

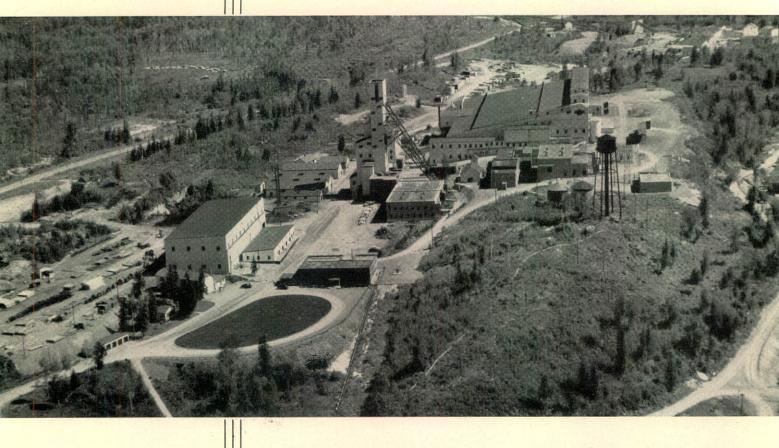
### KERR-ADDISON GOLD MINES LIMITED

PURVIS HALL +-BRARIES

MIGHL UNIVERSITY

(NO PERSONAL LIABILITY)

For the year ended Dec. 31st, 1949



AERIAL VIEW OF KERR-ADDISON GOLD MINES LIMITED

### Kerr-Addison Gold Mines Limited

(No Personal Liability)

#### **OFFICERS**

President

JAMES Y. MURDOCH, O.B.E., K.C., LL.D.

Vice-President and Managing Director ANDRE DORFMAN

Secretary G. A. CAVIN

Treasurer JAS. INGRAM

#### **DIRECTORS**

JAMES Y. MURDOCH, O.B.E., K.C., LL.D.

ANDRÉ DORFMAN

L. K. FLETCHER

OLIVER HALL

HAROLD H. LEATHER, M.B.E.

J. H. RATTRAY

J. H. C. WAITE

Manager W. S. ROW

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

#### TRANSFER AGENTS AND REGISTRARS

CHARTERED TRUST COMPANY 34 King St. West, Toronto 1, Ont.

REGISTRAR & TRANSFER COMPANY REGISTRAR & TRANSFER COMPANY 2 Rector St., New York 6, N.Y. 15 Exchange Place, Jersey City 2, N.J.

#### **AUDITORS**

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

#### ANNUAL MEETING

April 24th, 1950, 12.00 Noon (Toronto Time), King Edward Hotel Toronto, Ont.

Kerr-Addison  $\equiv$ 

### Directors' Report

To the Shareholders:

Your Directors submit herewith the Fourteenth Annual Report of your Company, which includes a copy of the Balance Sheet as of December 31st, 1949, as audited and certified by the Company's auditors, the related Statement of Operations, Earned Surplus and Capital Surplus for the fiscal year, and the report of the Mine Manager.

During the twelve months ended December 31st, 1949 the mill operated in excess of its daily rated capacity of 4,000 tons. Total tonnage milled was 1,560,195 tons, or an average of 4,275 tons daily, and 286,573.92 ounces of gold bullion were produced, having a total realized value of \$10,379,402.43 or \$6.65 per ton. Production for the previous year was \$5,838,584.42 from 889,711 tons, having an average value of \$6.56 per ton. However, the addition to the mill was only completed in December, 1948 and up until September 30th, 1948, the average daily tonnage milled was 2,113 tons. The enlarged mill has thus amply demonstrated its efficiency and all other additions to the plant, necessitated by the increased milling capacity, have also proven highly satisfactory.

Operating costs at the mine totalled \$4,269,232.46 or \$2.74 per ton. Total costs, however, after adding depreciation and taxes, and deducting miscellaneous income and the estimated amount receivable under the Emergency Gold Mining Assistance Act, were \$4.12 per ton milled, compared with \$4.72 per ton for the previous year.

As pointed out in the Manager's Report operating costs at the mine were abnormally low because it was not possible to obtain sufficient experienced men to carry out all the development and mining schedules contemplated for 1949.

Net earnings for 1949 amounted to 83.55 cents per share, compared with 34.68 cents per share for 1948. Dividends totalling 60 cents per share were paid during the year, and total dividends paid to the end of 1949 amount to \$14,474,721.06 or \$3.06 per share.

It is gratifying to report that after paying the 1949 dividends of 60 cents per share, amounting to a total of \$2,838,180.60, and expending in excess of \$300,000 on capital items during the year, the net current assets as of December 31st, 1949, excluding materials and supplies on hand and all prepaid items, totalled \$1,545,000 compared with approximately \$106,000 last year.

As to ore reserves and ore developments during the year, I refer you to your Manager's Report.

It is with deep regret I report the death on January 2nd, 1950, of Mr. J. H. C. Waite. He had been a Director of your Company since it was organized and his detail knowledge of the mine, his knowledge of mining and his faithful acceptance of his responsibility as one of your Directors proved a real contribution to the success of your Company.

In closing I wish to express the appreciation of your Directors for the able and loyal attendance to their duties of your Manager and his entire staff.

By Order of the Board,

JAMES Y. MURDOCH,

President.

Toronto, Ontario, March 30th, 1950.

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### Manager's Report

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

Dear Sirs -

A report on the operations of the mine for the year ended December 31st, 1949 is submitted herewith.

#### Production:

With the increased milling rate in effect for the entire year, dollar production and tonnage milled were at record peaks. The enlarged mill demonstrated its ability to handle up to 4400 tons on individual days, and gave an extraction of 96.83 percent of the gold from its feed over the entire year.

Operating costs for the year were abnormally low because of inability to obtain sufficient experienced men to carry out all of the development and mining schedules planned.

#### SUMMARY OF PRODUCTION FOR 1949

Tons Milled Total Gold Recovered Total Silver Recovered Average Gold Recovery per Ton Average Tailings Loss per Ton Average Mill Head Value per Ton (Bullion plus Tails) Total Realized Value of Bullion (Canadian Funds) Total Realized Value of Bullion per Ton (Can. Funds)	286,573.92 16,029.07 0.1837 0.0060 0.1897	, , , , , , , , , , , , , , , , , , ,
Cost Summary:		
,	Total	Per Ton
Development	. \$ 628,858.16	\$ .403
Stope Development	486,217.65	.312
Mining	587,128.70	.376
Haulage	682,933.98	.438
Hoisting	238,320.27	.153
Crushing and Conveying	184,861.55	.118
Milling	1,004,265.65	.644
General Expenses	374,270.06	.240
Bullion Marketing	82,376.44	.053
TOTAL OPERATING COSTS AT MINE	\$ 4,269,232.46	\$ 2.737
Net operating Profit at Mine (Before provision for Depreciation and Taxes)		\$ 3.916



#### Mining:

Emphasis during 1949 was on stope development. Experienced men still continuing scarce and with haulage crews almost doubled to handle the larger tonnages to the ore passes, development footage increased by only 37 percent, and tonnage of ore mined by only 65,000 tons over the corresponding figures for 1948. Broken ore reserves built up in the previous year to 1,189,763 tons were reduced by 279,634 tons but the rate of mining was approaching the milling rate at the year's end. Eighty-five per cent of the ore broken was mined in stopes on three levels, i.e. 14 per cent at the 1,000 foot level, 41 per cent at the 1,300 foot level and 30 per cent at the 1,600 foot level. Almost one-third of all development work was concentrated on the 1,600 foot level and over half of all diamond drilling was from the 2,050 foot level. Stoping has not yet been started below the 1,600 foot level.

#### SUMMARY OF DEVELOPMENT AND MINING FOR 1949

		AD	VANCE	IN FE	-			CU	FT.	FEET		TONS	ORE BRO	KEN IN	
Level	Shafts	Drifts	X-Cuts	Raises	Box- Holes	Sub- Drifts	TOTAL	Slashing	Station Cutting	Diamond Drilling	Dev.	St. Dev.	Stopes	Pillars	TOTAL
175				144		****	144	1,941		3,709			la series		
300			14	638	22	280	954	5,790		5,084	368	4.049	19,244		23,661
500	**********			9			9	439		4,563			9,406		9,406
700		228		55	182	61	526	28,627		1,124	431	3,321	13,201		16,953
850			28		58		86	17,282		1,150	125	1,228	270	8,160	9,783
1000	**********		115	146	27	44	332	24,559		3,828	291	1,269	153,903	8,379	163,842
1150		153		721	425	544	1,843	13,697			579	13,160	47,489		61,228
1300		535	24	1,320	493	1,263	3,635	36,027		1,599	5,093	24,265	459,242	*******	488,600
1450		1,277	309	1,464	379	1,416	4,845	10,999	3,147	749	3,825	10.824	26,143	********	40,792
1600		2,751	378	2,342	1,365	3,490	10,326	37,661	1,842	1,747	16,992	91,861	243,559		352,412
1750		213	181	1,735		37	2,166	7,360	-,	1,228	2,166	5,798			7,964
1900		1,237	151	246			1,634	18,978	2,870	297	3,557	168		*****	3,725
2050	***********	1,923	1,544	153	********		3,620	17,767	7,976	45,032	2,212	100			2,212
2200	*********	518	135	139			792	4,325	1,760	1,087	24				24
2350	**********		293	137			430	1,628	1,510	510		*******		********	2.7
2500		771	70	142			983	1,538	12,442	14,191	********				
2650		89	181	151			421	3,029	15,693	275	-				
2800	*********								3,554	494					
TOTAL	S	9,695	3,423	9,542	2,951	7,135	32,746	231,647	50,794	86,667		155.943	972,457	16,539	1,180,602

#### Ore Reserves:

At the year's end, ore reserves, all above the 1,600 foot level, consisted of 8,193,473 tons of positively proven ore (including 910,129 tons of broken ore) having a grade of 0.2016 ounces per ton after allowing for dilution, plus 810,000 tons of partially developed ore, or a combined total of 9,003,473 tons. Ore reserves including partially developed ore at the end of the previous year totalled 10,110,020 tons and during 1949 approximately 1,546,000 tons were milled from above the 1,600 foot level. Therefore, during 1949 mining and development operations proved about 439,000 tons of new ore above the 1,600 foot level.

#### Lower Level Ore Development:

At the 1,750 foot and 1,900 foot levels the ore pictures remain the same as of a year ago. Indications so far are that the block between the 1,600 and 1,900 foot levels contains about 15,000 tons per vertical foot of ore having a grade of 0.248 oz. per ton.

At the 2,050 foot level, a heavy program of diamond drilling was carried out. At the year's end No. 6 orebody was still open to the west, and No. 21 still open to the east with 350 feet between the last intersection and the east boundary. Development to date at this horizon indicates that the flow type orebodies

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have a combined length of 2,075 feet, an average width of 21.6 feet and an indicated grade of 0.3905 ounces per ton and that the carbonate type orebodies have a combined length of 1,427 feet, an average width of 16.3 feet and an indicated grade of 0.2319 ounces per ton. In these figures no allowance has been made for dilution.

#### General:

Some phases of construction and installation work in connection with the expansion program of 1946-1948 continued almost through 1949.

Five houses were also erected and were occupied before winter set in. After concluding necessary agreements with municipal and provincial authorities, planning was resumed for the opening of the North Virginiatown subdivision. Opening will actually take place early in 1950.

I wish to again express to all Departmental Heads and their staffs, my thanks and appreciation for their able work and loyal co-operation through the year. And I also acknowledge with appreciation the continued support and assistance of the Officers and Directors.

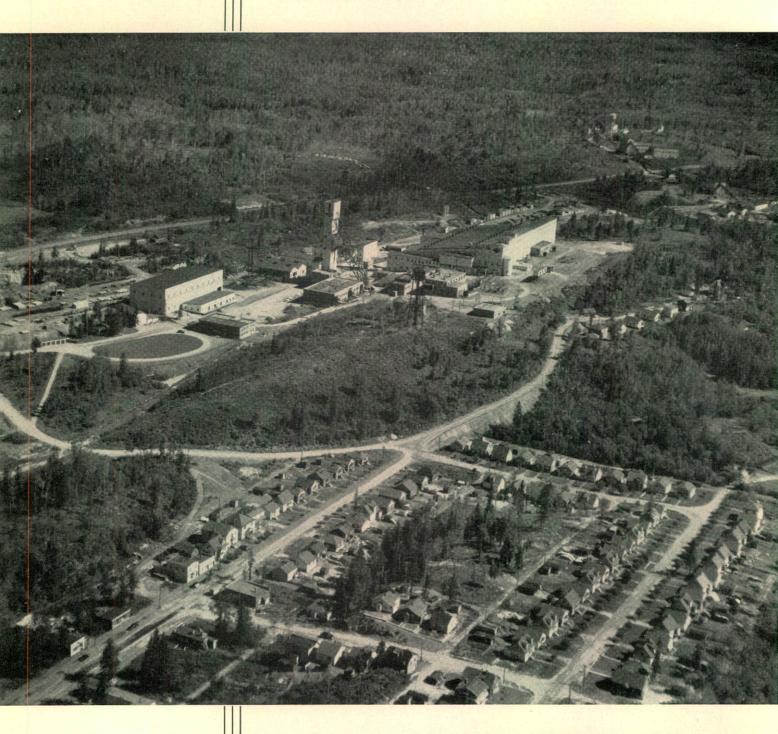
Respectfully submitted,

W. S. ROW,

Manager.

Virginiatown, Ontario, February 28, 1950.

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AERIAL VIEW OF KERR-ADDISON PLANT SHOW-ING PART OF THE RESIDENTIAL AREA IN THE FOREGROUND.

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### BALANCE SHEET as a

ASSETS			
Current Assets:			
Cash on hand and in bank		\$ 1,054,201.88	
Bonds of or guaranteed by Canadian Governments at cost		621,408.75	
Bullion on hand and at mint		796,803.51	
Demand note receivable (guaranteed)		500,000.00	
Accounts receivable		32,956.47	
Interest accrued		6,900.73	
Estimated amount receivable under The Emergency Gold		-,	
Mining Assistance Act		135,000.00	\$ 3,147,271.34
Sundry Investments:			
Shares in other companies at cost		\$ 2,500.00	
Mortgages receivable		15,885.59	18,385.59
Deferred Charges:			
Supplies and materials on hand taken at book value		\$ 905,368.91	
Unexpired portion of insurance premium and other		The same of the sa	
prepaid expenses		111,215.14	1,016,584.05
Capital Assets:			
Mining claims at cost		\$ 1,245,993.12	
Lands (surface rights only)		40,649.00	
Buildings, plant and equipment at cost	9 0 0 2 7 0 0 2 1 6	40,049.00	
		4 957 770 02	6 144 413 01
Less: Reserve for depreciation	4,1/9,231.34	4,857,770.92	6,144,413.04
			\$ 10,326,654.02

#### CERTIF

We have examined the accounts and the Balance Sheet for the year ended December 31, 1949, and report, that in o exhibit a true and correct view of the state of the Company' explanations given to us and as shown by its books.

We certify that our requirements as auditors have been

Toronto, March 10, 1950.

### d Mines Limited

Liability)

Province of Ontario, Canada)

### December 31, 1949

#### LIABILITIES

LIABILITIES		
Current Liabilities:		
Accounts and wages payable and accrued charges	\$ 401,953.38	
Unclaimed dividends	6,812.24	
Portion of dividend paid Decmber 29, 1949, outstanding	298,593.45	
Dominion income and Ontario corporation taxes	518,784.18	
Province of Ontario mining tax	376,136.60	\$ 1,602,279.85
Capital Stock and Surplus:		
Capital:		
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:		
Capital surplus:		
As per statement attached	246,758.07	
Earned surplus:	E E 4 E ( 0 2 0 0	0.704.374.47
As per statement attached	5,545,693.90	8,724,374.17

\$ 10,326,654.02

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Kerr-Addison Gold Mines Limited (No Personal Liability) opinion, the balance sheet is properly drawn up so as to ffairs, according to the best of our information and the

nplied with.

FRED PAGE HIGGINS & CO. Chartered Accountants.

## Statement of Operations

for the year ended December 31, 1949

Revenue:				
Bullion recovered	\$	10,379,402.43		
Miscellaneous income		99,040.17	\$ 1	0,478,442.60
Expenditures:				
Cost of metal production including mining, milling, delivery and mint charges	\$	4,235,802.90		
Administration and general expenses		105,670.40		
Municipal and sundry taxes		23,527.81		
Contributions to employees' group insurance and medical aid plan		21,672.98		
	\$	4,386,674.09		
Less:				
Estimated amount receivable under The Emergency Gold Mining Assistance Act		127,463.05		4,259,211.04
			\$	6,219,231.56
Provision for depreciation of buildings, plant and equipment owned at the commencement of the period	\$	879,869.17		
Provision for Dominion and Ontario Mining and Corporation taxes		1,387,244.23		2,267,113.40
Net revenue transferred to Earned Surplus Account			\$	3,952,118.16



### Earned Surplus Account

as at December 31, 1949

Balance at credit, January 1, 1949		\$ 4,431,756.34
Add:  Net revenue brought forward from Statement of Operations for the year ended December 31, 1949		3,952,118.16
		\$ 8,383,874.50
Deduct:  Dividends:  No. 52—\$0.05 per share, February 25, 1949  53— 0.07 per share, April 28, 1949  54— 0.15 per share, June 28, 1949  55— 0.15 per share, September 28, 1949  56— 0.18 per share, December 29, 1949	\$236,515.05 331,121.07 709,545.15 709,545.15 851,454.18	2,838,180.60
		\$ 5,545,693.90

### Capital Surplus Account

as at December 31, 1949

Balance at credit, January 1, 1949	\$207,324.83
Add:  Profit on sale of fixed assets	39,433.24
Balance at credit, December 31, 1949	\$246,758.07

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# Purchases of Equipment and Supplies during the year ended December 31, 1949

Iron and Steel Products	\$	354,030.00
Mine Cars and Locomotives	Ψ.	97,108.00
Trucks, Vehicles, Power Shovels, etc.		6,237.00
Tools and Machinery (Mine, Mill, Shops)		366,591.00
Reagents and Chemicals		282,703.00
Coal and Coke		15.348.00
Petroleum Products		and the same of
Rubber Products		40,714.00
Lumber and Timber		62,269.00
Building Products (Miscellaneous)		144,026.00
Electrical Equipment		31,841.00
		112,757.00
Air-operated Equipment and Parts Explosives		129,709.00
		248,424.00
Refractories		6,502.00
Foodstuffs		6,859.00
Insurance		70,554.00
Miscellaneous		123,108.00
Sub-Total	\$ :	2,098,780.00
Hydro-Electric Power		237,435.00
Freight, Express and General Transportation		102,082.00
TOTAL	\$ 2	2,438,297.00

$p_{ri}$	ncipal Canadian Cities	and Towns which	Benefit:
Beachville, Ontario Beloeil, Quebec Bowmanville, Ontario Brampton, Ontario Brantford, Ontario Burlington, Ontario Cobalt, Ontario Galt, Ontario	Hamilton, Ontario Hespeler, Ontario Joliette, Quebec Kirkland Lake, Ontario Kitchener, Ontario London, Ontario Montreal, Quebec New Liskeard, Ontario	Niagara Falls, Ontario Nobel, Ontario North Bay, Ontario Orillia, Ontario Ottawa, Ontario Owen Sound, Ontario Port Alberni, B.C. St. Catharines, Ontario	Sault Ste. Marie, Ont. Sherbrooke, Quebec Sorel, Quebec Staynerville, Quebec Toronto, Ontario Vancouver, B.C. Walkerville, Ontario Welland, Ontario Windsor, Ontario
Number of Companies a	nd Individuals (With Geogr	aphical Location)	
Through Whom Supplie	es or Services Purchased:		
260 — Ontario	38 — Quebec	3 — British Columbia	11 — U.S.A.
TOTAL AMOUNT PA	AID IN WAGES AND SA	LARIES	\$ 2,252,500.00
	17	1	

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OFFICE BUILDING—KERR-ADDISON GOLD MINES LIMITED

### Production Record

	Tons Milled	Average Tons Per Day	Recovery Per Ton Ozs.	Total Ounces Produced	Total Value
1938	148,642	609	0.1880	27,946.54	\$ 985,641
1939	268,409	735	0.2030	54,480.03	1,984,858
1940	445,864	1,218	0.2064	92,021.07	3,544,433
1941	694,894	1,904	0.2102	146,071.62	5,626,389
1942	756,453	2,072	0.2139	161,811.43	6,232,794
1943	674,487	1,848	0.1930	130,192.28	5,015,128
1944	484,583	1,324	0.1666	80,722.23	3,109,598
1945	430,065	1,178	0.1885	81,065.07	3,122,706
1946	531,695	1,457	0.1984	105,483.35	3,853,253
1947	780,153	2,137	0.1923	150,039.56	5,257,179
1948	889,711	2,431	0.1873	166,617.10	5,838,584
1949	1,560,195	4,275	0.1837	286,573.92	10,379,402
	7,665,151		0.1935	1,483,024.20	\$54,949,965

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CAFETERIA AND DORMITORIES

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