

Ymir 082FSW074
GOOD ENOUGH 082FSW073

YMIR CONSOLIDATED GOLD MINES LIMITED
NON-PERSONAL LIABILITY

AUG 4 1939 003012

REPORT OF THE MANAGING DIRECTOR OF ECONOMICS
AND STATISTICS

Attached is found Balance Sheet and Auditor's Report of your Company's affairs as at December 31, 1938.

When the last Annual Report was issued, drifting was in progress in the Ymir mine which subsequently resulted in the temporary abandonment of this development programme in favor of resumption of exploration in the adjoining Goodenough mine. This has been successful to the extent of supplying the mill with 30 to 35 tons per day continuously during the year. The location and exploring of ore bodies in the Goodenough mine requires a very careful study of a difficult formation supplemented by many blank drifts, raises and drill holes. This ore requires sorting and it is then necessary to transport by motor trucks down the mountain to the mill. This situation makes for higher per ton costs than the average mine. However, besides assuming the cost of considerable dead development work in the Ymir Mine, a profit was made sufficient to pay \$36,700.07 on property account, \$5,951.12 on the Company's old accounts and \$6,172.08 on debenture sinking fund and interest. Besides leaving a substantial amount of cash in operating account, the Company has built a new bunkhouse and a new dry house at the Goodenough mine, paid up the balance on the diesel tractor, diamond drill plant and other items purchased on terms by the previous management, and paid for an expensive machine replacement due to lightning damage, as well as numerous other substantial outlays. The crew at the mine has averaged from 33 to 45 men. All current accounts have been paid promptly.

The ore reserves remain on a month to month basis, which condition has existed practically over the past year. Present development work in the Goodenough is directed to exploring an area above No. 4 level to the East of the present area stoped as well as the continuation of the No. 4 level Eastward. Exploration is also under way to test the area to the North and South of the present vein system in anticipation of location of parallel shears. Considerable attention has been given to preliminary prospecting work and search for another property and should a property be found that will check up after a preliminary period of prospecting, the shareholders will be advised. It is considered only confusing to bring to the shareholders attention each property on which preliminary work is undertaken.

In the face of a rather dismal outlook the present management has put forward every possible effort to rebuild this Company. In the general district in which we operate, at least three new gold mills built since the Ymir mill are now closed. In our case, additional ore reserves require to be located in order to assure continuous operation of our mill. These can only be found by an aggressive development programme, and as there now remains less than \$5,000 to pay on the \$100,000 Goodenough Bond, more funds should soon be available to prosecute development work. Taking into consideration the known obstacles, your Company has made considerable progress during the past year.

R. C. McCORKELL,

Managing Director.

YMI CONSOLIDATED GOLD MINES LIMITED
(NON-PERSONAL LIABILITY)

BALANCE SHEET as at 31ST DECEMBER, 1938.

ASSETS

LIABILITIES

Current Assets

Cash on hand and in Bank,	\$ 15,030.96	
Accounts receivable,	6,273.64	
Supplies on hand,	4,092.69	
Prepaid Insurance,	697.13	\$ 26,094.42

Cash on Deposit,		2,688.45
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Fixed Assets,

Properties including Development,	\$510,923.78	
Machinery and Equipment	\$ 60,355.95	
Mill Building and Equipment,	74,533.76	134,889.71
		645,813.49

Incorporation and Organization Expenses,

Commission on Sale of Shares,	\$ 40,942.50	
Incorporation Expenses,	1,468.50	42,411.00

Deficit,

Balance, as at 31st December, 1937,	\$101,071.43	
Add Loss, for year ended 31st December, 1938,	6,817.26	\$107,888.69

R. C. McCORKEILL,

NORMAN JESSIMAN,

BYRON JOHNSON,

Directors.

\$824,896.05

Accounts Payable, (Secured),

On Properties, Options Payable,		\$ 59,374.16
Sundry Creditors,		414.43
Payroll,		1,573.36
Provincial Government,		1,720.26
Provision for Sinking Fund (See Debentures),		2,014.59
Workmen's Compensation Board,		2,031.82
		<u>\$ 67,128.62</u>

Accounts Payable (Unsecured),

Sundry Creditors,		5,407.29
Under Extension Agreement:-		
Trade Creditors,	\$ 14,471.75	
Ymir Gold Mines, Ltd.	22,976.44	
Interest,	4,573.50	42,021.69

First Mortgage Debentures,

Accrued Interest,	390.88	
	<u>\$ 39,865.88</u>	

Less:- Redeemed	\$ 1,950.00	
Paid to Sinking Fund,	4,633.14	
Provided for to 31st December, 1938, (See Accounts Payable),	2,014.59	\$ 8,597.73
		<u>\$ 31,268.15</u>

Reserves,

For Depreciation,	\$ 46,226.13	
" Depletion	99,310.98	
" Accounts Payable	525.89	\$146,063.00

Capital,

Authorized

1,500,000 Preference Shares of No Par Value.	
2,250,000 Common " " " "	

Issued,

231,000 Preference Shares,	\$ 9,240.00	
2,159,453 Common Shares,	523,767.30	533,007.30
		<u>\$824,896.05</u>

We have audited the books and accounts of the Head Office of the Ymir Consolidated Gold Mines, Limited (N.P.L.), for the year ended 31st December, 1938. No audit has been made by us of the Mine Office, the distribution of Wages and Supplies used being included in these accounts as shown by the monthly returns from that office. No provision has been made for Income Tax for the year in these accounts. We have received all the information and explanations we have required. Subject to any qualifications contained in this report, we certify that, in our opinion, the above Balance Sheet exhibits a true and correct view of the state of the Company's affairs as at 31st December, 1938, according to the best of our information, the explanations given to us and as shown by the books of the Company.

JAMES D. SMALL & CO., Chartered Accountants.

Vancouver, B. C.
3rd February, 1939.

PROFIT AND LOSS ACCOUNT

for the year ended 31st, December, 1938

By Gross Revenue from Mining,		\$208,772.70
To Cost of Mining,	\$ 46,403.30	
" " " Milling,	17,479.24	
" " " Smelting,	20,736.68	
" " " Current Development Work,	37,465.64	
" General Mine Expenses:-		
Road Maintenance,	\$2,444.86	
Camp Operating,	4,830.50	
Truck Operating,	1,225.93	
Insurance,	729.17	
Mine Office Expenses,	1,059.13	
Engineer's Salary,	3,426.25	
Workmen's Compensation Board, (not allocated)	899.03	
Miscellaneous,	697.45	15,312.32
To Salaries,		
Managing Director, Secretary, Treasurer and Stenographer	\$4,440.00	
" Audit and Legal Fees,	365.00	
" Interest and Exchange, Debenture Interest,	\$1,876.26	
Interest on Accounts covered by Extension Agreement	2,124.36	
Sundry	64.58	4,065.20
" Travelling Expenses,	584.01	
" Office Rent, Stationery, Telephone, Postage, etc.	1,345.04	
" Provincial Mineral Tax,	3,172.74	13,971.99
" Bad Debts written off,		246.41
" Provincial Taxes,		331.50
		<u>\$151,947.08</u>
		\$ 56,825.62
" Depletion and Depreciation		<u>63,642.88</u>
Balance Loss carried to Balance Sheet		<u>\$ 6,817.26</u>

CAPITAL

<u>Authorized</u>	<u>Issued</u>
1,500,000 Preference Shares of No Par Value	231,000
2,250,000 Common Shares of No Par Value	2,159,453

Registered Office:
716 Hall Building,
Vancouver, B. C.

DIRECTORS

Norman Jessiman, Vancouver, B. C.
Byron Johnson, New Westminster, B.C.
R. C. McCorkell, Vancouver, B. C.

Secretary's Office:
626 Pender Street W.
Vancouver, B. C.

AUDITORS

Transfer Agents:
The Canada Trust Company,
Hall Building,
Vancouver, B. C.

James D. Small & Co.,
Credit Foncier Building,
Vancouver, B. C.

Solicitors:
Williams, Manson & Rae,
Hall Building
Vancouver, B. C.