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ISLAND MOUNTAIN 093H 006  
PROSPERTINE 093H 021

# Island Mountain Mines Company Limited

(Non-Personal Liability)



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BUREAU OF ECONOMICS  
AND STATISTICS

Second  
Annual Report

*for period ending*  
DECEMBER 31, 1935

# 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 22, 1936.

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## OFFICERS AND DIRECTORS

FORBES W. GUERNSEY, President and Director  
FRED SEARLS, JR., Vice-President and Director  
DAVID E. THOMAS, Vice-President and Director  
HENRY E. DODGE, Secretary, Treasurer and Director  
EARLE K. CURRIE, Assistant Secretary, Assistant Treasurer  
CARROLL SEARLS, Assistant Secretary, Assistant Treasurer and Director  
M. D. BANGHART, Manager and Director  
PHILIP KRAFT, Director  
H. DeWITT SMITH, Director  
ROBERT H. STEWART, Director

## TRANSFER AGENT AND REGISTRAR

The Toronto General Trusts Corporation, Vancouver, B.C.

# Directors' Report

Vancouver, B.C., February 18, 1936.

To the Shareholders of the

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

The Directors present the Second Annual Report of the Company covering the period from January 1st, 1935, to December 31st, 1935.

The operations at the mine have proceeded satisfactorily during the year, and the developments on the Lower Lake and Mid-Lake levels were such that your Directors considered it advisable to enlarge the Power Plant and increase the capacity of the Mill. The details of the additions are given in the Manager's report.

Increasing the capacity of the Mill was a progressive operation, as while in December, 1934, the plant was handling an average of 55 tons a day, in June this had increased to 71 tons, and in December, 1935, the average was 110 tons per day.

The expenditures necessary for these additions were \$28,247.24 for the Power Plant and \$14,984.06 for the Mill, and these sums account for the greater portion of the capital expenditure made during the year.

You will recollect that your Company in 1934 borrowed \$225,500.00 from the Newmont Mining Corporation. Payments amounting to \$188,500.00 have been made from time to time against this, and the amount of the loan as at December 31, 1935, stands at \$37,000.00.

Attached is the report of the Manager, Mr. M. D. Banghart which covers the operation of the mine for the period. Also the Balance Sheet of the Company as of December 31st, 1935, together with the Profit and Loss Statement.

The production for the year is shown at \$614,229.07, and the operating profit after Dominion and Provincial taxes of \$36,748.91 are deducted, is \$246,715.52. The net profit after provision for depreciation and depletion amounts to \$110,782.39.

On September 23, 1935, Mr. E. K. Currie resigned as a Director of your Company, and Mr. M. D. Banghart was appointed to fill the vacancy.

The Board of Directors wish to express its appreciation to the Manager, Mr. M. D. Banghart, the staff and the employees at Wells for the continued excellent work done and the results which have been achieved.

Submitted on behalf of the Directors,

(Signed) F. W. GUERNSEY,  
President.

# Manager's Report

Wells, B.C., January 20, 1936.

Mr. F. W. Guernsey, President,  
Island Mountain Mines Co. Limited (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 31, 1935.

## PROPERTY

The property of Island Mountain Mines Company Limited consists of two groups: (1) 32 claims and fractions containing 1027 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.

All the claims on Island Mountain have now been Crown Granted, with the exception of the N.M. No. 8, which was protested by the Cariboo Gold Quartz Mining Company Limited. A hearing on this case was held in the British Columbia Supreme Court, but no decision has yet been given.

On Proserpine Mountain, all claims are now Crown Granted or Crown Grant applied for, with the exception of three claims and fractions acquired during the year 1935.

## MINE

The following is the total linear footage of development done during 1935, and total to date:

	1935	To Date
Drifts and Crosscuts.....	7,109	16,422
Raises and Winzes.....	344	1,002
	<hr/>	<hr/>
Diamond Drilling .....	7,453	17,424
	7,301	8,380

During the year mineable ore shoots were disclosed in twelve distinct quartz veins which, included with previous development, makes a total of twenty-one separate and distinct orebodies. The total length of all these twenty-one orebodies is 1852 feet, or an average length of 88 feet. Average width is 3.79 feet.

Development indicates that quartz vein ore deposition at Island Mountain occurs in two principal zones. Distributed throughout these zones are quartz lenses varying in width from one to five feet, and in length from twenty-five to one hundred and fifty feet. Frequently the

lenses overlap or lie en echelon. Usually the orebody lies entirely in one lense, but there are cases where the orebody lies partly in two or three short lenses. The maximum length developed to date is one hundred and thirty-six feet. Diamond drilling has proven very valuable in the discovery of the lenses lying in the mineralized zones.

Considerable crosscutting and diamond drilling was done in the limestone area, but no new discoveries of replacement ore were made.

Most of the stoping is done by horizontal cut-and-fill methods. Incline cut-and-fill methods are used wherever possible, but few of the orebodies are sufficiently extensive vertically to permit the proper forming of the rill.

A total of 30,340 tons, averaging 0.608 ozs. gold per ton, was delivered to the mill during the year. Of this tonnage 15,429 tons, averaging 0.81 ozs. gold per ton, were produced from the sulphide replacement orebody; and 14,911 tons averaging 0.40 ozs. gold per ton from the quartz veins.

#### ORE RESERVES—"REASONABLY ASSURED"

Ore reserves, as of December 31, 1935, are estimated as follows:

	Tons	Average Width Feet	Average Assay Ozs. Gold
Quartz Veins .....	34,481	3.79	0.417
Sulphide Replacement .....	8,900	3.90	1.12
<b>TOTAL RESERVES</b> .....	<b>43,381</b>	<b>3.82</b>	<b>.553</b>

In the above estimates actual assay widths have been increased, and grades correspondingly decreased, to allow for 25% dilution by barren waste. The vertical extent of the longer quartz veins is assumed as fifty feet above and fifty feet below the level; of the shorter veins, as twenty-five feet above and below the level.

#### MILL

During the year 30,340 tons were milled with an average recovery of 94.4%. Average assay of mill heads was 0.608 ozs. gold, and average assay of tailings, 0.034 ozs. gold. The above represents an average production of 83 tons per day.

Consumption of essential supplies, per ton, was as follows: Cyanide 1.05 lbs.; Lime 3.64 lbs.; Grinding Balls 3.29 lbs.; Zinc 0.15 lbs.

During the year additional equipment was installed as follows:— One 24 x 10 and one 22 x 10 Dorrco Thickener, an additional Merrill-Crowe precipitation tank, a sorting belt with auxiliary equipment, and a Dorr Model F. Classifier. This equipment has permitted increase of mill capacity to the present rate of 110 tons per day.

#### POWER PLANT

During the year a 330 H.P. Ruston-Hornsby Diesel engine direct connected to a 312 K.V.A. Westinghouse generator, was installed in the power house; also a 500 cu. ft. Bellis & Morcom motor-driven compressor. The 220 H.P. Diesel engine now serves as a standby unit.

#### PRODUCTION

A total of 17,435 ozs. of gold and 2,723.8 ozs. of silver was recovered from which was realized \$614,229.07. This represents an average recovery of 0.575 ozs. of gold and 0.09 ozs. of silver per ton milled, and a realization of \$20.24 per ton.

#### CAPITAL EXPENDITURES

The following capital expenditures were made during the year:  
Acquisition of Additional Claims and Crown

Granting Expense .....	\$ 5,479.56
Mine Equipment .....	6,073.84
Mill Extension and Equipment .....	14,984.06
Power Plant Extension and Equipment .....	28,247.24
Change House .....	2,265.17
Mess House .....	4,483.16
Dwellings .....	1,250.00
	\$ 62,783.03

#### GENERAL

Extensive surface trenching was done on the quartz exposures on the Proserpine and Wilkinson claims on Proserpine Mountain. Results from this trenching were sufficiently encouraging to justify the unwatering of an old shaft on the Proserpine Claim. At the bottom of this 67-foot shaft, a crosscut 38 feet long was driven, which intersected the downward extension of the vein exposed by surface trenching. Assay results of the vein sampling were not sufficiently attractive to warrant additional work at the present time.

A change house suitable for 80 men, and mess house having a seating capacity of 100 men were built during the year. The space formerly occupied by the kitchen and dining-room in the main bunk-house was converted into additional bed-rooms. Two dwellings for the use of members of the staff were purchased.

An average of ninety men 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 employees, whose assistance and loyal co-operation have made possible the success of our first year's operation.

Respectfully submitted,

(Signed) M. D. BANGHART,

Manager.

# Island Mountain Mines Company Limited

(Non-Personal Liability)

BALANCE SHEET AS AT DECEMBER 31, 1935

ASSETS	LIABILITIES
<b>CURRENT ASSETS:</b>	
Cash on hand and in bank.....	\$ 34,969.58
Accounts Receivable .....	1,656.57
Bullion marketed, on hand or in transit at approximate realizable value.....	57,584.89
Inventory of Materials and Supplies.....	23,859.04
	\$118,070.08
PREPAID INSURANCE .....	2,356.48
<b>FIXED ASSETS:</b>	
Mining Claims and Develop- ment at Cost.....	\$564,859.37
Less: Reserve for Depletion..	123,965.71
	\$440,893.66
Mine and Mill Buildings, Machinery and Equipment at Cost .....	\$203,295.77
Less: Reserve for Depre- ciation .....	46,223.26
	157,072.51
	597,966.17
	\$718,392.73
<b>CURRENT LIABILITIES:</b>	
Accounts Payable .....	\$ 14,356.11
Provision for Mineral and Income Taxes..	29,626.40
Newmont Mining Corporation Loan.....	37,000.00
	\$ 80,982.51
<b>CAPITAL AND SURPLUS:</b>	
Share Capital:	
Authorized:	
1,100,000 shares of 50 cents each ..	\$550,000.00
Issued and Fully Paid:	
920,714 shares of 50 cents each for acquisition of properties.....	\$460,357.00
130,002 shares of 50 cents each for cash .....	65,001.00
	\$525,358.00
Earned Surplus:	
Balance as at December 31, 1934 .....	\$ 1,269.83
Net Profit for the year ended December 31, 1935 .....	110,782.39
	112,052.22
	637,410.22
	\$718,392.73

Approved on behalf of the Board:  
H. E. DODGE, Director.  
F. W. GUERNSEY, Director.

We have audited the Books and Accounts of Island Mountain Mines Company Limited (Non-Personal Liability) for the year ended December 31, 1935. 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 31, 1935, 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.,  
Chartered Accountants.

Vancouver, B.C., February 18, 1936.

Island Mountain Mines Company  
Limited  
(Non-Personal Liability)

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PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 1935

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SALES OF GOLD AND SILVER:

Including bullion marketed, on hand and  
in process of realization..... \$614,229.07

DEDUCT:

Operating Costs including Administration..\$301,329.14

Interest ..... 9,435.50  
310,764.64

*Profit before Provision for Depreciation,  
Depletion and Taxes*..... \$303,464.43

DEDUCT:

Provision for Mineral and Income Taxes.. 36,748.91

*Profit before Provision for Depreciation  
and Depletion* ..... \$266,715.52

DEDUCT:

Provision for Depreciation.....\$ 42,779.40

Provision for Depletion..... 113,153.73  
155,933.13

*Net Profit for the year ended December  
31, 1935, carried to Balance Sheet*..... \$110,782.39