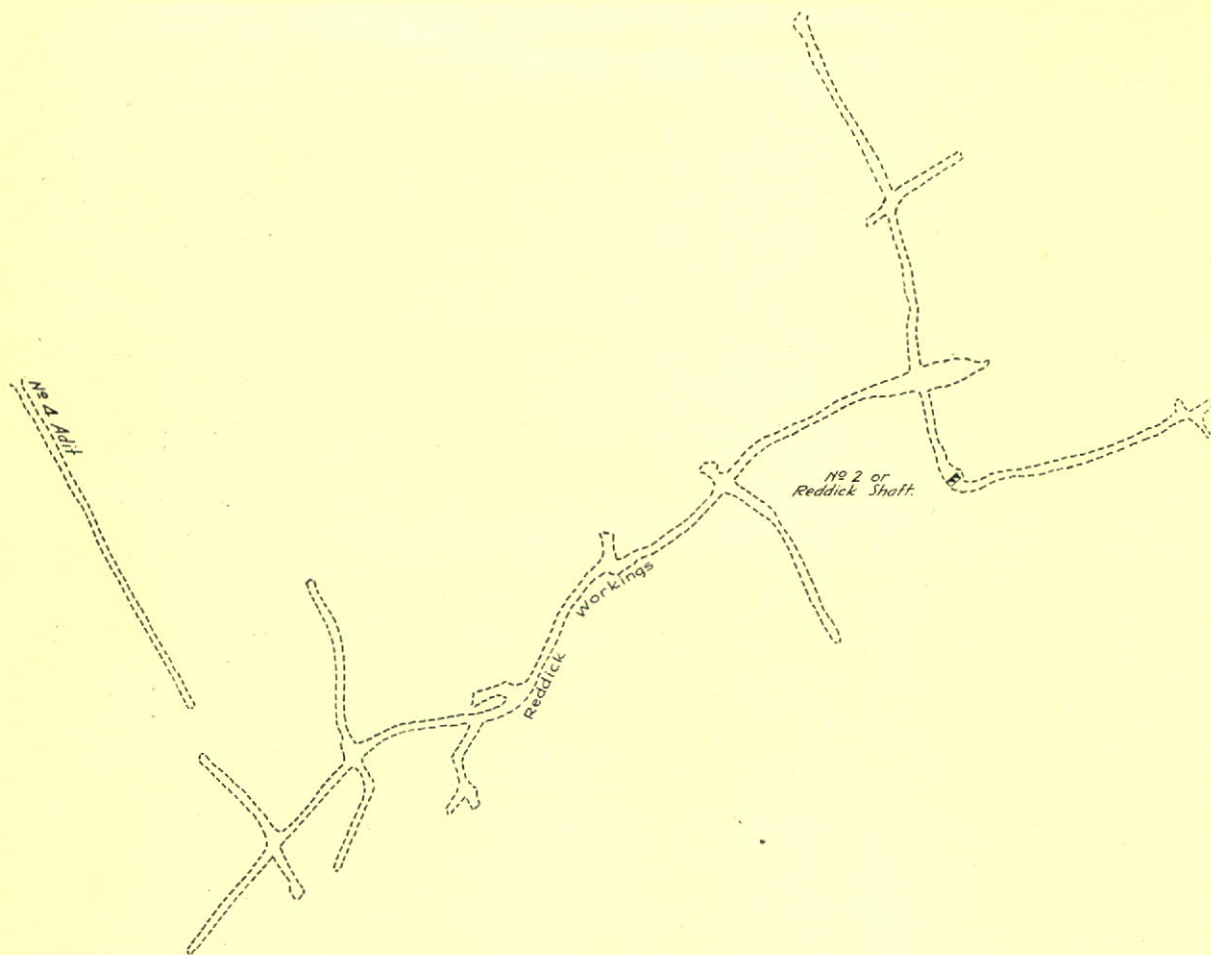
# PLAN OF PROPERTY

SCALE: 0 1/4 MILE 1/2 MILE









**KERR-ADDISON GOLD MINES LIMITED**  
**PLAN OF UNDERGROUND WORKINGS**

SCALE: 0 FT. 100 FT. 200 FT.

~ LEGEND ~

60 FOOT (ADIT) LEVEL	}	-----
90 FOOT (REDDICK) LEVEL		-----
175 FOOT LEVEL		----
300 FOOT LEVEL		----
500 FOOT LEVEL		----
700 FOOT LEVEL		.....

TORONTO, MARCH, 1938.

C.A.F.

# Kerr-Addison Gold Mines Limited

(No Personal Liability)

## Manager's Report

The President and Directors,  
Kerr-Addison Gold Mines Ltd.,  
Toronto, Ontario.

Dear Sirs:

The following report covering the development and operation of your mine during the year ended December 31, 1937 is submitted for your consideration.

Late in 1936 a large orebody had been outlined on the 60 ft. level by drifting from No. 1 and No. 2 Adits and by close diamond drilling. Following this a campaign of underground development and diamond drilling from surface to the 300 ft. and 500 ft. horizons was started.

Early in 1937, drifts on the 175 ft. and 300 ft. levels were driven east from No. 1 Shaft along the main ore zone, as indicated by the drilling from surface. Parallel flat diamond drill holes from these drifts at 25 ft. intervals disclosed, during the month of May and early June, large tonnages of ore. Before the completion of this underground drilling, results warranted the opening of two more levels. A new headframe was erected at No. 1 Shaft and the shaft was deepened 404.8 ft. from the 300 ft. level and levels were established at 500 ft. and 700 ft. depths. Before the completion of the deepening of No. 1 Shaft it was decided to prepare the mine for production and to sink a new shaft in a footwall location as rapidly as possible.

On July 27th drilling was started for the sinking of the five-compartment No. 3 Shaft. Stations were cut at the 175, 300, 500 and 700 ft. levels and a loading pocket excavation was cut at a depth of 750 feet. This shaft was completed to a depth of 793 feet on January 10th, 1938.

The two shafts were connected on the 300, 500 and 700 ft. levels and diamond drilling was carried out on the 500 ft. level as previously done on the 300 ft. level. The tonnage and grade of ore above the 500 ft. level, blocked out by diamond drilling the ore body with parallel flat holes from the drifts at 25 ft. centres, is shown in the following table.

### ORE ESTIMATE AS AT DECEMBER 31st, 1937

#### Main Ore Body in Carbonate Rock to 500 Ft. Level

Level	Area Sq. Ft.	Height Ft.	Tons	Uncut		Cut	
				Assay	\$ Value	Assay	\$ Value
Adit	14,360	108	129,240	7.80	1,008,072	6.51	841,352
175	12,488	120	124,880	7.94	991,547	5.92	739,289
300	37,060	162	500,310	10.62	5,313,292	6.14	3,071,903
500							
Hanging	10,464	100	87,200	12.81	1,117,032	8.01	698,472
500							
Centre	1,824	100	15,200	6.26	95,152	4.67	70,984
500							
Footwall	9,664	100	80,533	9.03	727,212	6.40	515,411
			<u>937,363</u>	<u>9.87</u>	<u>9,252,307</u>	<u>6.33</u>	<u>5,937,411</u>

#### Ore Body in Footwall Tuff

Adit	4,328	88	31,738	7.64	242,478	6.62	210,105
175	3,980	120	39,800	5.89	226,462	5.47	217,706
300	4,788	162	64,638	5.88	380,071	4.05	261,783
500	1,280	100	10,666	4.73	50,450	4.70	50,130
			<u>146,842</u>	<u>6.12</u>	<u>899,461</u>	<u>5.03</u>	<u>739,724</u>

Total of Both Bodies                      1,084,205                      9.36                      10,151,768                      6.16                      6,677,135

Foot Note: Gold @ \$35.00 per oz. Cut grade calculated by reducing all high assays to \$25.00 per ton.



The ore above the 300 ft. level will be mined by shrinkage stoping with stopes 50 ft. wide laid out across the ore body and separated by 25 ft. pillars.

A footwall haulage drift was driven on the 300 ft. level and crosscuts were laid out from this through the ore body. A system of ore passes was planned from the Loading Pocket, which is 50 ft. below the 700 ft. level, through to the 300 ft. level.

Development work in preparation for stoping was well underway at the end of 1937 and the following summary shows the total amount of development footage and diamond drilling accomplished during the year.

#### DEVELOPMENT SUMMARY FOR YEAR, 1937

Level	Shaft Sinking (Feet)	Drifts (Feet)	X-Cuts (Feet)	Raises (Feet)	Box Holes (Feet)	Slashing (cu. ft.)	Station Cutting (Cu. ft.)	Shaft Sinking	Totals (Lin. feet) Develop- ment	Diamond Drilling
Surface										11,844.6
No. 1 Shaft	404.8							404.8		
No. 3 Shaft	732.7							732.7		
Reddick Work										946
60 ft. Level										218
175 ft. Level		911.7	44.5	186.8		954	7,953		1,143.0	5,234.4
300 ft. Level		1,458.3	825.6	141.4	77.1	8,686	11,262		2,502.4	10,428
500 ft. Level		622.7	357.3			4,700	10,071		980.0	9,427
700 ft. Level		510.5	411.1			4,049	16,459		921.6	1,247
750 Loading Pocket				11.3			3,530		11.3	
	<u>1,137.5</u>	<u>3,503.2</u>	<u>1,638.5</u>	<u>339.5</u>	<u>77.1</u>	<u>18,389</u>	<u>49,275</u>	<u>1,137.5</u>	<u>5,558.3</u>	<u>39,345</u>

Ore broken in development work and placed on surface dump during the year amounted to 8,315 tons having an uncut grade of \$11.17 per ton and a cut grade of \$7.45 per ton as computed from the assays of car samples.

During the year two diamond drill holes were put down from surface in the area of the Reddick shaft approximately 1,200 ft. east of the main ore body. The first hole intersected 25 ft. of ore which averaged \$5.19 per ton and the second hole was put down 100 ft. west and intersected 15 ft. of ore which averaged \$19.55 uncut value, \$7.93 cut value. While no additional drilling was done in this area, these two holes indicate an ore body immediately north of the Reddick workings.

#### Construction and Surface Improvements

Clearing for plant, roads and fire protection was done to the extent of 140 acres. During the year 1½ miles of roads were built within our boundaries without Government aid.

A pump and chlorinating equipment were installed on Larder Lake to supply water to two tanks from which supplies for plant use and fire protection are drawn.

A 120 H.P. low pressure boiler for plant heating was installed and ready for winter operation.

Hydro-Electric Power was contracted for in addition to 500 H.P. from Proprietary Mines Ltd. A combination power and compressor house of fireproof construction was erected. In this was installed all of the main electrical switching, two Belliss-Morcom compressors of 1,400 and 2,000 cubic ft. per minute capacities and a fire pump capable of throwing 1,000 gals. per minute. Hydro-Electric Power was cut in on October 29th.

Very early in the year temporary steel and blacksmith shops, change house, hoist house and compressor house were provided in the old buildings at No. 1 Shaft. During late winter an office and a staff house were built. Construction was started on a bunkhouse and cookery in May and a temporary assay office was set up in the dismantled sample mill.

Following the decision made in July to produce at an initial rate of 500 tons per day, preparations were immediately started for complete plant installation. A temporary machine shop was set up and permanent steel, electrical and carpenter shops were erected later. Three houses were built for the accommodation of staff members. During December the shell of the permanent combined machine and plate shop was erected to provide storage for equipment during the construction period.

The excavating for and the placing of foundations for mill, screen house, crusher house and steel headframe for No. 3 Shaft were complete and ready for structural steel at the end of the year. The steel erection started on January 13th, 1938.

In planning production facilities, provision has been made in underground crushing, hoisting capacity, surface crushing and screening plants for eventual increase in capacity to 100 tons per hour with little additional equipment. Such provisions for future expansion have been made in view of the fact that ore developed to date averages over 2,000 tons per foot of depth from surface to the 500 ft. level.

I wish at this time to express my appreciation of the loyalty and co-operation of the members of the Staff. I also wish to thank the Officers and Directors and the Consulting Engineers for their co-operation and advice during the year.

Respectfully submitted,

Approved:

M. F. Fairlie and W. H. Emens,  
Consulting Engineers.

W. S. ROW,  
Manager.

April 14th, 1938.





NUMBER 3 FIVE-COMPARTMENT SHAFT, SHOWING HEADFRAME, CRUSHER ROOM, CONVEYORS AND SCREENING PLANT.



INITIAL 500 TON UNIT OF MILLING PLANT, WITH POWER PLANT IN FOREGROUND.



