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ISLAND MOUNTAIN (0734 006)  
PROSPER PINE 0734 021  
MYATLE - SHAMROCK 0734 025

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BUREAU OF ECONOMICS  
AND STATISTICS

# Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)



Fifteenth  
Annual Report  
*for period ending*  
December 31, 1948

# 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, 1949

### 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

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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.

## Directors' Report

Vancouver, B.C., February 18th, 1949.

To the Shareholders of the

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

The Directors present the Fifteenth Annual Report of your Company with the Report of the Manager, Mr. J. A. Pike, the Balance Sheet and Profit and Loss Statement and the Report of the Auditors for the year ending December 31st, 1948.

The mine operated the full twelve months of the year and the value of total gross revenue amounted to \$627,594.93, while the costs of operation were \$539,509.07, showing an operating profit of \$88,085.66. Bond interest and dividends received were \$9,858.75, making a total income of \$97,944.61. Deducting depreciation of \$14,668.71 and the estimated taxes of \$2,307.74 leaves \$80,968.16, net profit for the year carried to the Balance Sheet.

The development during the year was sufficient to maintain the ore reserves at approximately the same level as that obtaining at the end of last year.

Net current assets now stand at \$318,988.48.

Dividends paid during the year were as follows:

No. 24 ..... 7c per share \$73,550.12

There was no change in the investments of the Company during the year.

The profit obtained during the year was lower than that in 1947, owing essentially to increased costs, which were occasioned by the wage increase granted in October of 1947, and in part to increased development and diamond drill footage. The total cost increase was \$1.77 per ton, of which \$0.71 per ton was accounted for by the wage increase.

During the year the Dominion Government instituted gold subsidy payments, and the Company received an estimated \$0.83 per ton from this source, which is included in the gross revenue figure given above.

The Directors again wish to express their sincere appreciation to Mr. Pike, his staff and crew for their very satisfactory services during the past year.

Submitted on behalf of the Directors.

F. W. GUERNSEY,  
*President.*

## Manager's Report

Wells, B.C. January 22nd, 1949.

Mr. F. W. Guernsey, President,  
Island Mountain Mines Company Limited (N.P.L.)  
212 Pacific Bldg.,  
Vancouver, B.C.

Dear Sir:

This report covers operations of the Company for the year ending December 31, 1948.

### PROPERTY

The Rich Group of claims on Richfield Mountain was staked in 1941 because of geological evidence that indicated the area was worthy of prospecting. After the expenditure of almost \$6000.00 without discovering any mineral deposits of economic importance, title to the group has been allowed to lapse.

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

### MINE

Total development footage in 1948 and totals to date are as follows:

	1948	To Date
Drifts and Crosscuts .....	4,516	79,977
Raises .....	445	10,742
Internal Shaft .....	0	1,530
	<hr/>	<hr/>
	4,961	92,249
Diamond Drilling .....	10,325	196,988

Practically all development was done on the four lower levels from the 3250 Level to the 2850 Level. The station and pockets at the 2700 Level have been completed and further development will start here soon.

Seventy-five per cent of development footage was done along the strike or up the dip of the Baker-Rainbow contact, which, together with the Aurum Fault, appears to determine the location of the replacement ore bodies. Only one replacement ore body of major proportions was discovered, but there were found indications of others on which more work will be done.

An area of small, medium grade quartz veins was found on the 2850 Level which is encouraging, inasmuch as very little quartz has been found to date on the 3000 Level.

A fairly extensive program of diamond drilling was carried out, probing for extensions of known ore bodies and exploring areas thought

to be favourable for ore deposits. A few interesting intersections were obtained which will be developed further.

At year end, maintenance of present workings and retimbering of old workings, were proceeding at a better rate, but much retimbering has yet to be done. Because of corrosion by acid water, much rail and pipe has been replaced.

Mine output for the year was 24,225 tons of quartz ore assaying 0.292 ozs. and 16,527 tons of replacement ore assaying 0.641 ozs, making a total of 40,752 tons averaging 0.433 ozs.

#### ORE RESERVES

Ore reserves at year end are estimated as follows:

	Tons	Gold Assay
Quartz veins .....	41,000	0.325 ozs.
Replacement ore .....	19,500	0.715 ozs.
<b>TOTAL RESERVES .....</b>	<b>60,500</b>	<b>0.451 ozs.</b>

13% of the reserves are from newly discovered ore bodies.

#### MILL

Tonnage milled was 40,752 with a daily average of 111.34. Mill heads averaged 0.433 ozs. and tailings 0.018 ozs. Recovery was 95.85% and operation was 93.68% of full time.

#### PRODUCTION

Total production was 16,908.44 fine ozs. of gold and 2,479.41 fine ozs. of silver, the returns from the Royal Mint and estimated gold bonus amounting to \$627,594.93. Average return per ton of ore milled was \$15.40, which figure includes \$0.83 estimated recoverable from the gold bonus.

#### PRODUCTION COSTS

Average operating costs for the year were as follows:

	Amount	Per Ton
Mining .....	\$260,201.61	\$ 6.39
Development .....	158,332.44	3.88
Milling, Refining, Marketing	115,272.18	2.83
Outside Exploration .....	2,288.73	0.06
Miscellaneous .....	3,414.11	0.08
	<u>\$539,509.07</u>	<u>\$13.24</u>

Overall costs increased \$1.77 per ton during the year or an increase of 15.4%. The increased labor costs as a result of wage increases granted in October, 1947, accounted for much of the increase. Substantially increased costs of chemicals, steel, mine timbers, fuel oil, blasting powder and freight rates also contributed.

#### CAPITAL EXPENDITURES

Capital expenditures amounted to \$18,577.66. Mine equipment purchased, consisting of a drill jumbo, an underground trammer and a mucking machine, accounted for \$11,199.80 of this total. The mine office was replaced with a new one and completion of construction on two dwellings was accomplished at costs of \$5,798.02 and \$1,579.84 respectively.

#### GENERAL

During the last few months of the year, the supply of experienced mine labor was ample and the size of the crew is now the maximum possible with present power and compressed air capacity. Number of the crew averaged 106 over the year.

The mine was operated all year without an agreement with the local Union. A study of the Profit and Loss Statement will explain why the Company was unable to accept the majority finding of the Conciliation Board last August which recommended an "across the board" increase in wages of 10c per hour and two paid statutory holidays when not worked.

Some time and money were spent on outside exploration without any favourable results. It is expected that more emphasis will be placed on this phase of operation in the future.

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, 1948

## ASSETS

### CURRENT ASSETS:

Cash on hand and in bank .....	\$116,217.63
Bullion in transit at estimated realizable values	31,798.20
Accounts receivable .....	9,821.06
Estimated amount receivable under the provisions of The Emergency Gold Mining Assistance Act .....	21,482.23
Refund due for overpayment of taxes on income .....	7,984.26
Consolidated Mining and Smelting Company of Canada Limited, shares at cost, (market value \$122,250.00) .....	83,000.00
Materials and supplies on hand at cost .....	78,046.06
	\$348,349.44
PREPAID INSURANCE .....	6,741.63
CHattel MORTGAGE RECEIVABLE .....	4,100.00

### FIXED ASSETS:

Mining claims and development, at cost .....	\$812,429.65
Less reserve for depletion .....	472,748.92
	339,680.73
Mine and mill buildings, machinery and equipment, at cost .....	433,771.26
Less reserve for depreciation .....	351,338.82
	82,432.44
	422,113.17
	\$781,304.24

## LIABILITIES

### CURRENT LIABILITIES:

Accounts payable .....	\$ 29,360.96
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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 .....	226,585.28
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\$781,304.24

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of Island Mountain Mines Limited (Non-Personal Liability) for the year ended December 31, 1948, 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, 1948, 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.  
February 3, 1949.

**HELLIWELL, MACLACHLAN & CO.**  
Chartered Accountants.

Approved on behalf of the Board:

F. W. GUERNSEY, *Director*

H. E. DODGE, *Director*

# Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

VANCOUVER, B.C.

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## STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1948

Proceeds from gold and silver sales (including estimated bonus of \$34,000.00 under the provisions of The Emergency Gold Mining Assistance Act) .....	\$627,594.93
Operating costs .....	539,509.07
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	\$ 88,085.86

### OTHER INCOME:

Interest and dividends received on investment and mortgage .....	9,858.75
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*Profit before provision for depreciation and taxes*...\$ 97,944.61

### DEDUCT:

Provision for depreciation .....	\$14,668.71
Provision for mining tax .....	2,307.74
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	16,976.45

*Profit for the year* ..... \$ 80,968.16

Earned surplus at December 31, 1947 .....

Adjustment of taxes on income of prior years .....

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306,040.82

### DEDUCT:

Development expenditures written off, property abandoned .....	\$ 5,905.42
Dividend paid .....	73,550.12
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	79,455.54

*Earned surplus at December 31, 1948, as per balance  
sheet* .....

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\$226,585.28