

014746

ISLAND MOUNTAIN (093H 016)  
PROSPERINE (093H 021)  
MYATLE-SHAMASCUK (093H 025)  
RICH (93H/3W)

RECEIVED

MAR 7 1942

BUREAU OF ECONOMICS  
AND STATISTICS

# Island Mountain Mines Company Limited

(Non-Personal Liability)



## Eighth Annual Report

*for period ending*

DECEMBER 31, 1941

# 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 February 22, 1942

## 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, 1942.

To the Shareholders of the

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

The Directors present the Eighth Annual Report of the Company for the year ending December 31, 1941, and submit also the report of the Manager, Mr. J. A. Pike, and the Report of the Auditors together with the Balance Sheet and Profit and Loss Statement for the year.

The value of the production during the year was \$954,248.27. Operating costs were \$519,704.15 and provision for Mineral and Income Taxes \$117,491.92. After deducting these amounts and making provision for depreciation, a profit of \$282,218.43 is carried to the Balance Sheet. This profit is in excess of that for any previous year.

Capital Expenditure for the period amounted to \$26,840.14. This sum includes the purchase of a Diesel engine and a compressor. Additional power is needed as the developments on the 3000-Level were such as to warrant the deepening of the shaft another 500 feet.

Net Current Assets now are \$275,172.62.

Two interim dividends for a total of eighteen cents per share and amounting to \$189,128.88 were paid during the year.

As mentioned in the interim report of May 1, 1941, additional property was acquired, namely:—the Myrtle Group purchased from Newmont Mining Corporation for \$75,000.00 and nine claims and fractions of the Shamrock Group purchased from the Shamrock Gold Mines Ltd., for \$15,000.00. Work in reconditioning the Shamrock tunnel was commenced in April, 1941, and you will note from the Manager's Report this tunnel has been extended and there now remains about 1200 feet to be driven before the favourable formation is reached. The expenditure on this project as at December 31, 1941, including the purchase price, amounts to \$200,938.18. When the Rainbow formation is reached, drifting and diamond drilling will be undertaken to explore this zone.

No work was done on the Proserpine Group in 1941.

After a geological study of part of the Barkerville district a group of claims, named the Rich Group, were staked in October 1941 on Richfield Mountain. In the Summer of 1942 prospecting work will be undertaken on this area and the surface carefully mapped.

A plan showing the location of the different groups referred to above and which are owned by the Company is attached. All the production made came from the Island Mountain Group.

The Directors wish to express their appreciation to Mr. J. A. Pike and the staff at the Mine for their efficient services during the year.

Submitted on behalf of the Directors,

F. W. GUERNSEY,

*President.*

# Manager's Report

Wells, B.C., January 14, 1942.

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 operations of the Island Mountain Mines Company Limited for the year ending December 31st, 1941.

## PROPERTY

The property of Island Mountain Mines Company Limited now consists of four groups: (1) 32 claims and fractions containing 1019 acres on Island Mountain, along the north shore of Jack of Clubs Lake, four miles northwest from the Town of Barkerville, and lying adjacent to the Town of Wells; (2) 15 claims and fractions containing approximately 545 acres on Proserpine Mountain, two miles southeast from Barkerville; (3) 19 claims and fractions in the Myrtle-Shamrock Group containing 573 acres on Barkerville Mountain, adjacent to the Town of Barkerville; and (4) 23 claims and fractions in the Rich Group containing approximately 1085 acres located on the slope of Richfield Mountain, two miles southwest from Barkerville.

## MINE

Total development footage in 1941 and total to date are as follows:

	1941	To Date
Drifts and Crosscuts.....	8,794 ✓	66,531
Raises .....	1,080	9,300
Internal Shaft.....	0	1,079
	<hr/>	<hr/>
Total .....	9,874	76,910
Diamond Drilling.....	37,625	154,120

It should be noted that at the Island Mountain Mine all levels are designated by their elevation above sea level and not by their depth below the collar of the shaft.

On the 4230-Level and from a raise above this level diamond drilling gave definitely negative results. Development work on the Main or 4000-Level consisted mainly of opening up the large quartz vein discovered last year.

On the 3750-Level one small high grade and several small low grade quartz veins were drifted on. Exploration along the limestone contact developed a small tonnage of replacement ore of medium grade. No new ore was found on the 3625-Level. Two known occurrences of replace-

ment ore were developed, one pinching out at once and the other developing very well.

On the 3500-Level a quartz vein was developed averaging 0.69 ozs. across 3.7 feet over a length of approximately 150 feet. On the 3375-Level two replacement ore bodies were discovered, one of major importance. Subsequent development opened up an ore body which is the richest in the mine at the present time.

On the 3250-Level a small amount of replacement ore and a fairly important amount of quartz ore were found. Quartz veins on the 3125- and 3000-Levels are, with one exception, quite small and the grade varies considerably. On the 3000-Level only two small quartz veins of commercial interest have so far been found.

Because of the sulphide replacement ore showings on the bottom level, deeper development is considered justified. Plans are under way for deepening the Main Shaft 450 feet, and for developing three additional levels at 150-foot intervals.

During the year 54,398 tons of ore averaging 0.477 ozs. in gold per ton were delivered to the mill, consisting of 40,006 tons of 0.348 ounce quartz vein ore and 14,392 tons of 0.835 ounce replacement ore.

#### ORE RESERVES

Ore reserves at December 31st, 1941, are estimated as follows:

	Tons	Average Assay
Quartz Veins.....	52,000	0.33 ozs.
Replacement Ore .....	21,000	0.82 ozs.
Total Reserves.....	73,000 tons	0.47 ozs.

The practice of increasing assay widths and decreasing corresponding grades, to allow for 25% dilution of quartz veins and 50% dilution of sulphide replacement lenses by waste, has again been followed.

#### MILL

54,398 tons of ore were milled during the year, a daily average of 149.0 tons. The mill operated at maximum capacity throughout the year. Mill heads averaged 0.477 ozs. and tailings 0.0217 ozs. gold. Recovery was 95.5%.

Consumption of essential supplies per ton, was as follows: Grinding Balls 2.66 lbs.; Lime 1.87 lbs.; Cyanide 0.90 lbs.; Zinc Dust 0.1098 lbs.

#### PRODUCTION

A total of 24,752.7 fine ounces of gold and 3,536.6 ounces of silver were recovered, from which was realized \$954,248.27. This represents an average recovery of 0.455 ozs. gold and 0.06 ozs. silver per ton milled, and a realization of \$17.54 per ton.

#### CAPITAL EXPENDITURES

The following Capital Expenditures were made during the year:

Furniture and Office Equipment.....	\$ 408.28
Powerhouse Building Addition.....	1,280.29
New Crossley Engine and Installation..	16,280.59
New Compressor.....	7,955.83
Dwelling House .....	500.00
Machine Shop Equipment.....	415.15

Total ..... \$ 26,840.14

During the year an additional Diesel engine of 250 H.P. capacity and a 500 cubic foot compressor were installed.

#### PRODUCTION COSTS

Average costs for the year were as follows:

	Amount	Per Ton
Mining .....	\$195,618.75	\$3.60
Development .....	201,156.50	3.69
Milling, Refining and Marketing	118,316.27	2.18
Miscellaneous .....	4,284.51	.07

Total Operating Cost ..... \$519,376.03 \$9.54

The operating cost was down somewhat over the previous year because of increase in mill tonnage and decrease in development footage.

#### OUTSIDE DEVELOPMENT

All of the Myrtle Group and part of the Shamrock Group, 19 claims and fractions in all, were acquired by the Company during the year. The Myrtle Group covers 4,800 feet on the strike of the Rainbow formation and the Shamrock Group permits comparatively easy access to this formation. A plant was erected at the portal of the old Shamrock tunnel just north of Barkerville. The old tunnel was enlarged, straightened and retimbered throughout its 1,799 feet and has been extended a further 1,189 feet. It is expected that the Rainbow formation will be intersected roughly 1,200 feet beyond the present tunnel face.

The Rich Group of 23 claims and fractions on Richfield Mountain was located and staked during the year. Based on geologic evidence, this area is considered worthy of further prospecting.

#### GENERAL

Operations proceeded normally throughout the year. An average of 121 men were employed. In addition, an average of 21 men were employed at the Shamrock tunnel, commencing in April.

I hereby record my thanks to the members of the staff and all other employees for their good work during the year and to the Officers and Directors for their helpful assistance and co-operation in the solution of operating problems.

Respectfully submitted,

J. A. PIKE,  
Manager.

# Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

VANCOUVER, B. C.

## BALANCE SHEET AS AT DECEMBER 31, 1941

ASSETS	LIABILITIES	
<b>CURRENT ASSETS:</b>		
Cash on hand and in bank.....	Accounts payable.....\$ 37,141.29	
Dominion of Canada non interest-bearing certificate, \$100,000.00 at cost.....	Provision for mineral and income taxes..... 105,275.60	
Wells School District debentures, \$3,600.00 at cost plus accrued interest.....	<u>142,416.89</u>	
Accounts receivable.....	<b>CAPITAL:</b>	
Bullion in transit at approximate realizable values .....	Share capital:	
Inventories .....	<i>Authorized—</i>	
<u>\$417,589.51</u>	1,100,000 shares of 50 cents each.....	<u>\$550,000.00</u>
<b>PREPAID INSURANCE.....</b>	<i>Issued and fully paid—</i>	
<u>1,909.11</u>	1,050,716 shares of 50 cents each.....	525,358.00
<b>FIXED ASSETS:</b>	<b>SURPLUS ACCOUNT:</b>	
Mining claims and development at cost.....	Balance as at December 31, 1940.....	\$ 97,504.75
<i>Less reserve for depletion.....</i>	<i>Add net profit for the year ended December</i>	
<u>233,185.17</u>	31, 1941 .....	<u>282,218.43</u>
Mine and mill buildings, machinery and equipment, at cost.....	<i>Deduct:</i>	
<i>Less reserve for depreciation.....</i>	Dividends paid in 1941.....	\$189,128.88
<u>136,621.75</u>	Adjustment of depreciation for 1940.....	16,527.85
<u>\$789,305.54</u>	Transfer of dividend charged to reserve for depletion in 1937 .....	<u>52,535.80</u>
		<u>258,192.53</u>
		<u>121,530.65</u>
		<u>\$789,305.54</u>

Approved on behalf of the Board:  
 F. W. GUERNSEY, *Director.*  
 H. E. DODGE, *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, 1941, 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, 1941, according to the best of our information and the explanations given to us and as shown by the books of the company at that date.

Vancouver, B.C.,  
 February 19, 1942.

HELLIWELL, MACLACHLAN & CO.,  
 Chartered Accountants.



PLAN SHOWING PROPERTY OF  
ISLAND MOUNTAIN MINES CO. LTD.  
CARIBOO DISTRICT, B.C.

FEB. 17, 1942.

1" = 3000'

M.J.L.

