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ISLAND MOUNTAIN (093H 006
PROSPERINE 093H 021
MYRTLE-SHARROCK 093H 025
RICH 093H/3W)

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BUREAU OF ECONOMICS
AND STATISTICS

Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)



Eleventh
Annual Report
for period ending
DECEMBER 31, 1944

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, 1945

OFFICERS AND DIRECTORS

FORBES W. GUERNSEY, President and Director
FRED SEARLS, JR., Vice-President and Director
PHILIP KRAFT, Vice-President and Director
HENRY E. DODGE, Secretary, Treasurer and Director
CARROLL SEARLS, Assistant Secretary and Director
GUS MRKVICKA, Assistant Treasurer and 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., March 1, 1945.

To the Shareholders of the

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

The Eleventh Annual Report of the Directors of the Company for the year ending December 31st, 1944 is hereby presented, together with the Report of the Manager, Mr. J. A. Pike, and the Report of the Auditors, with the Balance Sheet and Profit and Loss Statement for the year.

As in the year 1943, the operations were restricted by the shortage of men, particularly miners, and while a few more men were engaged during the latter months of 1944, it is doubtful if any permanent improvement can be expected until after peace has been declared.

The tonnage output reflects this shortage of manpower, being slightly under that of last year. However, the mine operated at a small profit every month during the year, and it will be noticed that the estimated ore reserves remain about the same as at December 31st, 1943, although development work was very much restricted.

The production for the year amounts to \$363,947.66, and with other items of \$616.61, a total income of \$364,564.27 is shown. After deducting operating expenses of \$264,759.57, allowance for depreciation of \$5,417.66, and estimated taxes of \$29,171.58, a profit of \$65,215.46 is carried to the balance sheet.

Net current assets stand at \$306,513.09, as compared with \$289,447.13 at December 31st, 1943.

Interim dividends of five cents per share were distributed during the year, or a total of \$52,535.80.

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 13, 1945.

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 Island Mountain Mines Company Limited for the year ending December 31, 1944:

PROPERTY

Property holdings of the Company remain as set forth in the Annual Report for the year ending December 31, 1943. Assessment work was done on one claim and the Rich Group of 16 claims was again held by recording only, through the Free Miners' Exemption Act.

MINE

Total Development footage in 1944 and total to date are as follows:

	1944	To Date
Drifts and Crosscuts	349	69,769
Raises	197	9,968
Internal Shaft	0	1,530
TOTAL	546	81,267
Diamond Drilling	4,776	181,718

Development footage increased slightly over the previous year but the total was still only a small fraction of the normal.

The Company's consulting geologist examined the mine thoroughly last spring with particular attention to sections favorable for the finding of additional replacement ore. Following his recommendations, several fine ore intersections were obtained in diamond drilling.

Although a great deal of repair work was done with a slightly larger crew and at the expense of tonnage produced, much remains to be done. The physical condition of track, timbered drifts and cross-cuts is not up to normal.

Mine output during the year was 21,186 tons of ore averaging 0.460 ozs. This was made up of 14,988 tons of quartz ore assaying 0.347 ozs. and 6,198 tons of replacement ore assaying 0.731 ozs.

ORE RESERVES

Ore reserves at December 31, 1944, are estimated as follows:

	<i>Tons</i>	<i>Gold Assay</i>
Quartz Veins.....	47,500	0.34 ozs.
Replacement Ore.....	21,200	0.78 ozs.
TOTAL RESERVES	68,700	0.475 ozs.

This represents a very slight increase in both tonnage and grade over last year's figures. Because of the irregular nature of our ore bodies it is necessary to be conservative in reserves estimates. That is why it is possible by means of stope development alone to place in reserve a tonnage about equal to that mined.

MILL

During the year, 21,186 tons of ore were milled, a daily average of 57.9. Mill heads averaged 0.460 ozs. and tailings 0.015 ozs. gold. Recovery was 96.74% and running time was 97.46% of full time.

Consumption of essential supplies per ton was as follows: Grinding balls, 2.672 lbs.; Lime, 1.725 lbs.; Cyanide, 1.258 lbs.; and Zinc Dust, 0.150 lbs.

PRODUCTION

Production totalled 9,441.25 fine ounces of gold and 1,437.58 fine ounces of silver, from which was realized \$363,947.66. This represents a recovery of 0.446 ozs. gold and 0.068 ozs. silver per ton milled, or a realization of \$17.18 per ton.

PRODUCTION COSTS

Average operating costs for the year were as follows:

	<i>Amount</i>	<i>Per Ton</i>
Mining	\$152,065.27	\$ 7.18
Development	16,749.71	.79
Milling, Refining and Marketing..	91,684.19	4.33
Miscellaneous	4,260.40	.20

TOTAL OPERATING COST..... \$264,759.57 \$12.50

Costs are up slightly over those of 1943 because of lower tonnage mined and milled, more underground maintenance and repairs and the necessary replacement of certain mill machinery.

GENERAL

A license to utilize aluminum dust for the treatment and prevention of silicosis was obtained and the necessary ejection apparatus installed in the mine dry.

The overall average of men employed during the year rose slightly to 65. Experienced miners and timbermen are required but such men are very scarce.

During the year, Local No. 685 of the International Union of Mine, Mill and Smelter Workers was recognized by the Company as sole bargaining representative for all employees except members of the staff. Accord has been reached on all points except those of maintenance of membership and check-off, with the result that a formal agreement has not yet been signed.

I wish to acknowledge with thanks the support received from the President and Directors and the good work done by the Staff and Employees throughout the year.

Respectfully submitted,

J. A. PIKE,

Manager.

Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

VANCOUVER, B. C.

BALANCE SHEET AS AT DECEMBER 31, 1944

ASSETS

CURRENT ASSETS:

Cash on hand and in bank.....	\$107,950.72
Dominion of Canada bonds, \$20,000.00 at cost plus accrued interest.....	20,075.00
Dominion of Canada non-interest bearing certificates \$100,000.00 at cost.....	100,000.00
Wells School District debentures, \$1,200.00 at cost plus accrued interest.....	1,209.00
Accounts receivable.....	4,679.33
Bullion in transit at approximate realizable values.....	35,840.43
Inventories.....	61,116.87
	\$330,871.35

PREPAID INSURANCE..... 921.50

DEFERRED ACCOUNT RECEIVABLE:

Estimated future refunds under Section 18 of the Excess Profits Tax Act.....	4,121.60
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FIXED ASSETS:

Mining claims and development at cost.....	\$804,139.28
Less reserve for depletion.....	472,748.92
	331,390.36
Mine and mill buildings, machinery and equipment, at cost.....	\$398,249.39
Less reserve for depreciation.....	296,404.71
	101,844.68
	\$769,149.49

LIABILITIES

CURRENT LIABILITIES:

Accounts payable.....	\$ 13,521.40
Provision for mineral and income taxes.....	10,836.86
	\$ 24,358.26

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, 1943.....	202,631.97
Add net profit for the year ended December 31, 1944.....	65,215.46
	\$267,847.43
Deduct dividends paid in 1944.....	52,535.80
	215,311.63
	\$769,149.49

Approved on behalf of the Board:

F. W. GUERNSEY, *Director.*

PHILIP KRAFT, *Director.*

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, 1944, 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, 1944, 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, 1945.

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, 1944

SALES OF GOLD AND SILVER:

Including bullion marketed, and in process of realization... \$363,947.66

DEDUCT:

Operating costs	264,759.57
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	\$ 99,188.09

ADD other income:

Interest earned on investments	\$516.61
Profit on sale of investments	100.00
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	616.61

Profit before provision for depreciation and taxes... \$ 99,804.70

DEDUCT:

Provision for mineral, income and excess profits taxes	29,171.58
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<i>Profit before provision for depreciation</i>	\$ 70,633.12

DEDUCT:

Provision for depreciation	5,417.66
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*Profit for year ended December 31, 1944 carried to
balance sheet*.....\$ 65,215.46