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BUREAU OF ECONOMICS
AND STATISTICS

Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)



Sixteenth
Annual Report
for period ending
December 31, 1949

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, 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, 1950

OFFICERS AND DIRECTORS

FORBES W. GUERNEY, 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

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., February 2, 1950.

To the Shareholders of the

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

Your Directors submit this their Sixteenth Annual Report with the Report of the Manager, Mr. J. A. Pike, the Report of the Auditors, and the Balance Sheet, and the Profit and Loss Statement for the year ending December 31, 1949.

The value of the production was \$682,743.75; adding to this the estimated sum granted under the Emergency Gold Mining Assistance Act of \$45,000.00 and the Dividends, etc. received — \$11,419.79, gives a total revenue of \$739,163.54. The cost of operation amounted to \$599,632.80, leaving an Operating Profit of \$139,530.74. Deducting the Provisions for Depreciation — \$18,762.78 and the Estimation of Taxes — \$12,212.17, makes the net Profit for the year as \$108,555.79.

Net Current Assets now are \$378,493.75. Dividend No. 25 of 7 cents per share, totalling \$73,550.12, was paid during the year. Investments of the Company remain the same as last year.

The estimated tonnage of ore reserve has increased somewhat, and now stands at 70,000 tons, the value per ton being slightly less than last year.

Costs of operation have increased, mainly owing to the increased expenditure for development and, in a lesser degree, for higher wages and cost of supplies.

The developments on the lower levels mentioned by Mr. Pike are quite encouraging, and consideration will be given to arranging for further development in depth.

Relations between the local Management and the employees have been satisfactory, and experienced underground employees are becoming more available.

Owing to the increased activity in outside exploration, Mr. Pike moved to the Vancouver Office, and Mr. G. G. Sullivan became General Superintendent at Wells: a quite satisfactory arrangement.

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

Submitted on behalf of the Directors.

F. W. GUERNSEY,
President.

Manager's Report

Vancouver, B.C., January 23, 1950.

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

Dear Sir:

Herewith is my report covering operations of the Company for the year ending December 31, 1949.

PROPERTY

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

MINE

Total development footage in 1949 and totals to date are as follows:

	1949	To Date
Drifts and Crosscuts	4,440	84,417
Raises	560	11,302
Internal Shaft	0	1,530
	<hr/>	<hr/>
Diamond Drilling	5,000	97,249
	9,841	206,829

The collar of the shaft is at Elevation 4000 and the mine has been developed from the shaft by eight levels at 125 feet intervals to 3000 Level and by three more levels at 150 feet intervals to 2550 Level. Names of levels are their actual elevations.

Development work done on 3750 Level was for the purpose of obtaining access to the downward extension of a replacement ore body from 3875 Level and the further exploration of three low grade quartz veins.

Some 700 feet of drifting were done along the Baker-Rainbow contact on 3250 and 3125 Levels without finding replacement ore bodies of importance. Two narrow, good grade quartz veins were drifted out on 3250 Level.

Work done on 3000 Level was mostly at the east end of the mine and resulted in the discovery of a good grade quartz vein in comparatively heavy ground. Several small replacement ore bodies were found on 2850 Level and a short quartz vein was opened up to one of some importance.

In the small amount of work done on 2700 Level, a small replacement ore body was found with a strike length of 35 feet and width of 1.3 feet, assaying 2.73 ozs. A quartz vein was also discovered which at year end was 75 feet long, 2.6 feet wide, and assayed 0.96 ozs. These

two ore bodies are considered as indicating the continuance in depth of good grade quartz and replacement ore.

On completion of work on the pockets, development work will start shortly on 2550 Level, the lowest working level in the mine.

The continuing diamond drilling program has resulted in the discovery of several of the new replacement ore bodies and quartz veins mentioned above, in addition to proving the extension of known ore bodies.

Mine output for the year was 26,032 tons of quartz ore assaying 0.307 ozs. and 18,304 tons of replacement ore assaying 0.636 ozs., a total of 44,336 tons averaging 0.442 ozs. 18.6% of mine output was from development.

ORE RESERVES

Ore reserves at year end are estimated as follows:

	Tons	Gold Assay
Quartz Veins	50,000	0.32 ozs.
Replacement Ore	20,000	0.62 ozs.
Total Reserves	70,000	0.406 ozs.

Of the reserves, 28 per cent are from newly discovered ore bodies as compared with 13 per cent a year ago. Replacement ore reserves were maintained though grade is down from a year ago. Quartz ore reserves were increased 22 per cent.

MILL

There were 44,336 tons milled for a daily average of 121.19. Heads averaged 0.442 ozs. and tailings 0.0185 ozs. Recovery was 95.83 per cent and mill operation was 97.32 per cent of full time.

PRODUCTION

Total production was 18,833.507 fine ozs. of gold and 2577.26 fine ozs. of silver, estimated to be worth \$727,743.75. This amount was made up from Royal Canadian Mint Returns at \$35.00 per oz. to September fifteenth, at \$38.50 per oz. from September fifteenth to year end, and estimated gold bonus receivable. Average return per ton of ore milled was \$16.41, of which amount it was estimated that an average of \$1.01 was recoverable from the gold bonus.

PRODUCTION COSTS

Average operating costs for the year were as follows:

	Amount	Per Ton
Mining	\$288,957.21	\$ 6.52
Development	179,699.66	4.05
Milling, Refining, Marketing	123,893.77	2.80
Outside Exploration	2,826.63	0.06
Miscellaneous	4,255.53	0.09
	\$599,632.80	\$13.52

Production cost per ton has increased \$0.28 over 1948 cost, with slightly increased Mining and Development costs.

CAPITAL EXPENDITURES

Capital expenditures amounted to \$11,029.06. Mine equipment purchased, consisting of an underground trammer, two slusher hoists and a fan unit, less a drill jumbo sold, accounted for \$4,632.83 of this total. The new office building was painted and the upstairs apartments furnished at an additional cost of \$638.92. The assets of Island Mountain Kitchen and Bakery were taken over by the Company and capitalized at \$4,703.59. The diesel engine, direct-connected to a 750 cu. ft. compressor, which had been in use at the Myrtle Tunnel, was transferred to Island Mountain and installed at a cost of \$10,403.72. of this amount, \$9,350.00 represents a book transfer of assets from Myrtle Mine Equipment account to Island Mountain account.

GENERAL

With the exception of three months in the spring, the supply of experienced mine workers was satisfactory. Installation of an additional compressor has provided the air necessary for increased development as well as maintenance of production. The crew averaged 117 over the year.

Several minor adjustments were made during the summer to the wages of all workers on surface, and on October first, after devaluation of the Canadian dollar, a 25 cent per shift bonus was established for all members of the crew. An agreement was signed on December sixteenth with the Wells Miners Union, incorporating these additions, but with no other changes in base rates.

An option on a base metal property was shared with another mining company, but after geological examination it was decided not to proceed further.

The Stedman Ledge in our Mint Claim on Williams Creek near the site of the old town of Richfield, was uncovered and sampled. Though well mineralized with pyrite, it contained no gold.

Because of the excessively high cost of maintaining an opening through heavy ground, the Myrtle Group prospect tunnel at Barkerville has been abandoned temporarily. All underground equipment was salvaged and most of it sold.

G. G. Sullivan became General Superintendent on June first, and is now in charge at the mine. J. A. Pike, Manager, was moved to Vancouver to the Registered Office of the Company.

The support accorded me by the Directors, Consulting Engineer 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, 1949

ASSETS

CURRENT ASSETS:

Cash on hand and in bank	\$186,152.74
Bullion in transit at estimated realizable values	35,997.12
Accounts Receivable	9,279.54
Estimated amount receivable under the provisions of The Emergency Gold Mining Assistance Act	27,642.81
Consolidated Mining and Smelting Company of Canada Limited, 1,000 shares at cost, (market value \$102,500.00)	83,000.00
Materials and supplies on hand at cost	83,807.42
	\$425,879.63
PREPAID EXPENSES	7,228.58

FIXED ASSETS:

Mining claims and development, at cost	\$827,650.91
Less reserve for depletion	472,748.92
	354,901.99
Mine and mill buildings, machinery and equipment, at cost	420,967.78
Less reserve for depreciation	369,687.97
	51,279.81
	406,181.80
	\$839,290.01

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$ 37,089.35
Provision for taxes on income	10,296.53
	\$47,385.88

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	266,546.13
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\$839,290.01

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, 1949, 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, 1949, 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 30, 1950

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, 1949

Proceeds from gold and silver sales (including estimated bonus of \$45,000.00 under the provisions of The Emergency Gold Mining Assistance Act)	\$727,743.75
Operating costs	599,632.80
	<u>\$128,110.95</u>

OTHER INCOME:

Dividends received on investment	\$11,000.00
Profit on sale of equipment	419.79
	<u>11,419.79</u>

Profit before provision for depreciation and taxes .. \$139,530.74

DEDUCT:

Provision for depreciation	\$18,762.78
Provision for taxes on income	12,212.17
	<u>30,974.95</u>

Profit for the year

	\$108,555.79
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Earned surplus at December 31, 1948

	226,585.28
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Adjustment of gold bonus for the year 1948

	6,707.04
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Less mining and income taxes thereon

	2,521.85
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4,185.19

Adjustment of taxes on income for the year 1947

	769.99
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4,955.18

Dividend paid

	340,096.25
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73,550.12

Earned surplus at December 31, 1949 as per balance sheet

\$266,546.13