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ISLAND MOUNTAIN 073H 006  
PROSPECT PINE 073H 001  
MYRTLE-SHAMROCK 073H 005

# Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)



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BUREAU OF ECONOMICS  
AND STATISTICS

Seventeenth  
Annual Report  
*for period ending*  
December 31, 1950

# Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

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

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HEAD OFFICE:  
WELLS, BRITISH COLUMBIA

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

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## CAPITALIZATION

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

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Officers, Directors, Transfer Agent and Registrar on March 1st, 1951

## 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  
GUS MRKVICKA, Treasurer  
WALTER P. SCHMID, 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

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

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

## Director's Report

Vancouver, B.C., January 29th, 1951.

To the Shareholders of the

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

The Seventeenth Annual Report of your Directors for the period ending December 31st, 1950, is hereby submitted 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 was \$643,017.12; adding to this the amount estimated to be received under the Emergency Gold Mining Assistance Act of \$32,000.00 and Dividends from Investments of \$8,500.00 gives a total revenue of \$683,517.12. Deducting the Cost of Operations—\$591,583.97 leaves the Operating Profit—\$91,933.15. Deducting further a provision for Depreciation—\$8,070.58, and Estimated Taxes of \$3,400.00, makes the Net Profit for the year of \$80,462.57.

In order to develop further the lower levels of the Mine, it was decided to install a larger hoist and mining operations were interrupted for about six weeks during October and November with a consequent restriction of tonnage raised. The Capital Expenditure necessary reduced the Net Current Assets which now stand at \$330,284.59.

Dividend No. 26, amounting to \$52,535.80, was paid during the year.

Gold mines are working under a great disability in as much as the price of the product—Gold—is fixed whilst the cost of production is increasing. In 1949 the cost per ton of ore treated was \$13.52, and in 1950 the cost was \$14.58. In addition, the lesser production and the decrease in the grant made under the Emergency Gold Mining Assistance Act—\$45,000.00 in 1949 to \$32,000.00 in 1950—affected the profits very materially.

The Estimated Ore Reserves are somewhat less than last year but the grade is higher. We consider that with greater hoisting capacity, permitting increased development of the lower levels, the chances are good for maintaining, if not increasing, the Ore Reserves.

Appended is a Summary of Operations 1934-1950 and it will be noticed that a total of 607,561 tons of ore were raised from which was realized \$9,904,827.00, and dividends paid—\$1,465,748.00. The Mine has made a profit every year since its inception and dividends have been paid every year since 1937 which include the years of the War.

Satisfactory relations between the local Management and employees have been maintained during the year.

The Board of Directors again wish to record their appreciation of the work of Mr. Drybrough, Mr. Pike, Mr. Sullivan, the staff and crew, for the excellent work during the year.

Submitted on behalf of the Directors.

F. W. GUERNSEY, *President.*

## Manager's Report

Vancouver, B.C., January 19, 1951.

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

Dear Sir:

The following report covers operations of the Company for the year ending December 31, 1950.

### PROPERTY

The property of the Company consists of three groups of claims, all Crown-granted, as follows:

- (1) 32 claims and fractions containing 1,019 acres on Island Mountain,
- (2) 16 claims and fractions containing 569 acres on Prosperine Mountain,
- (3) 19 claims and fractions in the Myrtle-Shamrock group, containing 573 acres, on Barkerville Mountain.

### MINE

Total development footage in 1950 and totals to date are as follows:

	1950	To Date
Drifts and Crosscuts.....	3,767	88,184
Raises .....	582	11,884
Internal Shaft .....	0	1,530
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	4,349	101,598
Diamond Drilling .....	8,250	215,079

As in the past few years, most development was done on the bottom levels. It is recognized that whereas ore bodies might yet be found on the upper levels, the future life of the mine is dependent on discovering ore at depth. To date, very little work has been done on the 2550 Level, the lowest working place, because of the limited capacity of the hoist. In October and November therefore, a larger hoist was purchased and installed. Drifting and cross-cutting will start on the bottom level as soon as possible.

Most development was done on the 3000 and 2700 Levels. On the former, two narrow high grade quartz veins, totalling 145 feet in length, were drifted out, as well as a medium size high grade replacement ore body. Drifting northwest and southeast along the Baker-Rainbow contact on the 2700 Level, failed to disclose any ore bodies of importance.

On the 3750 Level, in an old section of the mine, an important replacement ore body was discovered, which is standing up well to development.

Diamond drilling was done in all sections of the mine, probing new ground and endeavoring to find extensions of ore bodies, with a certain measure of success.

Acid mine water, caused probably by oxidation of pyrite in the old workings, is posing a serious problem. It has been necessary to purchase stainless steel pumps to handle some of the mine water and in one place to use plastic two inch pipe.

Ore delivered to the mill for the year consisted of 24,262 tons of quartz ore assaying 0.300 ozs. and 16,318 tons of replacement ore assaying 0.629 ozs., making a total of 40,580 tons averaging 0.432 ozs.

#### ORE RESERVES

Estimated ore reserves at year end are:

	<i>Tons</i>	<i>Gold Assay</i>
Quartz Veins .....	47,000	0.336 ozs.
Replacement Ore .....	17,000	0.640 ozs.
<b>Total Reserves .....</b>	<b>64,000</b>	<b>0.417 ozs.</b>

Both reserve figures are down slightly from last year, but grade of each is up slightly.

#### MILL

Tonnage milled was 40,580 with a daily average of 111.18. Mill heads averaged 0.432 ozs. and tailings 0.0187 ozs. Recovery was 0.414 ozs. per tons or 95.67% and operation was 80.95% of full time. The mill was shut down for six weeks during installation of the new hoist.

#### PRODUCTION

Total production was 16,807.496 fine ozs. of gold and 2357.38 fine ozs. of silver, estimated to be worth \$675,017.12. This amount is the sum of payments by the Royal Canadian Mint to the end of September at \$38.50 per oz., to the end of the year at rates varying between \$36.74 and \$37.07 and to estimated gold bonus receivable. Average return per ton of ore milled was \$16.63 and average return per ounce of gold produced was \$38.14. It is estimated that 79c per ounce of gold produced is recoverable from the gold bonus.

#### PRODUCTION COSTS

Average operating costs for the year were as follows:

	<i>Amount</i>	<i>Per Ton</i>
Mining .....	\$323,888.00	\$ 7.98
Development .....	155,686.55	3.84
Milling, Refining, Marketing	107,343.98	2.65
Miscellaneous .....	4,665.44	.11
	<hr/>	<hr/>
	\$591,583.97	\$14.58

This increase of \$1.06 per ton over last year's costs is a reflection of the higher material and supply costs and a lesser increase in labor costs. Lack of production for six weeks would also tend to higher costs.

#### CAPITAL EXPENDITURES

Total expended on capital account was \$95,794.34. Removal of the old hoist, enlargement of the hoist-room, purchase and installation of the Nordberg hoist amounted to \$75,182.15. Purchase and installation of the General Motors Diesel and a large transformer came to \$17,303.63. Of the balance, mine equipment consisting mainly of slusher hoists and pumps cost \$3,748.28 and the addition to the Power House, \$2,053.60. An electric trammer sold from Myrtle equipment, netted \$2,493.32. In addition, there was a book transfer of assets from Myrtle Mine Equipment account to Island Mountain account of \$1,077.00.

#### GENERAL

Production ceased for six weeks in October and November when a much larger hoist, a double drum Nordberg 60 x 54, was installed. Earlier in the year a General Motors Diesel Engine with 450 k.v.a. generator was purchased and installed to provide more power and a third large transformer was added to the transformer bank. Sufficient power and hoisting capacity are now available for increased development at depth.

The supply of experienced mine workers was adequate for most of the year and the crew averaged 119 men. The Company's agreement with Wells Miners Union, dated December 14, 1949, has not yet been renewed.

The future of the gold mining industry is dependent on an early increase in the price of gold or increased assistance from the government. It will not be possible to continue operating indefinitely on the present basis with increasing costs and expected labor shortage. District industries are competing seriously already for the available labor supply.

The support received by me from the Directors, Consultant and Staff is hereby gratefully acknowledged.

Respectfully submitted,

J. A. PIKE,

*Manager.*

# Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

VANCOUVER, B.C.

BALANCE SHEET AS AT DECEMBER 31, 1950

ASSETS		LIABILITIES	
<b>CURRENT ASSETS:</b>			
Cash on hand and in bank.....	\$ 99,144.61	Accounts payable .....	
Bullion in transit at estimated realizable values .....	32,883.90	Provisions for taxes on income (Schedule 1) .....	
Accounts receivable .....	5,182.24	<u>\$ 32,254.30</u>	
Estimated amount receivable under the provisions of The Emergency Gold Mining Assistance Act .....	32,000.00	\$ 32,496.02	
The Consolidated Mining and Smelting Company of Canada, Limited, 1,000 shares at cost, (market value \$126,125.00).....	83,000.00	<b>SHARE CAPITAL:</b>	
Materials and supplies on hand at cost.....	105,981.99	<i>Authorized:</i>	
Prepaid expenses .....	4,587.87	1,100,000 shares of	
	\$362,780.61	50 cents each .....	
		<u>\$550,000.00</u>	
<b>FIXED ASSETS:</b>		<i>Issued and fully paid:</i>	
Mining claims and development, at cost.....	\$819,470.41	1,050,716 shares of 50 cents each .....	
Less reserve for depletion .....	472,748.92	525,358.00	
	346,721.49	<b>EARNED SURPLUS (Exhibit "A") .....</b>	
Mine and mill building, machinery and equipment, at cost .....	516,762.12	<b>289,386.41</b>	
Less reserve for depreciation .....	379,023.79		
	137,738.33		
	<b>\$847,240.43</b>		
		<b>\$847,240.43</b>	

Approved on behalf of the Board:

F. W. GUERNSEY, *Director*

H. E. DODGE, *Director*

#### AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of Island Mountain Mines Company Limited (Non-Personal Liability) for the year ended December 31, 1950, and have obtained all the information and explanations we have required. We report that in our opinion the above balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at December 31, 1950, 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 25, 1951.

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, 1950

Proceeds from gold and silver sales (including estimated bonus of \$32,000.00 under the provisions of The Emergency Gold Mining Assistance Act) .....		\$675,017.12
Operating costs .....	591,583.97	
		<u>\$ 83,433.15</u>
Dividends received on investment .....	8,500.00	
<i>Profit before provision for depreciation and taxes</i> ..		<u>\$ 91,933.15</u>
Provision for depreciation, restricted to one-sixth of maximum allowable for taxation .. \$	8,070.58	
Provision for taxes on income .....	3,400.00	11,470.58
<i>Profit for the year</i> .....		<u>\$ 80,462.57</u>
Earned surplus at December 31, 1949 .....		266,546.13
ADD:		
Adjustment of gold bonus for the year 1949 \$	652.09	
Adjustment of taxes on income for the year 1949 .....	3,550.14	4,202.23
		<u>\$351,210.93</u>
DEDUCT:		
Additional depreciation for the year 1949 .. \$	9,288.72	
Dividend paid .....	52,535.80	61,824.52
<i>Earned surplus at December 31, 1950 as per balance sheet</i> .....		<u><u>\$289,386.41</u></u>

## Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

### Summary of Operations 1934-1950

# Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

## SUMMARY OF OPERATIONS

1934 - 1950

	Total to Dec. 31, 1945	1946	1947	1948	1949	1950	Total to Dec. 31, 1950
TONS ORE MILLED.....	419,889	20,807	41,197	40,752	44,336	40,580	607,561
RECOVERY—OZ. GOLD PER TON.....	0.444	0.447	0.430	0.415	0.424	0.414	0.437
GOLD PRODUCTION — OZ.....	186,017	9,299	17,721	16,908	18,834	16,807	265,586
VALUE OF BULLION.....	\$6,898,750	\$353,319	\$622,402	\$627,595	\$727,744	\$675,017	\$9,904,827
REALIZATION PER TON MILLED.....	\$16.43	\$16.98	\$15.11	\$15.40	\$16.41	\$16.63	\$16.30
PROFIT BEFORE DEPLETION.....	\$1,813,543	\$ 57,231	\$110,334	\$ 79,456	\$108,556	\$ 83,862	\$2,252,982
DIVIDENDS PAID.....	\$1,108,505	\$ 73,550	\$ 84,057	\$ 73,550	\$ 73,550	\$ 52,536	\$1,465,748
NET CURRENT ASSETS.....	\$ 314,002	\$292,254	\$311,265	\$318,988	\$378,494	\$330,285	\$ 330,285
DEVELOPMENT — FOOTAGE.....	81,689	1,238	4,361	4,961	5,000	4,349	101,598
DIAMOND DRILLING — FOOTAGE.....	183,839	—	2,824	10,325	9,841	8,250	215,079