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BUREAU OF ECONOMICS
AND STATISTICS

Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)



Twentieth
Annual Report
for period ending
December 31, 1953

Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

Incorporated under the Laws of the Province of British Columbia in 1933.

HEAD OFFICE:
WELLS, BRITISH COLUMBIA

REGISTERED OFFICE:
744 WEST HASTINGS STREET, VANCOUVER 1, B.C.

CAPITALIZATION

AUTHORIZED	-	-	-	1,100,000 shares of \$0.50 par value
OUTSTANDING	-	-	-	1,050,716 shares of \$0.50 par value

Officers, Directors, Transfer Agent and Registrar on March 4th, 1954

OFFICERS AND DIRECTORS

FORBES W. GUERNSEY, President and Director
FRED SEARLS, JR., Vice-President and Director
PHILIP KRAFT, Vice-President and Director
CARROLL SEARLS, Secretary and Director
WALTER P. SCHMID, Treasurer
ROY C. BONEBRAKE, Assistant Secretary
DAVID N. HOSSIE, Assistant Secretary and Director
WM. F. RICHARDS, JR., Assistant Treasurer
PLATO MALOZEMOFF, Director
JOHN DRYBROUGH, Director
SHERWOOD LETT, Director
J. A. PIKE, Director

J. A. PIKE, Manager
JOHN DRYBROUGH, Consulting Engineer

TRANSFER AGENT AND REGISTRAR
THE TORONTO GENERAL TRUSTS CORPORATION
TORONTO, ONTARIO AND VANCOUVER, B.C.

Directors' Report

Vancouver, B.C., March 4, 1954.

To the Shareholders of the

ISLAND MOUNTAIN MINES COMPANY LIMITED (N.P.L.):

The Directors present the Twentieth Annual Report of the Company for the year ended December 31, 1953, together with the Manager's Report, the Report of the Auditors, the Balance Sheet and Statement of Profit and Loss.

The value of production was \$662,221.60 and, adding to this the sum of \$84,000.00 estimated recoverable under the Emergency Gold Mines Assistance Act, gives a total of \$746,221.60. Cost of operation was \$619,357.81 and depreciation was \$51,036.78, leaving a net profit from operation of \$75,827.01. Adding dividends and interest received of \$3,430.48 gives a net profit of \$79,257.49.

Net current assets now stand at \$488,388.18.

Full 30% depreciation was taken this year to bring undepreciated capital assets in line with actual value of machinery and equipment on hand. There were no capital expenditures during the period.

A \$100,000 Government of Canada 2¼% Bond, due July 1955, was purchased late in the year.

The profit was the result of the reduction of mining operations essentially to a salvage basis. Operations can reasonably be expected to continue at least until mid-summer.

The Directors regret to report the death on February 8th, 1954, of Mr. Henry E. Dodge, a member of the Board since the Company began, whose wise counsel will be missed.

The Directors wish to accord their appreciation of the services of Mr. Drybrough, Mr. Pike, Mr. Sullivan, their staff and crew during the year.

Submitted on behalf of the Directors.

F. W. GUERNSEY, *President.*

Manager's Report

Vancouver, B.C., January 15, 1954.

Mr. F. W. Guernsey, President,
Island Mountain Mines Company Limited (N.P.L.),
744 West Hastings Street,
Vancouver 1, B.C.

Dear Sir:

This report covers operations of the Company for the year ended December 31, 1953.

MINE

Total development footage in 1953 and totals to date are as follows:

	1953	To Date
Drifts and Crosscuts	1,364	96,837
Raises	234	14,193
Internal Shaft	0	1,530
	<u>1,598</u>	<u>112,560</u>
Diamond Drilling	5,856	243,723

With the exception of one exploratory crosscut, all development done was for the purpose of access to known ore and was practically the minimum possible in mining the scattered ore bodies.

No new ore shoots were discovered. The 45,200 tons developed during the year came from extensions of known ore, indicated in part by diamond drill intersections.

Quartz ore mined totalled 32,398 tons averaging 0.325 ozs. gold per ton and replacement ore totalled 16,002 tons at 0.593 ozs. gold per ton. Total mine output was 48,400 tons assaying 0.414 ounces per ton.

ORE RESERVES

Ore reserves at year end are estimated as follows:

	Tons	Gold Assay
Quartz Veins	21,500	0.32 ozs.
Replacement Ore	7,500	0.64 ozs.
	<u>29,000</u>	<u>0.40 ozs.</u>

The prospect of adding to the reserves in the future lessens as the ore bodies are mined out and development is reduced.

MILL

Tonnage milled was 48,400 with a daily average of 132.6. Heads averaged 0.414 ozs. and tailings 0.017 ozs. Recovery was 95.9% and mill operation was 94.59% of full time. Consumption of grinding balls, lime and cyanide averaged 1.9, 2.0 and 0.82 lbs. per ton respectively.

PRODUCTION

Total production was 19,194.79 fine ozs. gold and 2,551.04 fine ozs. silver, estimated to be worth \$746,221.60. Rates per ounce varying between \$33.95 and \$34.89 were paid by the Royal Canadian Mint. The average payment per ounce anticipated from the Emergency Gold Mines Assistance Act is estimated to be \$4.38. Average return per ton of ore milled was \$15.42 and average return per ounce of gold produced was \$38.77.

PRODUCTION COSTS

Operating costs for the year were as follows:

	Amount	Per Ton
Mining	\$434,646.63	\$ 8.98
Development	48,750.71	1.01
Milling, Refining, Marketing	135,960.47	2.81
	<u>\$619,357.81</u>	<u>\$12.80</u>

As was to be expected in a salvage operation, costs were reduced mainly because of much less development, though appreciable savings in both mining and milling costs were also effected.

GENERAL

A shortage of experienced mine workers occurred during the summer months, but during the rest of the year the supply was adequate. The agreement between the Company and the Wells Miners Union was renewed as from May 1st, with only minor changes from the old agreement. Because of the minimum of development, the crew was reduced to an average of 101 men.

I acknowledge with thanks the assistance received from the Directors, Consultant, and Staff.

Respectfully submitted,

J. A. PIKE,

Manager.

Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

VANCOUVER, B.C

BALANCE SHEET AS AT DECEMBER 31, 1953

A S S E T S

CURRENT ASSETS:

Cash on hand and in banks	\$172,261.72	
Bullion in transit at estimated realizable values	29,500.00	
Accounts receivable	2,154.06	
Estimated amount receivable under the provisions of The Emergency Gold Mining Assistance Act	102,219.10	
Overpayment of taxes on income	3,061.02	
Government of Canada bonds at cost, (market value \$98,650.00)	98,659.90	
The Consolidated Mining and Smelting Company of Canada Limited, 2,500 shares at cost, (market value \$59,375.00)	41,500.00	
Materials and supplies on hand	64,485.43	
Prepaid expenses	5,468.24	
	\$519,309.47	

FIXED ASSETS:

Mining claims and development, at cost	\$813,942.53	
Less depletion	472,748.92	
	341,193.61	
Mine and mill buildings, machinery and equipment, at cost	\$529,333.75	
Less depreciation	421,169.78	
	108,163.97	
	\$968,667.05	

L I A B I L I T I E S

CURRENT LIABILITIES:

Accounts payable	\$ 30,921.29
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SHARE CAPITAL:

Authorized:

1,100,000 shares of 50 cents each	\$550,000.00
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Issued and fully paid:

1,050,716 shares of 50 cents each	525,358.00
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EARNED SURPLUS	412,387.76
	937,745.76

Approved on behalf of the board:

PHILIP KRAFT, *Director*

F. W. GUERNSEY, *Director*

\$968,667.05

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Island Mountain Mines Company Limited (Non-Personal Liability) as at December 31, 1953 and the statement of profit and loss and earned surplus 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 the above balance sheet and related statement of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Company as at December 31, 1953 and the results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the Company.

Vancouver, B.C.
January 28, 1954.

HELLIWELL, MACLACHLAN & CO.
Chartered Accountants.

Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

VANCOUVER, B.C.

STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1953

Proceeds from gold and silver sales (including estimated bonus of \$84,000.00 under the provisions of The Emergency Gold Mining Assistance Act).....	\$746,221.60
Operating costs	619,357.81
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	126,863.79
Interest earned and dividends received on investments.....	3,430.48
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<i>Profit before provision for depreciation</i>	\$130,294.27
Provision for depreciation.....	51,036.78
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<i>Profit for the year</i>	\$ 79,257.49
Earned surplus at December 31, 1952.....	333,130.27
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<i>Earned surplus at December 31, 1953 as per balance sheet</i>	<u><u>\$412,387.76</u></u>