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Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)



Ninth
Annual Report
for period ending
DECEMBER 31, 1942

ISLAND MOUNTAIN (93H 006)
PROSPERINE (93H 021)
MYRTLE - SHAMROCK (93H 025)
RICH (93H/3W)

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 15th, 1943

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
D. N. HOSSIE, Director
PHILIP KRAFT, 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 2, 1943.

To the Shareholders of the

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

Your Directors submit the Ninth Annual Report of the Company for the year ending December 31, 1942.

Attached is 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.

The production for the period had a value of \$811,155.87, other income amounts to \$313.72, making a total of \$811,469.59. After deducting the operating expenses of \$469,352.43, the allowance for depreciation of \$20,726.43, and the estimated Income and Mineral Taxes of \$107,744.35, a profit of \$213,646.38 is carried to the Balance Sheet. Production is less than in the year 1941 due to the shortage of labor. This situation was aggravated by an order of the Director of National Selective Service, preventing men from working in gold mines. This order has been rescinded, and the situation has been relieved somewhat although there is still a shortage of labor.

Net current assets are \$279,352.71 as compared with \$275,172.62 at December 31, 1941.

Interim dividends paid during the year amounted to thirteen cents per share, a total of \$136,593.08.

A start was made on the development of the Myrtle Group, but owing to the difficulty of getting men, work was discontinued in September. Nothing of importance was uncovered and development of this group will again be carried on when conditions are favorable.

Brigadier Sherwood Lett, D.S.O., M.C., a Director of the Company who went overseas in 1941, was severely wounded at Dieppe. We are glad to say he has returned to Canada on leave, and is rapidly recovering from the disability caused by his wound.

The Directors hereby express their appreciation to Mr. Pike, the staff, and operating crews for their continued efficient services during a very trying year.

Submitted on behalf of the Directors,

F. W. GUERNSEY,
President.

Manager's Report

Wells, B.C., January 14, 1943.

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

Dear Sir:

I submit the following report on operation of the Island Mountain Mines Company Limited for the year ending December 31st, 1942:

PROPERTY

Property holdings of Island Mountain Mines Company Limited remain as set forth in the Company's report for the year ending December 31st, 1941.

MINE

Total development footage in 1942 and total to date are as follows:

	1942	To Date
Drifts and Crosscuts	2,605	69,136
Raises	326	9,626
Internal Shaft	451	1,530
TOTAL	3,382	80,292
Diamond Drilling	18,645	172,765

The most important piece of development during the year was the sinking of the main shaft 451 feet to 1,530 feet from the collar. Three new stations were cut at 2,850, 2,700 and 2,550 feet elevations. None of these levels has yet been opened up.

Development on the upper levels consisted of opening up the bottoms of two of the Main or 4000-Level quartz ore shoots by sub-levels approximately half-way between the 4000- and 3875-Levels.

On the 3375-Level, a small amount of work on two small replacement ore bodies opened up a comparatively large deposit of good grade ore.

On the 3125-Level, a quartz vein was developed which is 150 feet long and averages 0.40 ozs. over a width of 4 feet. Two other small higher grade quartz veins also were discovered on this level.

No development was done on the 3000-Level because of the shaft sinking program.

During the year 47,916 tons of ore averaging 0.460 ozs. in gold per ton were delivered to the mill, consisting of 34,111 tons of quartz

ore and 13,805 tons of replacement ore assaying 0.363 ozs. and 0.696 ozs. respectively.

ORE RESERVES

Ore reserves at December 31, 1942, are estimated as follows:

	Tons	Average Assay
Quartz Veins	51,500	0.324 ozs.
Replacement Ore	19,500	0.804 ozs.
TOTAL RESERVES	71,000 tons	0.456 ozs.

MILL

47,916 tons of ore were milled during the year, a daily average of 131.2 tons. To the end of July, the mill operated at capacity with a daily average of 153.3 tons. From August 1st to the end of the year, the daily average was 100.7 tons. Mill heads averaged 0.460 ozs. and tailings 0.0207 ozs. gold. Recovery was 95.5%.

Consumption of essential supplies per ton was as follows: Grinding Balls, 2.57 lbs.; Lime, 1.66 lbs.; Cyanide, 0.913 lbs.; Zinc Dust, 0.115 lbs.

PRODUCTION

A total of 21,043.1 fine ounces of gold and 2,900.8 fine ounces of silver was recovered, from which was realized \$811,155.87. Average recovery was 0.439 ozs. gold and 0.06 ozs. silver per ton milled, or a realization of \$16.92 per ton.

CAPITAL EXPENDITURES

Capital expenditures for the year were as follows:

Dwelling	\$ 390.00
Powerhouse Equipment	1,273.12
Mine Equipment	1,059.98
Miscellaneous	34.35
TOTAL	\$2,757.45

PRODUCTION COSTS

Average costs for the year were as follows:

	Amount	Per Ton
Mining	\$209,718.59	\$4.38
Development	138,070.42	2.88
Milling, Refining and Marketing	116,967.99	2.44
Miscellaneous	4,595.43	0.10
TOTAL OPERATING COST	\$469,352.43	\$9.80

These costs, while higher than in 1941, have been kept down by the sharp decrease in development footage. Though Mining Costs are up, cost of labor per ton mined decreased slightly by the increased use of scraper hoists in the stopes.

OUTSIDE DEVELOPMENT

3,393 feet of drifting and cross-cutting and 3,379 feet of diamond drilling was done on the Myrtle Group, for the most part in the Rainbow formation. Nothing of economic importance has so far been discovered. Roughly 1,900 feet along the strike of the Rainbow formation has been partially prospected, leaving about 2,900 feet yet to do. Work ceased here in September because of labor shortage.

Assessment work was done on the 23 claims and fractions of the Rich Group, without anything of economic interest being discovered.

GENERAL

The scarcity of men made operations difficult during the year, especially after mid-summer. This labor scarcity is reflected in lower development footage, lower tonnage and increased costs. The overall average of men employed during the year was 106, the number having fallen substantially at the end of the year.

I wish to record my thanks to the members of the staff for their able assistance and to all employees for their good work during 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, 1942

ASSETS

CURRENT ASSETS:

Cash on hand and in bank.....	\$ 88,494.86
Dominion of Canada bonds, \$10,000.00 at cost plus accrued interest.....	10,049.64
Dominion of Canada non-interest bearing certificates, \$100,000.00 at cost.....	100,000.00
Wells School District debentures, \$3,200.00 at cost plus accrued interest.....	3,221.00
Accounts receivable.....	6,974.73
Bullion in transit at approximate realizable values.....	56,136.23
Inventories.....	76,925.68
	\$341,802.14

PREPAID INSURANCE..... 2,354.22

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.....	\$799,555.56
Less reserve for depletion.....	472,748.92
	326,806.64
Mine and mill buildings, machinery and equipment, at cost.....	\$398,689.39
Less reserve for depreciation.....	283,261.01
	115,428.38
	\$790,512.98

LIABILITIES

CURRENT LIABILITIES:

Accounts payable.....	\$ 14,645.94
Provision for mineral and income taxes including refundable portion.....	47,803.49
	\$ 62,449.43

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, 1941.....	\$121,530.65
Add net profit for the year ended December 31, 1942.....	213,646.38
	\$335,177.03
Deduct dividends paid in 1942.....	136,593.08
	198,583.95
	\$790,512.98

Approved on behalf of the Board:

H. E. DODGE, *Director.*

F. W. GUERNSEY, *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, 1942, 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, 1942, 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 17, 1943.

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, 1942

SALES OF GOLD AND SILVER:

Including bullion marketed, on hand and in process of
realization\$811,155.87

DEDUCT:

Operating costs 469,352.43

\$341,803.44

ADD other income:

Interest earned on investments\$ 594.97
Less loss on sale of investments 281.25

313.72

Profit before provision for depreciation and taxes\$342,117.16

DEDUCT:

Provision for mineral, income and excess profits taxes:

Refundable under Section 18 of Excess
Profits Tax Act\$ 4,121.60
Not refundable 103,622.75

107,744.35

Profit before provision for depreciation\$234,372.81

DEDUCT:

Provision for depreciation 20,726.43

*Profit for year ended December 31, 1942 carried to
balance sheet*\$213,646.38
