

014742

ISLAND MOUNTAIN (093H 006)
PROSPERINE (073H 021)
MYATLE - SHAMROCK (093H 025)
RICH (93H/3LW)

RECEIVED

MAR 16 1946

BUREAU OF ECONOMICS
AND STATISTICS

**Island Mountain Mines
Company Limited**
(NON-PERSONAL LIABILITY)



**Twelfth
Annual Report**
for period ending
DECEMBER 31, 1945

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 \$.50 par value
OUTSTANDING	-	-	-	1,050,716 shares of \$.50 par value

Officers, Directors, Transfer Agent and Registrar on March 1st, 1946

OFFICERS AND DIRECTORS

FORBES W. GUERNSEY, President and Director
FRED SEARLS, JR., Vice-President and Director
H. DEWITT SMITH, Vice-President and Director
HENRY E. DODGE, Secretary, Treasurer and Director
CARROLL SEARLS, Assistant Secretary and Director
GUS MRKVICKA, Assistant Treasurer and Director
PHILIP KRAFT, Director
D. N. HOSSIE, Director
SHERWOOD LETT, Director
ROBERT H. STEWART, Director

J. A. PIKE, Manager

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

Directors' Report

Vancouver, B.C.,
February 18th, 1946.

To the Shareholders of the

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

Herewith is submitted the Twelfth Annual Report of the Directors of the Company, 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, and a summary of operations from the beginning of production to the end of 1945.

The continued shortage of miners and timbermen for underground work again restricted the output for the year. However, a distinct improvement was apparent during the last two months of 1945, and it is hoped that operations will become normal within a few months.

The tonnage output is somewhat greater than that for 1944, and we anticipate that the improvement will continue during the coming year.

Value of production in 1945 amounted to \$388,228.42. Additional income was \$3,110.67, making a total of \$391,339.09. Operating expense was \$277,101.73, leaving \$114,237.36 as operating profit. Deduction of Estimated Taxes of \$32,022.40 and depreciation of \$8,214.15 made the net profit \$74,000.81 carried to the Balance Sheet.

Net Current Assets now are \$314,002.33, as compared with \$306,513.09 last year.

The following interim dividends were declared and paid during the year:

No. 18—May 28, 1945, 3c per share—Amount.....\$31,521.48
No. 19—Dec. 20, 1945, 4c per share—Amount..... 42,028.64

TOTAL.....\$73,550.12

Dividends paid from the commencement of operations, through December 31st, 1945, amount to \$1,108,505.38, as shown by the accompanying Summary of Operations to the above date.

There has been a lack of accommodation for married men at the property, and your Directors have authorized the purchase of a number of building lots in Wells. Houses will be erected on these lots just as soon as materials can be procured.

The Directors wish to record their 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 15, 1946.

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

Dear Sir:

This report covers operations of Island Mountain Mines Company Limited for the year ending December 31, 1945.

PROPERTY

There was no change in the property holdings of the Company during the year. With the exception of the Rich Group, all our ground is now Crown Granted.

MINE

Total development footage in 1945 and total to date are as follows:

	1945	To Date
Drifts and Crosscuts	382	70,151
Raises	40	10,008
Internal Shaft	0	1,530
TOTAL	422	81,689
Diamond Drilling	2,121	183,839

This year saw the low point in development footage since the start of operations. Diamond drilling was stopped at the end of June but will be started again when a proposed development program gets under way.

Following discovery by diamond drilling, a very fine body of replacement ore was opened up on the 3375 Level. Broken ore to date has averaged 1.19 ozs. A good diamond drill intersection has been obtained on the 3500 Level, which should be from the same ore body.

Much repair work has been done, especially during the last two months of the year when there was a marked increase in the crew. A very great deal remains to be done before development may be resumed on the lower levels.

During the year 22,614 tons of ore averaging 0.461 ozs. were trammed to the mill, consisting of 16,301 tons of quartz ore assaying 0.351 ozs. and 6,313 tons of replacement ore assaying 0.725 ozs.

ORE RESERVES

Ore reserves at December 31, 1945 are estimated as follows:

	Tons	Gold Assay
Quartz Veins	44,000	0.346 ozs.
Replacement Ore	18,800	0.769 ozs.
TOTAL RESERVES	62,800	0.473 ozs.

Once again a large proportion of the ore mined was replaced in the reserves by stope development. Net loss in the reserves was 5,900 tons.

MILL

Tonnage milled was 22,614, with a daily average of 61.96. Mill heads averaged 0.461 ozs. and tailings 0.0156 ozs. gold. Recovery was 96.62% and running time was 97.83% of full time.

Consumption of essential supplies per ton was as follows: Grinding Balls, 2.656 lbs.; Lime, 2.372 lbs.; Cyanide, 0.954 lbs.; and Zinc Dust, 0.140 lbs.

PRODUCTION

Production totalled 10,070.68 fine ounces of gold and 1,375.97 fine ounces of silver, from which was realized \$388,252.75. This represents a recovery of 0.445 ozs. gold and 0.061 ozs. silver per ton milled, or a realization of \$17.17 per ton.

PRODUCTION COSTS

Average operating costs for the year were as follows:

	<i>Amount</i>	<i>Per Ton</i>
Mining	\$174,653.25	\$ 7.72
Development	12,531.55	.56
Milling, Refining and Marketing ..	86,174.85	3.81
Miscellaneous	3,742.05	.17
	<hr/>	<hr/>
	\$277,101.73	\$12.26

Costs were down slightly compared to those of 1944 even though Mining costs were up.

CAPITAL EXPENDITURES

Capital expenditures for the year consisted of the purchasing of two houses and eight lots on the Wells Townsite at a cost of \$3,315.26.

GENERAL

The number of men employed reached a low point during the summer. Only a substantial gain late in the fall increased the overall average to 63. Experienced miners and timbermen are still required.

An agreement was signed April 19th with Local No. 685 of the International Union of Mine, Mill and Smelter Workers. Provision for check-off and maintenance of membership was not included. It is expected benefits will accrue to both Employees and the Company through the operation of a Labor Management Efficiency Committee provided for in the agreement.

I acknowledge with thanks the support received from the Directors of the Company and members of the staff and the good work done by all employees throughout the year.

Respectfully submitted,

J. A. PIKE,
Manager.

Balance Sheet and Profit and Loss Statement

Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

VANCOUVER, B.C.

BALANCE SHEET AS AT DECEMBER 31, 1945

CURRENT ASSETS:	ASSETS	
Cash on hand and in bank.....	\$118,642.23	
Dominion of Canada bonds, \$20,000.00 at cost plus accrued interest.....	20,100.00	
Dominion of Canada non-interest bearing certificates \$100,000.00 at cost.....	100,000.00	
Wells School District debentures, \$800.00 at cost plus accrued interest.....	812.00	
Accounts receivable.....	10,372.85	
Bullion in transit at approximate realizable values.....	41,863.75	
Inventories.....	54,496.62	
	\$346,287.45	
PREPAID INSURANCE.....	2,997.14	
DEFERRED ACCOUNT RECEIVABLE:		
Estimated future refunds under Section 18 of the Excess Profits Tax Act.....	4,121.60	
FIXED ASSETS:		
Mining claims and development at cost.....	\$807,120.66	
Less reserve for depletion.....	472,748.92	
	334,371.74	
Mine and mill buildings, machinery and equip- ment, at cost.....	\$394,247.86	
Less reserve for depreciation.....	318,921.08	
	75,326.78	
	\$763,104.71	

CURRENT LIABILITIES:	LIABILITIES
Accounts payable.....	\$ 15,947.75
Provision for mineral and income taxes.....	16,337.37
	\$ 32,285.12
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
DEFERRED SURPLUS:	
Estimated future refunds under Section 18 of the Excess Profits Tax Act.....	4,121.60
EARNED SURPLUS:	
Balance as at December 31, 1944.....	\$215,311.63
Add:	
Net profit for the year ended December 31, 1945.....	\$ 74,000.81
Adjustment of income tax in respect of prior years.....	5,244.48
	79,245.29
	\$294,556.92
Deduct:	
Dividends paid in 1945.....	\$ 73,550.12
Additional provision for depreci- ation in respect of prior years.....	19,666.81
	93,216.93
	201,339.99
	\$763,104.71

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the books and accounts of Island Mountain Mines Company Limited (Non-Personal Liability) for the year ended December 31, 1945, and have obtained all the information and explanations we have required. 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, 1945, 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 9, 1946.

HELLIWELL, MACLACHLAN & CO.,
Chartered Accountants.

Approved on behalf of the Board:

H. DEWITT SMITH, Director.

F. W. GUERNSEY, Director.

Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

VANCOUVER, B.C.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1945

SALES OF GOLD AND SILVER:

Including bullion marketed, and in process of realization.....\$388,228.42

DEDUCT:

Operating costs 277,101.73

\$111,126.69

ADD other Income:

Interest earned on investments.....\$ 502.26

Profit on sale of equipment..... 2,608.41

3,110.67

Profit before provision for depreciation and taxes.....\$114,237.36

DEDUCT:

Provision for mineral, income and excess profits taxes..... 32,022.40

Profit before provision for depreciation.....\$ 82,214.96

DEDUCT:

Provision for depreciation..... 8,214.15

*Profit for year ended December 31, 1945, carried to
Balance Sheet*.....\$ 74,000.81

Island Mountain Mines Company Limited (NON-PERSONAL LIABILITY)

Summary of Operations 1934 - 1945

Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

SUMMARY OF OPERATIONS

1934 - 1945

	TOTAL TO DEC. 31, 1939	1940	1941	1942	1943	1944	1945	TOTAL TO DEC. 31, 1945
TONS ORE MILLED	201,911	49,229	54,398	47,916	22,635	21,186	22,614	419,889
RECOVERY—OZ. GOLD PER TON.....	0.444	0.426	0.455	0.439	0.451	0.446	0.445	0.444
GOLD PRODUCTION—OZ.....	89,544	20,961	24,753	21,043	10,204	9,441	10,071	186,017
VALUE OF BULLION	\$3,179,608	\$808,090	\$954,248	\$811,156	\$393,472	\$363,948	\$388,228	\$6,898,750
REALIZATION PER TON MILLED.....	\$15.75	\$16.41	\$17.54	\$16.92	\$17.38	\$17.18	\$17.17	\$16.43
PROFIT BEFORE DEPLETION.....	\$ 879,485	\$216,126	\$282,218	\$213,646	\$ 82,852	\$ 65,215	\$ 74,001	\$1,813,543
DIVIDENDS PAID	\$ 420,286	\$157,607	\$189,129	\$136,593	\$ 78,804	\$ 52,536	\$ 73,550	\$1,108,505
NET CURRENT ASSETS	\$ 312,483	\$372,627	\$275,173	\$279,353	\$289,448	\$306,513	\$314,002	\$ 314,002*
DEVELOPMENT—FOOTAGE	54,965	12,071	9,874	3,382	429	546	422	81,689
DIAMOND DRILLING—FOOTAGE.....	82,267	34,228	37,625	18,645	4,177	4,776	2,121	183,839

*—Spent on purchase and development of Myrtle-Shamrock group from 1941 to 1945 inc., \$292,836.