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BUREAU OF ECONOMICS
AND STATISTICS

Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)



Fourteenth
Annual Report
for period ending
DECEMBER 31, 1947

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, 1948

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

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 6th, 1948.

To the Shareholders of the

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

The Directors present the Fourteenth 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, 1947.

The mine operated the full twelve months of the year and the value of the production amounted to \$622,401.81, while the costs of operation were \$472,595.66, showing an operating profit of \$149,806.15. Bond interest and dividends received were \$3,455.62, making a total revenue of \$153,261.77. Deducting depreciation of \$13,364.23 and the estimated taxes of \$29,563.54 leaves \$110,334.00, net profit for the year carried to the Balance Sheet.

The development suffered owing to the shortage of competent underground men and the estimated reserve tonnage is rather less than in past years.

Net current assets now stand at \$311,265.23.

Dividends paid during the year were as follows:

No. 22	5c per share	\$52,535.80
No. 23	3c per share	31,521.48

Total		\$84,057.28
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It was deemed advisable during the year to dispose of the Government Bonds and buy Consolidated Mining & Smelting Company shares, thereby increasing our revenue. These shares have appreciated in value since the purchase was made.

While the profit shown is larger than in any year since 1942, it is not large enough to stand the strain of many demands which may be made in the future. The uncertainties of the gold mining business are most marked at this time and while the proposed Government subsidy may afford some relief, the outlook is rather bleak. If the cost of supplies and labor continue to increase, consideration will have to be given to ceasing operations until general conditions show some improvement because it is obviously not to the interest of the shareholders to extract ore without making a profit.

The Directors wish to express appreciation of the services of Mr. Pike, his staff and crew during the past year.

Submitted on behalf of the Directors.

F. W. GUERNSEY,
President.

Manager's Report

Wells, B.C., January 17th, 1948.

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

Dear Sir:

The following report covers operations of the Company for the year ending December 31, 1947.

PROPERTY

There was no change in the Crown-granted claims of the Company during the year.

Assessment work was recorded on 16 claims of the Rich Group on Richfield Mountain. Nothing of economic importance was found but the presence of certain geological structure led to the staking of 17 additional claims to the south-west and the dropping of eight claims to the north-east of the group. The group now consists of 33 claims.

MINE

Total development footage in 1947 and total to date figures as follows:

	1947	To Date
Drifts and Crosscuts	4,138	75,461
Raises	223	10,297
Internal Shaft	0	1,530
TOTAL	4,361	87,288
Diamond Drilling	2,824	186,663

On the 3,875 Level, a low grade quartz vein was developed and a small amount of drifting done on the Baker Contact searching for replacement ore.

All drifting done on the 3,250 Level was along the replacement ore horizon and resulted in the discovery of two ore bodies each 45 feet long and assaying 1.18 ozs. and 0.75 ozs. over widths of 3.5 feet and 5.0 feet respectively.

About one-third of all development was done on the 3125 Level and resulted at year-end in the opening up of the downward continuation of a replacement ore body already developed on the level above. Two new low grade quartz veins were also found.

As recommended several years ago by our consulting geologist, work has finally been started easterly on the 3000 Level to explore a quartzite zone which should be favorable for quartz veins.

The 2850 Level was opened up by a long cross-cut and drifting on the Baker Contact. Two medium grade quartz veins, which could be the same vein, were discovered in the cross-cut.

Retimbering of old working places is proceeding as rapidly as possible but the amount to be done is still quite appreciable.

A light diamond drill was purchased which is being used to prospect stope walls, to check on extensions of ore bodies and explore favorable ground.

Mine output for the year was 41,197 tons averaging 0.447 ozs., made up of 28,849 tons of quartz ore assaying 0.376 ozs. and 12,348 tons of replacement ore assaying 0.613 ozs.

ORE RESERVES

Ore reserves at year end are estimated as follows:

	Tons	Gold Assay
Quartz Veins	40,600	0.330 ozs.
Replacement Ore	18,100	0.758 ozs.
TOTAL RESERVES	58,700	0.462 ozs.

Slightly more than 10% of the reserves are from newly discovered ore bodies, the balance being from extensions of known ore bodies.

MILL

Tonnage milled was 41,197 with a daily average of 112.88. Mill heads averaged 0.449 ozs. and tailings 0.0190. Recovery was 95.78% and running time 94.96% of full time.

PRODUCTION

Total production was 17,720.68 fine ounces of gold and 2251.96 fine ounces of silver, from the sale of which was realized \$622,401.81 or at the rate of \$15.11 per ton. Recovery was 0.430 ozs. gold and 0.05 ozs. silver per ton milled.

Although ounces recovered per ton were slightly lower than usual, the monetary return per ton was markedly lower. This is the first full year of production since the return of our currency to par with that of the United States.

PRODUCTION COSTS

Average operating costs for the year were as follows:

	Amount	Per Ton
Mining	\$226,959.77	\$ 5.51
Development	127,855.51	3.10
Milling, Refining, Marketing	113,388.38	2.75
Miscellaneous	4,392.00	0.11
	<hr/>	<hr/>
	\$472,595.66	\$11.47

CAPITAL EXPENDITURES

Capital expenditures amounted to \$22,415.14. Of this amount \$12,086.69 was for machinery consisting mainly of a diamond drill, mucking machine, underground trammer, pump and shaper. The balance \$10,328.45, was the amount expended on the purchase of one house and the construction of two others, as well as a new carpenter shop.

GENERAL

With the exception of a few months at the beginning and end of the year, the supply of experienced mine labor was insufficient for our needs. In order to better compete with other district industries, wages for experienced underground men were increased \$1.00 per shift late in October and wages of helpers and surface workers were increased lesser amounts. The number of men on the payroll averaged 92 over the year.

It was not possible to do the average amount of development with the results that reserves fell off slightly. As crews become available and extremities of some of the lower levels are rehabilitated, development will be extended.

This mine, together with all other gold mines, is feeling the squeeze between higher labor and supplies costs and the fixed price of \$35.00 per ounce which is received for gold. Until several points in the proposed Emergency Gold Mining Assistance Act have been clarified, it is difficult to calculate any benefit that may be derived from it.

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

Respectfully submitted,

J. A. PIKE,

Manager.

Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

VANCOUVER, B.C.

BALANCE SHEET AS AT DECEMBER 31, 1947

ASSETS

CURRENT ASSETS:

Cash on hand and in bank	\$105,815.91
Bullion in transit at estimated realizable values	39,830.00
Accounts receivable	6,718.47
Refundable portion of excess profits taxes due in March, 1948	4,121.60
Consolidated Mining and Smelting Company of Canada Limited, shares at cost (market value \$97,500.00)	83,000.00
Materials and supplies on hand at cost	94,638.05
	\$334,124.03

PREPAID INSURANCE 1,424.79

CHATTEL MORTGAGE RECEIVABLE 4,800.00

FUNDS HELD BY TRUST COMPANY FOR ACCOUNT
OF UNPAID DIVIDEND, PER CONTRA 14,914.80

FIXED ASSETS:

Mining claims and development, at cost	\$815,582.24
Less reserve for depletion	472,748.92
	342,833.32
Mine and mill buildings, machin- ery and equipment, at cost	418,362.72
Less reserve for depreciation	337,909.23
	80,453.49
	423,286.81
	\$778,550.43

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$ 22,296.97
Provision for mineral and income taxes (Schedule 1)	561.83
	\$ 22,858.80

DIVIDEND PAYABLE, PER CONTRA 14,914.80

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:

Balance as at December 31, 1946	185,020.51
<i>Add:</i>	
Net profit for the year ended Dec. 31, 1947 (Exhibit "A")	\$110,334.00
Refundable portion of excess profits taxes transferred from deferred surplus	4,121.60
	114,455.60
	\$299,476.11
<i>Deduct:</i>	
Dividends paid in 1947	84,057.28
	215,418.83
	\$778,550.43

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, 1947, 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, 1947, 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, 1948.

HELLIWELL, MACLACHLAN & CO.,
Chartered Accountants.

Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

VANCOUVER, B.C.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1947

SALES OF GOLD AND SILVER:

Including bullion marketed, and in process of realization.....\$622,401.81

DEDUCT:

Operating costs 472,595.66

\$149,806.15

OTHER INCOME AND CHARGES:

Interest and dividend received on investments
and mortgage \$3,580.62

Less loss on sale of Dominion of Canada bonds 125.00

3,455.62

Profit before provision for depreciation and taxes.....\$153,261.77

DEDUCT:

Provision for mineral and income taxes 29,563.54

Profit before provision for depreciation\$123,698.23

DEDUCT:

Provision for depreciation 13,364.23

*Profit for year transferred to balance sheet
(Exhibit "B")*\$110,334.00