ISLAND MOUNTAIN 093H 006
PROSPERPINE 093H 021
MYRTLE - SHAMROCK 093H 025

Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

Nineteenth

Annual Report

for period ending

December 31, 1952

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 1st, 1953

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
WILLIAM F. RICHARDS, JR., Assistant Treasurer
ROY C. BONEBRAKE, Assistant Secretary
H. DEWITT SMITH, Director
HENRY E. DODGE, Director
D. N. HOSSIE, Director
SHERWOOD LETT, Director
ROBERT H. STEWART, Director (Deceased)

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 4th, 1953.

To the Shareholders of the
ISLAND MOUNTAIN MINES COMPANY LIMITED (N.P.L.):

The Directors present herewith the Nineteenth Annual Report of the Company for the year ending December 31, 1952, together with the Report of the Manager, Mr. J. A. Pike, the Report of the Auditors, the Balance Sheet and Statement of Profit and Loss.

The mine operated the full twelve months of the year and gross revenue, including $95,300.00 estimated recoverable under the provisions of the Emergency Gold Mining Assistance Act, was $715,546.21. Cost of operation was $730,547.36. Operating loss was therefore $15,001.15. Deducting from the operating loss $5,250.00 received as dividends leaves a net loss for the year of $9,751.15. No provision was made for depreciation or depletion.

Net current assets now stand at $356,408.87.

The failure to find ore in quantity at depth, the marked reduction in ore reserves, and the high cost of exploratory development have placed a limit on the current operating life of the property. The shareholders were advised last October that the Directors had decided to continue operations only so long as an operating profit was earned.

1952 is the first year a dividend has not been paid since the first dividend payment in 1936. As pointed out in the Manager's Report, the loss in revenue of $2.35 per ounce on 18,098 ounces gold produced, a total of some $42,000.00, because of appreciation of the Canadian dollar, was too great to be overcome. The importance to the Company of the gold subsidy can readily be seen.

The Directors grieve to record the death on December 23rd, 1952 of Robert H. Stewart, a member of the Board since the inception of the Company. An engineer of outstanding ability and achievement, he will be remembered by his fellow directors with affection and with appreciation of his many qualities.

The Directors again wish to express their appreciation of the work of Mr. Drybrough, Mr. Pike, Mr. Sullivan and their staff and crew.

Submitted on behalf of the Directors.

F. W. GUERNSEY, *President.*

Manager's Report

Vancouver, B.C., January 27th, 1953.

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 ending December 31, 1952:

PROPERTY

There was no change in the property holdings of the Company during the year.

MINE

Total development footage in 1952 and totals to date are as follows:

	1952	*To Date*
Drifts and Crosscuts	3,751	95,473
Raises	941	13,959
Internal Shaft	0	1,530
	4,692	110,962
Diamond Drilling	13,436	237,867

The development program recommended on the 2550 Level failed to find ore in quantity. The result was the decision by the Directors to discontinue all exploration and to concentrate on the development and mining of known ore bodies.

Nearly half the development was done on the 2700 and 2550 Levels. The results of work at the south-east end of 2700 Level were inconclusive but bad ground precluded further exploration. No ore was found to the north-west on 2550 Level.

Two medium-sized quartz ore bodies of medium grade were discovered on 3125 Level. On the same level also, a small high-grade replacement ore body showed surprising continuity from the level above.

Diamond drilling from the 2550 Level constituted 40% of the total footage.

Mine output was 45,274 tons averaging 0.419 ozs., made up of 28,752 tons of quartz ore assaying 0.32 ozs. and 16,522 tons of replacement ore assaying 0.59 ozs.

ORE RESERVES

Ore reserves at year end are estimated as follows:

	Tons	*Gold Assay*
Quartz Veins	23,700	0.30 ozs.
Replacement Ore	8,500	0.66 ozs.
Total	32,200	0.395 ozs.

The 20,000 tons reduction from the figure of a year ago was caused by a slowing up of the discovery of new ore bodies and the removal from the reserves of all ore bodies in the floors of levels that would be too costly to develop from the next lower level.

MILL

Tonnage milled was 45,274 with a daily average of 123.70. Heads averaged 0.419 ozs. and tailings 0.0192 ozs. Recovery was 95.4% and mill operation was 92.66% of full time.

PRODUCTION

Production totalled 18,098.668 fine ozs. gold and 2,515.36 fine ozs. silver, estimated to be worth $715,546.21. This amount is the sum of payments from the Royal Canadian Mint at rates per ounce varying between $33.59 and $35.26, plus an estimated average payment per ounce under the Emergency Gold Mines Assistance Act of $5.26. Average return per ton of ore milled was $15.80 and average return per ounce of gold produced was $39.42. This average return per ounce of gold is $2.35 less than the comparable figure for the previous year.

PRODUCTION COSTS

Average operating costs for the year were as follows:

	Amount	*Per Ton*
Mining	$426,173.81	$ 9.41
Development	169,709.58	3.75
Milling, Refining, Marketing	134,663.97	2.98
	$730,547.36	$16.14

The cost per ton was 90c less than the 1951 figure and resulted mainly from the reduction of development. Actual stoping costs increased by 88c per ton.

CAPITAL EXPENDITURES

The only purchase on capital account was a stainless steel mine pump at a cost of $2,772.00.

GENERAL

Because the Royal Canadian Mint pays $35.00 U.S. for each ounce of gold, the appreciation of the Canadian dollar has worked still another hardship to Canadian gold mines. The arithmetical average of payments over the year was $34.24 per ounce. Our loss for the year averaged 54c per ounce.

The supply of experienced mine workers was adequate over the entire year. Because the Company was unable to grant wage increases and other concessions to its employees, the agreement with Wells Miners Union has not yet been renewed.

On behalf of the Staff, I record with regret the passing of Robert H. Stewart. His personal interest and the application of his wide and practical knowledge were deeply appreciated.

I acknowledge with thanks the support accorded to me by 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, 1952

ASSETS

CURRENT ASSETS:		
Cash on hand and in bank	$163,856.34	
Bullion in transit at estimated realizable values	11,000.00	
Accounts receivable	4,256.37	
Estimated amount receivable under the provisions of The Emergency Gold Mining Assistance Act	73,698.32	
Overpayment of taxes on income	4,038.56	
The Consolidated Mining and Smelting Company of Canada, Limited, 2,500 shares at cost, (market value $82,187.50)	41,500.00	
Materials and supplies on hand at cost	84,814.76	
Prepaid expenses	3,242.14	
		$386,406.49
FIXED ASSETS:		
Mining claims and development, at cost	819,933.36	
Less depletion	472,748.92	
		347,184.44
Mine and mill buildings, machinery and equipment, at cost	529,708.75	
Less depreciation	374,813.79	
		154,894.96
		$888,485.89

LIABILITIES

CURRENT LIABILITIES:		
Accounts payable		$ 29,997.62
SHARE CAPITAL:		
Authorized:		
1,100,000 shares of 50 cents each	$550,000.00	
Issued and fully paid:		
1,050,716 shares of 50 cents each	525,358.00	
EARNED SURPLUS	333,130.27	
		858,488.27
		$888,485.89

Approved on behalf of the board:

F. W. GUERNSEY, *Director*

PHILIP KRAFT, *Director*

AUDITORS' REPORT TO THE SHAREHOLDTRS

We have examined the balance sheet of Island Mountain Mines Company Limited (Non-Personal Liability) as at December 31, 1952 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.

No charge has been made for depreciation or depletion in the 1952 operations. Subject thereto, the above balance sheet and related statement of profit and loss and earned surplus are, in our opinion, 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, 1952 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 22, 1953.

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, 1952

Proceeds from gold and silver sales (including estimated bonus of $95,300.00 under the provisions of The Emergency Gold Mining Assistance Act)		$715,546.21
Operating costs		730,547.36
		15,001.15
Dividends received on investment		5,250.00
Loss for the year		$ 9,751.15
Earned surplus at December 31,1951		344,506.19
		334,755.04
DEDUCT:		
Adjustment of gold bonus for the year 1951	$ 219.71	
Adjustment of prior years' mining tax	1,405.06	1,624.77
Earned surplus at December 31, 1952 as per balance sheet		$333,130.27