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ISLAND MOUNTAIN 093H 006
PROSPER PINE 093H 021
MYRTLE - SHAMROCK 093H 025

Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)



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BUREAU OF ECONOMICS
AND STATISTICS

Eighteenth
Annual Report
for period ending
December 31, 1951

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, 1952

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

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

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

Director's Report

Vancouver, B.C., February 13th, 1952.

To the Shareholders of the

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

Your Directors present the Eighteenth Annual Report of the Company for the period ending December 31st, 1951, together with the Report of the Manager, Mr. J. A. Pike, the report of the Auditors with the Balance Sheet and Profit and Loss Statement for the year.

The value of the production during the year was \$618,088.56; the amount received under the Emergency Gold Mines Assistance Act is estimated at \$81,000.00; adding Dividends from Investments, \$10,500.00 and deducting the cost of operation, \$669,587.14 leaves a profit for the year of \$40,001.42. To be added to this profit are the following non-recurring amounts: profit on sale of equipment, \$4,800.00 and profit on sale of 500 shares of Consolidated Mining and Smelting Company, \$52,453.76, making a total of \$97,255.18.

Capital Expenditure during the period amounted to \$14,384.63 and Net Current Assets now stand at \$370,750.50. Your Company has not yet elected to sell its gold in the free market, an alternative which is receiving attention.

Dividend No. 27, amounting to \$52,535.80, was paid in December last.

Estimated Ore Reserves are less than last year and our hopes of increasing these by development of the lower levels so far have not been realized. However, the area thought to be favourable has not been reached, and should substantial ore bodies be found in this ground, the shaft will be deepened at least by two levels.

The operation of the mine is becoming increasingly difficult as the cost of extracting the ore has increased whilst the return for the product remains fixed, so that the efforts to make ends meet are becoming harder and this is reflected in the accounts presented.

The question arises, can we operate and make a reasonable profit? If we cannot, consideration will have to be given to ceasing operations until work can be resumed on a profitable basis.

The Directors wish to express their appreciation of the work of Mr. Drybrough, Mr. Pike, Mr. Sullivan and their staff during the past year.

Submitted on behalf of the Directors.

F. W. GUERNSEY, *President.*

Manager's Report

Vancouver, B.C., January 22nd, 1952.

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

Dear Sir:

Herewith is my report covering operations of the Company for the year ending December 31, 1951:

PROPERTY

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

MINE

Total development footage in 1951 and totals to date are as follows:

| | 1951 | To Date |
|---------------------------|-------|---------|
| Drifts and Crosscuts..... | 3,538 | 91,722 |
| Raises | 1,134 | 13,018 |
| Internal Shaft | 0 | 1,530 |
| | <hr/> | <hr/> |
| | 4,672 | 106,270 |
| Diamond Drilling | 9,352 | 224,431 |

The future of the mine depends on the finding of substantial ore bodies at depth in proximity to the Mosquito Fault. This fault, located by diamond drilling, has roughly the same strike and dip as the Aurum Fault, but lies 2100 feet to the south-west. The area thought favourable for ore deposits is at the north-west end of the property near the Mosquito Fault and the Baker-Rainbow contact. About one-third of all 1951 development was done on the 2550 Level and at the end of the year the heading was nearing this area. A few small good grade quartz veins were found on the way.

Most of the balance of the development was done on the remaining lower levels without discovering any ore bodies of major importance. Much of the raising done was for the purpose of developing the lower extensions of known ore bodies.

Diamond drill footage was increased over the past year and here,

too, the diamond drill was used primarily to trace direct and faulted extensions of known ore bodies.

Mine output was 39,290 tons averaging 0.443 ozs., consisting of 24,963 tons of quartz ore assaying 0.320 ozs. and 14,327 tons of replacement ore assaying 0.653 ozs.

ORE RESERVES

Ore reserves at year end are estimated as follows:

| | <i>Tons</i> | <i>Gold Assay</i> |
|-----------------------|-------------|-------------------|
| Quartz Veins | 39,600 | 0.334 ozs. |
| Replacement Ore | 12,400 | 0.668 ozs. |
| Total Reserves | 52,000 | 0.414 ozs. |

This tonnage figure shows a reduction of 12,000 tons over the reserves figure of a year ago.

MILL

Mill tonnage was 39,290 with a daily average of 107.64. Heads averaged 0.443 ozs. and tailings 0.017 ozs., with a recovery of 96.15%. Operation was 90.25% of full time.

PRODUCTION

Total production was 16,736.755 fine ounces of gold and 2,361.05 fine ounces of silver, with an estimated value of \$699,088.56. This amount includes payments from the Royal Canadian Mint at rates per ounce varying between \$35.75 and \$37.43, and estimated gold bonus receivable. Average return per ton of ore milled was \$17.79 and average return per ounce of gold produced was \$41.77. Recovery per ounce under the Emergency Gold Mines Assistance Act is estimated to be \$4.84.

PRODUCTION COSTS

Average operating costs for the year were as follows:

| | <i>Amount</i> | <i>Per Ton</i> |
|------------------------------|---------------|----------------|
| Mining | \$335,004.97 | \$ 8.53 |
| Development | 210,336.58 | 5.35 |
| Milling, Refining, Marketing | 124,245.59 | 3.16 |
| Total | \$669,587.14 | \$17.04 |

Increase in costs of \$2.46 per ton over last year's was caused by increased labor and supplies costs and the mining of a larger number of smaller ore bodies.

CAPITAL EXPENDITURES

Total of capital expenditures was \$14,384.63. Mine equipment consisting of stainless steel pumps, slusher hoists, drills and an unpaid balance on the hoist, cost \$8,839.77. A magnetic pulley for the crushing plant in the mill cost \$3,389.53. A new Chevrolet Coach, less trade-in on old car, and purchase of a house on Company property accounted for the balance of \$2,155.33.

GENERAL

The approach of the Canadian dollar to par with that of the United States dollar is just one more difficulty in the operation of a gold mine and will result in a decrease in returns per ounce of gold of up to \$2.00 over last year.

During the summer months, the supply of experienced mine workers was inadequate and during the whole year labor turnover was comparatively high. By agreement with Wells Miners Union, wages were raised 52c across the board on March 1st and again raised 56c on May 16th. In addition, a further payment of 40c per day to all surface workers was inaugurated at the latter date. Average crew for the year was 116 men.

I acknowledge with thanks the assistance received by me 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, 1951

| A S S E T S | | L I A B I L I T I E S | |
|---|--------------|---|-------------------|
| CURRENT ASSETS: | | CURRENT LIABILITIES: | |
| Cash on hand and in bank | \$184,115.74 | Accounts payable | \$ 35,662.31 |
| Bullion in transit at estimated realizable values | 15,700.00 | SHARE CAPITAL: | |
| Accounts receivable | 4,189.73 | <i>Authorized:</i> | |
| Estimated amount receivable under the provisions of The Emergency Gold Mining Assistance Act | 53,282.08 | 1,100,000 shares of 50 cents each | \$550,000.00 |
| Overpayment of taxes on income | 6,343.62 | <i>Issued and fully paid:</i> | |
| The Consolidated Mining and Smelting Company of Canada, Limited, 500 shares at cost, (market value \$90,750.00) | 41,500.00 | 1,050,716 shares of 50 cents each | 525,358.00 |
| Materials and supplies on hand at cost | 99,312.88 | EARNED SURPLUS (Exhibit "A") | 344,506.19 |
| Prepaid expenses | 1,968.76 | | |
| | \$406,412.81 | | |
| FIXED ASSETS: | | Approved on behalf of the Board: | |
| Mining claims and development, at cost | 819,739.65 | F. W. GUERNSEY, <i>Director</i> | |
| Less reserve for depletion | 472,748.92 | H. E. DODGE, <i>Director</i> | |
| | 346,990.73 | | |
| Mine and mill buildings, machinery and equipment, at cost | 526,936.75 | | |
| Less reserve for depreciation | 374,813.79 | | |
| | 152,122.96 | | |
| | \$905,526.50 | | \$905,526.50 |

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Island Mountain Mines Company Limited (Non-Personal Liability) as at December 31, 1951 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 in the 1951 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, 1951 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 29, 1952.

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, 1951

| | |
|--|----------------------------|
| Proceeds from gold and silver sales (including estimated bonus of \$81,000.00 under the provisions of The Emergency Gold Mining Assistance Act)..... | \$699,088.56 |
| Operating costs | 669,587.14 |
| | <u>\$ 29,501.42</u> |
| Dividends received on investment..... | 10,500.00 |
| <i>Profit for the year (exclusive of special gains shown below)</i> | <i>\$ 40,001.42</i> |
| Earned surplus at December 31, 1950..... | 289,386.41 |
| ADD: | |
| Profit on sale of investment..... | \$52,453.76 |
| Profit on sale of equipment..... | 4,800.00 |
| Adjustment of gold bonus for the year 1950 | 4,075.60 |
| Adjustment of prior years' income taxes..... | 6,324.80 |
| | <u>67,654.16</u> |
| | <u>\$397,041.99</u> |
| DEDUCT dividend paid..... | 52,535.80 |
| | <u><u>\$344,506.19</u></u> |
| <i>Earned surplus at December 31, 1951 as per balance sheet</i> | <i>\$344,506.19</i> |