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# Island Mountain Mines Company Limited

(Non-Personal Liability)



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BUREAU OF ECONOMICS  
AND STATISTICS

## Fourth ANNUAL REPORT

For Period Ending  
December 31, 1937

# 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 March 8, 1938:

### 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, Manager and Director  
PHILIP KRAFT, Director  
SHERWOOD LETT, Director  
ROBERT H. STEWART, Director

TRANSFER AGENT AND REGISTRAR  
The Toronto General Trusts Corporation, Vancouver, B. C.

# Directors' Report

Vancouver, B. C., March 1st, 1938.

To the Shareholders of the

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

The Directors herewith present the Fourth Annual Report for the year ending December 31st, 1937.

Attached is the Report of the Manager, Mr. M. D. Banghart, covering the operations, together with the Balance Sheet and the Profit and Loss Statement for the year ending December 31st, 1937.

Owing to the strike noted in the Manager's Report, the working time for the year was only nine months and ten days. Production for this period is \$487,223.10 and the operating profit, after Dominion and Provincial taxes, is \$140,879.25. It has been deemed advisable to make provision for Depreciation and Depletion for the year amounting to \$128,153.34. After these charges the net profit for the year 1937 carried to the Balance Sheet is \$12,725.91.

Net current assets on December 31st, 1937, stood at \$191,305.06, as compared with \$104,149.34 on December 31st, 1936.

On October 15th an interim dividend of five cents per share, amounting to \$52,535.80, was declared, payable out of Depletion Reserve. This action of the Directors will be submitted to the Shareholders of the Company for ratification at the Annual Meeting.

Since the mine started production in November, 1934, loans of \$225,500.00 have been paid off, and three dividends amounting to \$157,607.40 paid to shareholders, a total of \$383,107.40. In addition to the above payments, net current assets have increased \$131,781.17 and additions of \$94,628.95 made to property and plant since January 1, 1935.

Your Directors have utilized a portion of the surplus funds in the purchase of \$50,000.00 par value Dominion of Canada Bonds maturing in 1940.

The Directors record with great regret the death on July 4th, of David E. Thomas, who acted as Vice-President and Director of the Company since its inception.

On October 18th, Mr. H. DeWitt Smith was elected Vice-President, and Mr. Sherwood Lett, of Vancouver, appointed a Director.

By an arrangement made between your Directors and the Berens River Mines Limited, Mr. Banghart has divided his time during the past year between the two properties, with a corresponding distribution of his salary. During his absence from Wells, Mr. T. H. Munn, Superintendent, has been in charge of the mine, and carried out his duties most satisfactorily.

The Directors again wish to express their appreciation to Mr. Banghart, Mr. Munn, 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., February 5th, 1938.

Mr. F. W. Guernsey, President,  
Island Mountain Mines Co. Ltd. (N.P.L.),  
Vancouver, B. C.

Dear Sir:

I beg to submit the following report on operations of the Island Mountain Mines Company Limited for the year ending December 31st, 1937:

## PROPERTY

The property of Island Mountain Mines Company Limited consists of two groups: (1) 32 claims and fractions containing 1,027 acres on Island Mountain, along the north shore of Jack of Clubs Lake, four miles northwest from the town of Barkerville; and (2) 15 claims and fractions containing approximately 583 acres on Proserpine Mountain, two miles south from Barkerville. There were no additional claims or fractions acquired during the year.

## MINE

The following is the total linear footage of exploration done during 1937, and total to date:

	1937	To Date
Drifts and Crosscuts.....	6,884	30,757
Raises and Winzes.....	1,309	3,575
Internal Shaft .....		528
	<hr/>	<hr/>
	8,193	34,860
Diamond Drilling .....	12,374	37,540

A small amount of development work was done above the main Adit level. No orebodies were disclosed by this work, and all exploration work in this section of the mine has been discontinued.

Most of the development work done during the year was from the internal shaft, in opening four levels at 125-foot intervals. The first (3875) and second (3750) levels were developed extensively during the year. No replacement ore was encountered on either level, and the quartz veins on these levels are apparently less numerous than on the main adit level.

Replacement ore has been exposed both on the third (3625) and fourth (3500) levels, but sufficient data is not yet available to forecast the economic significance of these discoveries. Development of the fourth (3500) level is being prosecuted diligently and rapidly.

Wherever possible stoping is done by the incline cut-and-fill methods. Where conditions do not permit the use of this method, horizontal cut-and-fill is used.

A total of 33,903 tons averaging 0.435 ozs. gold per ton was delivered to the mill during the year. Of this tonnage 5,997 tons averaging 0.91 ozs. gold per ton were produced from sulphide replacement orebodies, and 27,906 tons averaging 0.33 ozs. gold per ton from the quartz veins.

#### ORE RESERVES—"REASONABLY ASSURED"

Ore reserves, as of December 31st, 1937, are estimated as follows:

	Tons	Average Width Feet	Average Assay Ozs. Gold
Quartz Veins .....	39,096	5.50	0.33
Sulphide Replacement .....	4,601	4.70	0.90
<b>TOTAL RESERVES.....</b>	<b>43,697</b>	<b>5.40</b>	<b>0.39</b>

In the above estimates, actual assay widths have been increased, and grades correspondingly decreased to allow for 25% dilution by barren waste.

Notwithstanding 1937 production, the "reasonably assured" reserves of both quartz veins and sulphide replacement ores estimated above show an increase in tonnage and total gold content over the corresponding reserves as of December 31st, 1936.

#### MILL

During the year 33,903 tons were milled. This represents an average of 120 tons per day worked. Average assay of mill heads was 0.435 ozs. gold and average assay of tailings 0.026 ozs. gold. Average recovery was 94.0%.

Consumption of essential supplies per ton, was as follows: Cyanide 0.76 lbs.; Lime 2.63 lbs.; Grinding Balls 3.05 lbs.; Zinc Dust 0.16 lbs.

#### PRODUCTION

A total of 13,875 fine ozs. of gold and 2,360 fine ozs. of silver was recovered, from which was realized \$487,223.10. This represents an average recovery of 0.409 ozs. of gold and 0.07 ozs. of silver per ton milled, and a realization of \$14.37 per ton.

#### CAPITAL EXPENDITURES

The following capital expenditures were made during the year:

Mine Equipment.....\$2,900.09

#### GENERAL

On March 1st, 1937, a voluntary increase in wages varying from 25 cents per shift to 50 cents per shift was made by your Company. The mine was shut down on May 25th when a strike was called by the majority of the employees. Work was again started on August 16th, after receipt of a petition from the employees that operations be resumed on the same conditions as prevailed before the strike was called.

An average of 117 employees were on the payroll during the year, including all clerical, management and mess house employees.

I wish to express my thanks and appreciation to the staff and crew for their loyal support and co-operation during the year.

Respectfully submitted,

M. D. BANGHART,  
*Manager.*

# Island Mountain Mines Company Limited

(Non-Personal Liability)  
VANCOUVER, B. C.

BALANCE SHEET AS AT DECEMBER 31st, 1937

## ASSETS

### CURRENT ASSETS:

Cash on hand and in bank.....	\$101,208.90
Dominion of Canada Bonds, \$50,000.00 at cost plus accrued interest.....	49,937.56
Accounts Receivable .....	448.76
Bullion in transit at approximate realizable values .....	53,935.70
Inventories of Materials and Supplies.....	25,642.72
	\$231,173.64

PREPAID INSURANCE ..... 2,426.00

### FIXED ASSETS:

Mining Claims and Development at cost.....	\$564,924.37
Mine and Mill Buildings, Machinery and Equipment, at cost.....	235,076.69
	800,001.06

\$1,033,600.70

## LIABILITIES

### CURRENT LIABILITIES:

Accounts Payable .....	\$ 23,097.70
Provision for Mineral and Income Taxes.....	16,770.88
	\$ 39,868.58

RESERVE FOR DEPLETION.....	\$370,012.95
Less Dividend paid in 1937.....	52,535.80
	317,477.15

RESERVE FOR DEPRECIATION..... 140,681.74

### CAPITAL:

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

### SURPLUS ACCOUNT:

Net Profit for year ended December 31, 1937	\$12,725.91
Deduct:	
Deficit at December 31, 1936.....	2,510.68
	10,215.23
	\$1,033,600.70

Approved on behalf of the Board:

F. W. GUERNSEY, *Director*.  
SHERWOOD LETT, *Director*.

We have audited the Books and Accounts of Island Mountain Mines Company Limited (Non-Personal Liability) for the year ended December 31st, 1937. We report to the Shareholders that we have obtained all the information and explanations we have required and that, 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 31st, 1937, 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.

HELLIWELL, MACLACHLAN & CO.,  
Vancouver, B.C., February 26th, 1938. Chartered Accountants.

# Island Mountain Mines Company Limited

(Non-Personal Liability)

VANCOUVER, B. C.

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## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31st, 1937

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### SALES OF GOLD AND SILVER:

Including Bullion marketed, on hand and in  
process of realization..... \$487,223.10

### DEDUCT:

Operating Costs, including Administration..... 319,607.72

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\$167,615.38

Add Interest Earned ..... 92.30

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*Profit before Provision for Depreciation,  
Depletion and Taxes* ..... \$167,707.68

### DEDUCT:

Provision for Mineral and Income Taxes..... 26,828.43

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*Profit before Provision for Depreciation  
and Depletion* ..... **\$140,879.25**

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### DEDUCT:

Provision for Depreciation..... \$30,512.70

Provision for Depletion..... 97,640.64

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128,153.34

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*Profit for year ended December 31, 1937,  
carried to Balance Sheet*..... **\$ 12,725.91**

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