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ISLAND MOUNTAIN 092H 006  
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# Island Mountain Mines Company Limited

(Non-Personal Liability)



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BUREAU OF ECONOMICS  
AND STATISTICS

Sixth  
**Annual Report**  
*for period ending*  
DECEMBER 31, 1939

JUL 18 1939

ISLAND MOUNTAIN MINES COMPANY LIMITED

Statement for Press

<u>1st 6 months</u>	<u>Production</u>	<u>Operating Profit</u>	<u>Tonnage Milled</u>
1939	\$337,600.10	\$133,465.42	22912
1938	302,165.61	109,757.36	22280
1937	242,682.45	76,580.96	17401

Interesting diamond-drill intersections of quartz veins at 4130 and 3820 horizons are being developed by raises from the 4000 and 3750 levels.

On the 3625-level, a quartz vein has been developed about 150 feet southeast of the wide quartz vein described in the last annual report, and averages 0.41 oz., gold per ton over a width of 4.0 feet for a distance of 215 feet.

On the 3375-level, limestone has been cut in a diamond-drill hole from the shaft crosscut, and drifting has been started to develop this intersection.

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

# Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

*Incorporated under the Laws of the Province of British Columbia in 1933*

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HEAD OFFICE:  
WELLS, BRITISH COLUMBIA

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REGISTERED OFFICE:  
744 WEST HASTINGS STREET, VANCOUVER, B.C.

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## CAPITALIZATION

AUTHORIZED	-	-	-	-	-	1,100,000 shares of \$ .50 par value
OUTSTANDING	-	-	-	-	-	1,050,716 shares of \$ .50 par value

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Officers, Directors, Transfer Agent and Registrar on February 19, 1940

## 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  
M. D. BANGHART, Consulting Engineer and Director  
PHILIP KRAFT, Director  
SHERWOOD LETT, Director  
ROBERT H. STEWART, Director

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T. H. MUNN, Manager

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

# Directors' Report

Vancouver, B.C., February 19, 1940.

To the Shareholders of the

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

Your Directors present herewith the Sixth Annual Report for the year ending December 31, 1939, the Balance Sheet with the Profit and Loss Statement and the Report of the Manager, Mr. T. H. Munn, covering the operations.

The value of the production during the year was \$737,842.77. The profit, after making provision for mineral and income taxes, amounts to \$245,885.89 and after charges for depletion and depreciation, the net profit carried to the Balance Sheet is \$181,526.49.

Expenditure on Capital Account during the year amounted to \$28,634.81. The principal items in this amount were for Shaft Equipment (hoist, cages and locomotive) and Powerhouse modernization.

Net current assets now stand at \$312,483.42.

During the year two interim dividends for a total of fifteen cents per share and amounting to \$157,607.40 were paid.

Development work during the year has been prosecuted on all levels above the 3250-level and the favorable areas for finding additional ore bodies have been extended. No development has yet been done on the 3125- and 3000-levels.

The estimated tonnage of ore reserves at the end of 1939 is 58,200 tons, somewhat greater than at the end of 1938, but with slightly lower grade. It will be noted by reference to previous annual reports that during the past four years the sulphide replacement ore reserves have averaged 5,160 tons with an assay of 0.83 oz. gold. During this same period, the mine has annually produced an average of 8,670 tons, with an average assay of 0.84 oz. gold. Due to the erratic occurrence, it is impossible to show any large reserve of sulphide replacement ore except by development which is not justified prior to stoping.

A small amount of surface trenching and diamond drilling was done on the Proserpine Group of claims, owned by the Company, with inconclusive results.

The stock of your Company has been listed on the Toronto Stock Exchange.

Mr. T. H. Munn, who has held the position of General Superintendent for the past fourteen months has been appointed Manager and the Directors wish to record their appreciation of the services of himself and the staff, during the past year.

Submitted on behalf of the Directors,

F. W. GUERNSEY,  
*President.*

# Manager's Report

Wells, B.C., February 19, 1940.

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 31, 1939.

## PROPERTY

The property of Island Mountain Mines Company Limited consists of two groups: (1) 32 claims and fractions containing 1020 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; and (2) 14 claims and fractions containing approximately 532 acres on Proserpine Mountain, two miles south from Barkerville. Two mineral claims were dropped from the Proserpine Mountain group and one fractional mineral claim purchased and added to this group, during the year.

## MINE

The following is the total linear footage of exploration done during 1939, and the total to date:

	1939	To Date
Drifts and Crosscuts .....	9,040	47,144
Raises and Winzes .....	1,869	6,742
Internal Shaft .....	78	1,079
	<hr/>	<hr/>
	10,487	54,965
Diamond Drilling .....	21,494	82,267

Development work above the Main Level consisted of a relatively small amount on both the 4130- and 4230-levels. The development on the 4230-level, which consisted of driving a raise 307 feet into a zone favourable for quartz fracturing and diamond drilling therefrom at two 125-foot level intervals, returned negative results. The development work on the 4130-level consisted of work necessary to prepare for mining the quartz ore referred to in the 1938 report.

As a result of diamond drilling, a small amount of development work on the main or 4000-level opened up two quartz veins and a small showing of sulphide replacement ore.

Development work during the year below the Main Level was con-

centrated on the 3625-level with a smaller amount on the 3500-, 3375-, and 3250-levels, and with still less on the 3875- and 3750-levels.

The development work on the 3875-level, which was confined to drifting on limestone, opened up several small but comparatively important sulphide replacement ore bodies. A small amount of quartz vein ore was encountered on the 3750-level.

On the 3500-level several small sulphide replacement orebodies were developed during the year, southeast of the shaft. On the 3625-level, drifting had advanced at the end of the year to the same strongly folded area previously developed on the 3500-level, and one small high grade orebody encountered. A quartz vein 215 feet long, averaging 0.46 oz. gold over 3.6 feet was also developed on the 3625-level.

After the shaft sinking program was completed in January of 1939 and the new hoist installed, development work was started on the 3375- and 3250-levels. On both these levels the development was concentrated along the limestone horizon, with the exploration of the zones favourable for quartz vein fracturing of a secondary nature. On the 3375-level two small lenses of sulphide replacement ore have been opened up and one quartz vein has been indicated by diamond drilling. No sulphide replacement ore was encountered on the 3250-level before the end of 1939, but two quartz veins, which average 0.51 ozs. gold over a width of 3.4 feet for a total length of 270 feet, were opened up.

A total of 46,209 tons of ore averaging 0.455 ozs. gold per ton were delivered to the mill during the year. Of this tonnage 12,125 tons, averaging 0.830 ozs. gold per ton, were produced from sulphide replacement ore bodies, and 34,084 tons of ore, averaging 0.322 ozs. gold per ton, were from quartz veins.

#### ORE RESERVES—"REASONABLY ASSURED"

Ore reserves, as of December 31st, 1939, are estimated as follows:

	Tons	Average Width Feet	Average Assay Ozs. Gold
Quartz veins .....	52,200	5.7	0.31
Sulphide Replacement .....	6,000	4.1	0.80
<b>Total Reserves .....</b>	<b>58,200</b>	<b>5.2</b>	<b>0.36</b>

In the above estimates, actual assay widths have been increased, and grades correspondingly decreased, to allow for 25% dilution of quartz veins and 50% dilution of sulphide replacement lenses, by barren waste.

#### MILL

During the year 46,209 tons were milled. This represents an average of 126 tons per day worked. Average assay of mill heads was 0.455 ozs.

gold and average assay of tailings was 0.020 ozs. gold per ton. Recovery was 95.7%, an improvement of 1.2% over 1938.

Consumption of essential supplies per ton, was as follows: Cyanide 0.84 lbs.; Lime 1.64 lbs.; Grinding Balls 2.84 lbs.; Zinc Dust 0.09 lbs.

#### PRODUCTION

A total of 20,154 fine ozs. of gold and 2,948 ozs. of silver was recovered, from which was realized \$737,842.77. This represents an average recovery of 0.435 ozs. gold and 0.06 ozs. silver per ton milled, and a realization of \$15.97 per ton.

#### CAPITAL EXPENDITURES

The following Capital Expenditures were made during the year:

Power House Equipment .....	\$ 6,299.08
Mill Equipment and Trestle Extension.....	402.30
Mine Equipment .....	14,435.65
Surface Construction .....	7,497.78

**TOTAL .....** **\$28,634.81**

#### PRODUCTION COSTS

The average cost of production in 1939 was as follows:

	Amount	Per Ton
Mining .....	\$175,935.07	\$3.81
Development .....	144,510.67	3.13
Milling, Marketing and Refining .....	122,021.81	2.64
Miscellaneous .....	3,900.95	.08
<b>Total Operating Costs .....</b>	<b>\$446,368.50</b>	<b>\$9.66</b>

The total operating cost for the year shows an increase of 32c per ton of ore milled over that for the year 1938. This increase was due in part to a bonus of 25 cents per shift paid all employees during the last three months of the year.

#### GENERAL

The operation as a whole progressed smoothly throughout the year, and an average of 120 employees were on the payroll during the period under review.

I wish to express my thanks and appreciation to the staff and other employees for their loyal support and co-operation throughout the year.

Respectfully submitted,

T. H. MUNN,

Manager.

# Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

VANCOUVER, B.C.

## BALANCE SHEET AS AT DECEMBER 31ST, 1939

ASSETS	
<b>CURRENT ASSETS:</b>	
Cash on hand and in bank.....	\$ 93,472.26
Dominion of Canada bonds, \$150,000.00 at cost plus accrued interest.....	151,025.24
Accounts Receivable .....	457.77
Bullion in transit at approximate realizable values .....	74,661.51
Inventories of Materials and Supplies.....	57,880.84
	\$ 377,497.62
PREPAID INSURANCE .....	5,019.09
<b>FIXED ASSETS:</b>	
Mining Claims and Development at cost..	\$556,809.85
Mine and Mill Buildings, Machinery and Equipment, at cost .....	296,397.94
	853,207.79
	\$ 1,235,724.50

LIABILITIES	
<b>CURRENT LIABILITIES:</b>	
Accounts Payable .....	\$ 23,742.44
Provision for Mineral and Income Taxes..	41,271.76
	\$ 65,014.20
RESERVE FOR DEPLETION.....	\$472,748.92
Less Dividend Paid in 1937.....	52,535.80
	420,213.12
RESERVE FOR DEPRECIATION.....	186,153.27
<b>CAPITAL:</b>	
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
<b>SURPLUS ACCOUNT:</b>	
Balance as at December 31, 1938.....	\$ 15,066.82
Add net profit for the year ended December 31, 1939 .....	181,526.49
	\$196,593.31
Less Dividends paid in 1939.....	157,607.40
	38,985.91
	\$ 1,235,724.50

Approved on behalf of the Board:

H. DEWITT SMITH, *Director.*

H. E. DODGE, *Director.*

### AUDITORS' REPORT

We have audited the books and accounts of Island Mountain Mines Company Limited (Non-Personal Liability) for the year ended December 31, 1939, 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, 1939, 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.,  
January 22, 1940.

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 31ST, 1939

### SALES OF GOLD AND SILVER:

Including Bullion marketed, on hand and in process of  
realization .....\$737,842.77

### DEDUCT:

Operating Costs ..... 446,368.50  

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\$291,474.27

### ADD other Income:

Interest Earned on Investments.....\$ 2,995.27  
Profit on Sale of Investments..... 149.94  

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3,145.21

*Profit before Provision for Depreciation, Depletion  
and Taxes* .....\$294,619.48

### DEDUCT:

Provision for Mineral and Income Taxes..... 48,733.59  

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*Profit before Provision for Depreciation and  
Depletion* .....\$245,885.89

### DEDUCT:

Provision for Depreciation .....\$ 22,328.94  
Provision for Depletion ..... 42,030.46  

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64,359.40

*Profit for year ended December 31, 1939, carried  
to Balance Sheet* .....\$181,526.49

## Island Mountain Mines Company Limited (Non-Personal Liability)

### *Summary of Operations* **1934 - 1939**

# Island Mountain Mines Company Limited

(Non-Personal Liability)

## SUMMARY OF OPERATIONS

1934 - 1939

	1934	1935	1936	1937	1938	1939	Total to Dec. 31, '39
TONS ORE MILLED.....	2,894	30,340	43,649	33,903	44,916	46,209	201,911
RECOVERY—OZ. GOLD PER TON.....	0.55	0.575	0.413	0.409	0.412	0.436	0.444
GOLD PRODUCTION—OZ. ....	1,591	17,435	18,032	13,875	18,496	20,125	89,544
VALUE OF BULLION.....	\$59,622	\$614,229	\$629,878	\$487,223	\$650,813	\$737,843	\$3,179,608
VALUE PER TON MILLED.....	\$20.60	\$20.24	\$14.43	\$14.37	\$14.49	\$15.97	\$15.75
PROFIT BEFORE DEPLETION.....	\$12,082	\$223,936	\$138,915	\$110,366	\$170,629	\$223,557	\$879,485
DIVIDENDS PAID .....	-----	-----	\$105,072	\$52,535	\$105,072	\$157,607	\$420,286
NET CURRENT ASSETS.....	-----	\$37,087	\$104,149	\$191,305	\$259,313	\$312,483	\$312,483
NET CURRENT LIABILITIES.....	\$165,976	-----	-----	-----	-----	-----	-----
DEVELOPMENT—FOOTAGE .....	6,118	7,453	9,243	8,193	9,118	10,740	54,718*
DIAMOND DRILLING—FOOTAGE .....	1,079	7,301	16,786	12,374	23,233	21,494	82,267
	<i>Mill Started November 4</i>			<i>Strike May 25 to Aug. 16</i>			

\*—Includes 3853 feet done by previous owners.