

C
stock

9
1944

Kerr-Addison Gold Mines Limited

(No Personal Liability)

Ninth Annual Report

*For the Year Ended
December 31st, 1944*

PURVIS HALL
LIBRARIES

JUN 23 1954

MCGILL UNIVERSITY

Kerr-Addison Gold Mines Limited

(No Personal Liability)

OFFICERS

President **Vice-President and Managing Director**
JAMES Y. MURDOCH, K.C. ANDRE DORFMAN

Secretary-Treasurer

G. A. CAVIN

DIRECTORS

ANDRE DORFMAN L. K. FLETCHER JAMES Y. MURDOCH, K.C.
*M. F. FAIRLIE OLIVER HALL J. H. RATTRAY
J. H. C. WAITE

Consulting Engineer

*M. F. FAIRLIE

Manager

W. S. ROW

Head Office: 80 King St. West, Toronto 1, Ont.

Mine Office: Virginiatown, Ont.

TRANSFER AGENTS AND REGISTRARS
CHARTERED TRUST & EXECUTOR COMPANY

34 King St. West, Toronto 1, Ont.

REGISTRAR & TRANSFER COMPANY
2 Rector St., New York 6, N.Y.

REGISTRAR & TRANSFER COMPANY
15 Exchange Place, Jersey City 2, N.J.

AUDITORS

FRED PAGE HIGGINS & COMPANY
36 Toronto St., Toronto, Ont.

ANNUAL MEETING

April 18th, 1945, 11.00 A.M. (Daylight Saving Time), King Edward Hotel,
Toronto, Ont.

* Deceased.

Kerr-Addison Gold Mines Limited

(No Personal Liability)

Directors' Report

To the Shareholders,
Kerr-Addison Gold Mines Limited.

Your Directors submit herewith the Ninth Annual Report for the year 1944, with Balance Sheet as at December 31st, 1944, (Auditors' Report and Certificate attached), Statement of Operations for the year ended December 31st, 1944, together with Statement of Earned Surplus and Capital Surplus as at December 31st, 1944, and report of the Mine Manager.

The mill treated during the year 484,583 tons, with a recovery of \$6.417 per ton, or a total of \$3,109,597.78 (Canadian Funds). The average daily tonnage for the year was 1,324, and this drop in tonnage was entirely due to labour shortage.

Your Company's Production and Cost Summary, as detailed in the report of the Mine Manager, shows an operating profit at the mine of \$1,819,933.75, equal to \$3.756 per ton of ore.

After deducting administration costs, provision for depreciation, provision for amortization of deferred development and provision for taxes as per Statement of Operations, the net revenue amounts to \$889,419.55, equal to \$1.835 per ton or 18.8 cents per share.

The provision for taxes amounted to \$361,396.41. During the year your Company paid out \$1,419,090.30 in dividends, amounting to 30 cents per share.

The ore reserves as of December 31st, 1944, are 8,300,918 tons of 0.2004 oz. grade, all above the 1,450-foot level. The ore reserves were thus fully maintained in spite of continuing labour shortage.

The year's exploration in four known orebodies on the 2,500-foot level resulted in the finding of over 10,000 tons of quarter-ounce ore per vertical foot (after allowing for 10% dilution). There are still other ore zones to be developed and I believe results to date and present prospects justify the belief that your property is one of major importance.

We record our sincere and deep regrets on the passing of our Co-Director and the Company's Consulting Engineer, Mr. M. F. Fairlie. Not only have we lost a close associate but the Company has lost the benefit of the direction and advice of one who had so much to do with the development of your property.

Your Directors wish to express their appreciation of the services rendered by your Manager and Staff, under present difficult conditions.

On behalf of the Board,

JAMES Y. MURDOCH,
President.

Toronto, Ontario,
March 17th, 1945.

Kerr-Addison Gold Mines Limited

(No Personal Liability)

Manager's Report

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

Dear Sirs:

The following report covers the operation of your mine for the year ended December 31st, 1944.

Our development and diamond drilling programmes, due to lack of men, were still further curtailed during 1944. As a result new ore blocked out above the 1,450-foot level and now included in reserves was only slightly greater than the tonnage milled.

Most of the ore added in the upper levels was made through discovery of substantial tonnages of ore lying beyond the estimated outlines of known orebodies. Close diamond drilling around the upper edges of No. 21 Orebody above the 700-foot level proved two ore extensions containing 43,000 tons averaging better than mine grade.

Footages of development and diamond drilling and tonnages of ore mined are shown in the following table:

SUMMARY OF DEVELOPMENT AND MINING FOR THE YEAR 1944

Level	Advance in Feet						Slashing Cu. Ft.	Station Cutting Cu. Ft.	Diamond Drilling Lin. Ft.	Tons Broken In				
	Drifts	X-Cuts	Raises	Box- Holes	Sub- Drifts	Total				Backs	Sills	Stopes	Pillars	Total
175 ft.									2,135					
300 ft.									5,285			437		437
500 ft.									12,464				40	40
700 ft.	267.0	7.5	648.9	195.1	428.3	1,546.8	5,336		3,108	74	4,405	173,236		177,715
850 ft.			45.0	74.0		119.0	668		3,028					
1,000 ft.			49.0	57.1	35.5	141.6	2,425		5,817		1,336	230,223		231,559
1,150 ft.	3,113.1	81.6				3,194.7	3,750		3,208					
1,300 ft.									1,162					
1,450 ft.	44.4	56.1				100.5	222							
1,600 ft.		290.8				290.8	3,926	12,576						
1,900 ft.		648.3				648.3	4,440	21,275	247					
2,200 ft.		443.6				443.6	4,308	9,657						
2,500 ft.	2,206.8	15.5	236.1			2,458.4	2,422		27,537					
2,650 ft.		14.7	161.3			176.0	2,510	210						
	5,631.3	1,558.1	1,140.3	326.2	463.8	9,119.7	30,007	43,718	63,991	74	5,741	403,896	40	409,751

Ore Reserves:

Ore reserves, all above the 1,450-foot level, total 8,300,918 tons, having a grade of 0.2004 oz. per ton after allowing for dilution. Broken ore reserves, all above the 1,000-foot level, amounting to 519,815 tons are included in the above figure. There are still substantial tonnages of ore above the 1,450-foot level which are not yet completely developed and therefore not included in reserves.

Lower Development:

During the year shaft stations were excavated on the 1,600, 1,900 and 2,200-foot levels and the main cross-cuts were driven from them. At the 2,650-foot level the sump and pumping station were completed and put into service.

On the 2,500-foot level the driving of both east and west drifts and the programme of diamond drilling from them was continued. This work has extended the four known orebodies and they now have a combined length of 2,087 feet, an average width of 59.5 feet and, after allowing for dilution of 10%, an average grade of 0.2440 oz. per ton (\$8.54 at \$35.00 per oz.). Four other zones are known to carry ore values but neither their importance nor their effect upon tonnage and average grade can be determined until they have been explored by drifting and additional diamond drilling.

Production:

Starting April 1st, daily tonnage was reduced from an average of 1,679 tons for the first quarter to an average of 1,212 tons for the last three-quarters. Hence both tonnage treated and production were lower than for 1943.

SUMMARY OF PRODUCTION FOR THE YEAR 1944

Tons Milled	484,583	
Total Gold Recovered	80,722.23	ozs.
Total Silver Recovered	4,634.90	ozs.
Average Gold Recovery per ton	0.1666	oz. \$6.417—Au. @ \$38.50 per oz.
Average Tailings Loss per ton	0.0039	oz. \$0.151—Au. @ \$38.50 per oz.
Average Mill Head Value per ton (Bullion plus tails)	0.1705	oz. \$6.568—Au. @ \$38.50 per oz.
Total Realized Value of Bullion (Canadian Funds)	\$3,109,597.78	
Total Realized Value of Bullion per ton (Can. Funds)		\$6.417
Cost Summary:	Total	Per Ton
Mine Development	\$ 266,015.87	\$0.549
Stope Development	35,302.82	0.073
Mining	491,514.44	1.014
Crushing and Conveying	64,680.05	0.133
Milling	262,709.03	0.542
General Expense	131,936.72	0.272
Bullion Marketing	37,505.10	0.077
TOTAL OPERATING COSTS AT MINE	\$1,289,664.03	\$2.660
Net Operating Profit at Mine (Before provision for Depreciation, Amortization of Deferred Development and Taxes)	<u>\$1,819,933.75</u>	<u>\$3.756</u>

General:

During the year we lost 15 men to the armed forces and our force declined from 330 to 295. In spite of this loss of men, broken ore reserves declined by only 24,544 tons and at no time were less than 500,000 tons.

With a small force, the operation as now carried on is, however, well balanced and although development of the new levels is going ahead very slowly the physical condition of the mine is good.

I again extend to the Departmental Heads and other Staff members my thanks and appreciation for their loyal support and good work carried out during difficult times. I also gratefully acknowledge the generous support and assistance given me by the Officers and Directors.

Respectfully submitted,

W. S. ROW,
Manager.

Virginiatown, Ontario,
February 22nd, 1945.

Kerr-Addison Gold Mines Limited

(No Personal Liability)

(Incorporated under the Laws of the Province of Ontario, Canada)

BALANCE SHEET As at December 31st, 1944

ASSETS

Current Assets:

Cash on hand and in bank	\$	369,840.80	
Dominion of Canada bonds at cost (market value \$2,988,787.00)			2,990,000.00
Bullion:			
Certified by responsible Company officials	\$	39,346.99	
Confirmed by Royal Canadian Mint returns		250,396.07	289,743.06
Accounts receivable		6,085.11	
Bond interest accrued		11,969.65	\$ 3,667,638.62

Sundry Investments:

Shares in other companies at cost	\$	2,500.00	
Mortgages receivable		13,866.27	16,366.27

Deferred Charges:

Supplies and materials taken at book value	\$	315,760.20	
Unexpired portion of insurance premiums		39,359.04	
Pre-production and deferred development expenditure	\$ 1,130,308.58		
Less: Proportion written off	984,570.20	145,738.38	500,857.62

Capital Assets:

Mining claims at cost	\$	1,245,993.12	
Lands (surface rights only)		41,149.00	
Buildings, plant and equipment at cost	\$ 3,027,088.56		
Less: Reserve for depreciation	2,189,939.66	837,148.90	2,124,291.02
			<u>\$ 6,309,153.53</u>

Kerr-Addison Gold Mines Limited

(No Personal Liability)

BALANCE SHEET

As at December 31st, 1944

LIABILITIES

Current Liabilities:

Accounts and wages payable and accrued charges	\$	80,725.07	
Unclaimed dividends		5,492.18	
Portion of dividend paid December 28th, 1944 outstanding		88,994.45	
Income and excess profits taxes		183,420.50	\$ 358,632.20

Capital:

Capital Stock:

Authorized—

5,000,000 shares of \$1.00 each	\$ 5,000,000.00
---------------------------------------	-----------------

Issued and fully paid—

4,730,301 shares of \$1.00 each	\$ 4,730,301.00
---------------------------------------	-----------------

Less: Discount on shares sold	1,798,378.80
-------------------------------------	--------------

\$ 2,931,922.20

Surplus:

Earned surplus as per statement attached	3,013,936.39
--	--------------

Capital surplus as per statement attached	4,662.74	5,950,521.33
---	----------	--------------

\$ 6,309,153.53

REPORT AND CERTIFICATE

We have examined the accounts and the Balance Sheet of Kerr-Addison Gold Mines Limited (No Personal Liability) for the year ended December 31, 1944 and report, that in our opinion, the Balance Sheet is 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 certify that our requirements as auditors have been complied with.

FRED PAGE HIGGINS & COMPANY,
Chartered Accountants.

Toronto, March 12, 1945.

Kerr-Addison Gold Mines Limited

(No Personal Liability)

STATEMENT OF OPERATIONS For the Year Ended December 31st, 1944

Revenue:

Bullion recovered	\$ 3,109,597.78	
Miscellaneous income	112,384.54	\$ 3,221,982.32

Expenditure:

Cost of metal production including mining, milling delivery and mint charges	\$ 1,274,222.24	
Administration and general expense	53,190.18	
Municipal and sundry taxes	10,255.97	
Contributions to employees' group insurance and medical aid plan	10,794.21	1,348,462.60
		<u>\$ 1,873,519.72</u>

Provision for depreciation of buildings, plant and equipment owned at the commencement of the year—15% per annum \$ 453,157.47

Provision for amortization of pre-production and deferred development expenditure—15% per annum 169,546.29

Provision for federal income and excess profits taxes and Ontario mining tax 361,396.41 984,100.17

Net revenue transferred to Earned Surplus Account \$ 889,419.55

Kerr-Addison Gold Mines Limited

(No Personal Liability)

EARNED SURPLUS ACCOUNT As at December 31st, 1944

Balance at credit, January 1, 1944		\$ 3,523,087.14
Add:		
Balance from Statement of Operations for the year ended December 31, 1944	\$ 889,419.55	
Adjustment of Ontario Mining Tax applicable in prior periods	20,520.00	909,939.55
		<u>\$ 4,433,026.69</u>
Deduct:		
Dividends paid:		
No. 22—.05 per share 29th February, 1944	\$ 236,515.05	
No. 23—.05 per share 28th April, 1944	236,515.05	
No. 24—.05 per share 29th June, 1944	236,515.05	
No. 25—.05 per share 29th August, 1944	236,515.05	
No. 26—.05 per share 27th October, 1944	236,515.05	
No. 27—.05 per share 28th December, 1944	236,515.05	1,419,090.30
		<u>1,419,090.30</u>
Balance at credit, December 31, 1944		<u>\$ 3,013,936.39</u>

CAPITAL SURPLUS ACCOUNT As at December 31st, 1944

Balance at debit, January 1, 1944	\$ 6,597.85	
Add:		
Loss on disposal of fixed assets		1,339.41
		<u>\$ 7,937.26</u>
Deduct:		
Profit on disposal of bonds		12,600.00
		<u>12,600.00</u>
Balance at credit, December 31, 1944	\$ 4,662.74	

