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ISLAND MOUNTAIN  
PROSPERINE 093H 006  
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# Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)



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BUREAU OF ECONOMICS  
AND STATISTICS

## First Annual Report

FOR PERIOD ENDING  
DECEMBER 31, 1934

# 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 25, 1935

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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 and Director*  
CARROLL SEARLS, *Assistant Secretary, Assistant Treasurer and Director*  
M. D. BANGHART, *Manager*  
PHILIP KRAFT, *Director*  
H. DEWITT SMITH, *Director*  
ROBERT H. STEWART, *Director*

## TRANSFER AGENT AND REGISTRAR

THE TORONTO GENERAL TRUSTS CORPORATION, Vancouver, B. C.

## ANNUAL MEETING

First Tuesday in March each year at Vancouver, B. C.

## DIRECTORS' REPORT

Vancouver, B. C., February 25, 1935.

TO THE STOCKHOLDERS OF

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

The following is the First Annual Report of your Company covering the period from date of incorporation, October 12, 1933 to December 31, 1934.

### HISTORY

Island Mountain Mines Company Limited (Non-personal Liability) was incorporated October 12, 1933, as a specially limited private company under the laws of the Province of British Columbia, with a capital of \$500,000.00, divided into 1,000,000 shares of nominal or par value of fifty cents per share.

In November, 1933, your company acquired the interests of Mr. C. J. Seymour Baker, Cariboo Consolidated Gold Mines Limited, Fred Searls, Jr., and Reward Mining Company Limited, in fourteen claims, comprising two properties in the Barkerville district, on Island Mountain and Proserpine Mountain respectively, for the consideration of 869,998 shares. At the same time, 130,002 shares of treasury stock were sold at par for cash without commission.

The mineral area included within the Island Mountain group was first developed in 1878, while the first work done on the Proserpine Mountain claims was in 1865. The Island Mountain property was equipped with a 10-stamp mill in 1890, but no aggressive development campaign was carried forward on either group until 1932, when the Cariboo Consolidated Gold Mines Limited equipped a mine plant at Island Mountain, and completed 2,897 feet of development work at Island Mountain and 795 feet at Proserpine Mountain prior to the time the properties were taken over by Island Mountain Mines Company Limited.

On August 27, 1934, the authorized capital of the Company was increased to \$550,000.00, divided into 1,100,000 shares; and 50,716 shares were issued to Cariboo Consolidated Gold Mines Limited for twenty-four claims and fractions immediately adjoining the Island Mountain and Proserpine Mountain groups.

The detailed statement of the claims now controlled by this Company will be found in the accompanying report of the manager.

By vote of the stockholders, Island Mountain Mines Company Limited became a public company on September 1, 1934. Appli-

cation is pending for listing the 1,050,716 issued shares of the Company on the Vancouver Stock Exchange.

### DEVELOPMENT AND EQUIPMENT

Developments in the Lower Lake and Mid Lake Tunnels of the Island Mountain property, as detailed in the report of the Manager, were deemed sufficiently favorable by your Directors to warrant additional development expenditure and erection of a 50-ton cyanide plant. It was thought preferable to borrow the necessary funds from the stockholders, rather than to substantially increase capitalization of the Company. Consequently, a total sum of \$225,500.00 was borrowed from Newmont Mining Corporation. It is intended to pay this debt before paying any dividend.

Mill and additional plant construction was authorized on July 16, 1934. The mill equipment was turned over on November 4, 1934, and by the end of the year was in smooth and profitable operation. No serious metallurgical difficulties were encountered and mill recovery for the month of December was 94.0 per cent.

### PROFIT AND LOSS

The mill commenced operation on November 4, and an operating profit of \$17,300.67 was made during November and December. After charges of \$16,030.84 for depletion of mining property, depreciation and Provincial and Dominion taxes, the net amount of \$1,269.83 is carried to surplus.

The Board of Directors takes this opportunity to express its appreciation to the Island Mountain staff for the skill and rapidity with which this property has been brought into production, under the general direction of Mr. M. D. Banghart, manager. In its early stages, Dr. W. V. Smitheringale was in charge of the development and the interpretation of the geology. Mr. Walter Oliver was in charge of construction of mill and plant buildings.

The balance sheet of the Company as of December 31, 1934, profit and loss statement for the year 1934, and the report of the Manager, are attached herewith.

(Signed) F. W. GUERNSEY,

*For the Board of Directors.*

## MANAGER'S REPORT

Wells, B. C., February 21, 1935.

Mr. F. W. Guernsey, President,  
Island Mountain Mines Company Limited (N. P. L.),  
744 West Hastings Street, Vancouver, B. C.

DEAR SIR:

I beg to submit the following report on the properties, plant, development and operation of your property up to December 31, 1934.

### MINING CLAIMS

The properties of Island Mountain Mines Company Limited consist of two groups: (1) Twenty-nine claims and fractions containing approximately 991 acres on Island Mountain, along the north shore of Jack of Clubs Lake, four miles northwest from the town of Barkerville; and (2) thirteen claims and fractions containing approximately 515 acres on Proserpine Mountain, two miles south from Barkerville.

The detail of the above claims is as follows:

#### ISLAND MOUNTAIN GROUP

*Crown Granted—*

Union Quartz

*Crown Grant Applied For—*

Aurum

Aurum Northeast

Aurum South

Aurum West

Mohawk No. 1

Mohawk No. 2

Mohawk No. 3

Mohawk No. 4

N. M. No. 8 Fraction

N. M. No. 9 Fraction

Paystreak No. 1

Triangle Fraction

V. Fraction

*Unpatented—*

Mohawk No. 5

Mohawk No. 6

Mohawk No. 7

Mohawk No. 8

Mohawk No. 9

North Star No. 1

North Star No. 2

North Star No. 3

North Star No. 4

Paystreak No. 5

Paystreak No. 6

Paystreak No. 7

Paystreak No. 8

Pay Fraction

Okay Fraction

#### PROSERPINE MOUNTAIN GROUP

*Crown Granted—*

Conklin

Proserpine

Proserpine East

Proserpine South

Proserpine West

San Juan

Wilkinson

*Unpatented—*

Boom

N. M. No. 4 Fraction

North Star

Pani

Pani South

San Juan Extension

Application for Crown Grant on the N. M. No. 8 Fraction has been protested by the Cariboo Gold Quartz Mining Company Limited.

### GEOLOGY—GENERAL

The rocks in the Barkerville area of the Cariboo district are predominantly sedimentary rocks of the pre-Cambrian age, consisting of a series of quartzites, quartz slates, and sericite schists (Richfield formation), overlain by the Barkerville formation, composed chiefly of limestones. The general strike of the rocks of the Barkerville area is northwest-southeast, and they dip easterly. Most of the productive development of the district has been in the upper members of the Richfield formation.

Three systems of fractures have been identified as carrying mineralization.

A. Northwest zones, marked by almost barren quartz in veins or lenses, with occasionally abundant pyrite

(Uglov's "A" veins)

B. N 60°-80° E system, with southerly dip of 50° to 80°.

C. N 20°-40° E system, dipping 50° to 80° east. These appear to be the filling of joint cracks and frequently carry economic mineralization at their intersection with "B" veins (locally termed "horse-tails") (Uglov's "B" veins)

The economic mineralization appears confined to Types "B" and "C." The vein filling consists of quartz, ankerite and sericite, with subordinate pyrite and arsenopyrite and traces of galena, sphalerite and scheelite. Visible gold occasionally occurs in these veins, but the usual occurrence of gold is as microscopic grains along minute fractures in the pyrite.

Regional faulting is evident. The major displacements occur along faults striking northwest and dipping approximately 45° northeasterly. Horizontal displacements of several hundred feet along these faults are known. Bedding faults are also common.

### GEOLOGY—ISLAND MOUNTAIN

The rocks exposed in the Island Mountain workings are calcareous quartzites, slates and limestone, striking generally N 80° W and dipping 45° NE. Local warping and drag folding occur. These rocks are in the transition zone between the Richfield and Barkerville formations. The development to date has disclosed nine Type "B" veins, with subordinate "horse-tails" of the Type "C" system. No free gold has been observed. Both the veins and the ore shoots in these veins are irregular and erratic, sheared and faulted. This will make development and mining correspondingly costlier.

An interesting and important development of the past year was the discovery of the replacement of limestone beds by massive pyrite carrying high gold values. The replacement, as developed to date, appears to be confined to a limited horizon within the limestone beds.

### GEOLOGY—PROSERPINE MOUNTAIN

The rocks on the Proserpine claims are quartzites, slates and sericite schists. There are numerous mineral showings, but only two of possible economic importance. A large quartz vein, 8 to 15 feet wide, with irregular pyrite mineralization, strikes through the centre of the Wilkinson claim. Three old shafts and numerous open cuts comprise the workings on this low-grade mineralization.

At the Forrest shaft, a vein can be traced on surface for approximately 200 feet. A cross-cut tunnel was driven 1,000 feet to prospect the Forrest shaft area at 120 feet in depth. Considerable faulting was encountered in the cross-cut and the vein was badly broken by faults where exposed in this tunnel, as noted under Mine Development.

### MINE DEVELOPMENT—ISLAND MOUNTAIN

The mineralized area at Island Mountain is being developed above the level of Jack of Clubs Lake (elevation 3,920 feet) with a series of adits, with development to date as follows:

Level	Elevation	Development to December 31, 1934
Lower Lake	4,000 ft. (approx.)	7,249 ft.
Mid Lake	4,236 "	2,098 "
Upper Lake	4,347 "	180 "
Lower Johns	4,540 "	286 "
Upper Johns	4,573 "	158 "
		Total 9,971 "

The above total development does not include diamond drilling nor any old workings such as the Sadou Tunnel.

The work done by Island Mountain Mines Company Limited, from November 1, 1933 to December 31, 1934, is detailed as follows:

Drifts and Cross-cuts.....	5,460 ft.
Raises and Winzes.....	658 "
	6,118 ft.
Diamond Drilling .....	1,079 "

The main cross-cut tunnel on the Lower Lake level has been driven a total of 1,520 feet into Island Mountain. All work to date, except for one heading, has been confined within a zone 700 feet wide along this tunnel. This development work has disclosed mine ore-shoots in nine distinct quartz veins, as well as the unusual

pyrite replacement ore in limestone already described. Details of these shoots are noted below under Ore Reserves.

Several short diamond drill holes have been drilled from one set-up to pick up the possible downward continuation of the sulphide lenses below the Lower Lake level, but have cut no mineralization other than one- to two-inch seams of the replacement pyrite. Further developments below the Lower Lake tunnel will be done by shaft-sinking and drifting.

### MINE DEVELOPMENT—PROSERPINE MOUNTAIN

A total of 1,007 feet of cross-cut tunnel was driven in 1933 and 1934 by Island Mountain Mines Company Limited and its predecessor company, to explore the area below the Forrest shaft. Several short segments of quartz veins were encountered, the most important ones being as follows:

	Length Feet	Width Feet	Assay Oz. Gold
Section 1 .....	20	2.5	0.51
Section 2 .....	32	4.0	0.43

Mineralization in this area appears erratic, with considerable faulting. In view of this condition, it is deemed advisable to concentrate development work on the Island Mountain section for the present.

### ORE RESERVES—"REASONABLY ASSURED"

Ore reserves, as of December 31, 1934, are estimated as follows:

Block	Length Feet	Width Feet	Grade Oz. Gold
<b>QUARTZ VEINS</b>			
Lower Lake 309	133	4.13	0.37
" " 321	47	2.59	0.34
" " 331	65	1.68	0.43
" " 325	136	2.43	0.46
" " 319	112	3.84	0.35
Mid Lake 42-13	100	5.52	0.54
" " 42-15	50	4.12	0.23
Upper Lake	114	3.25	0.55
Lower John	80	3.20	0.42
Total quartz .....	20,280 tons	3.90 Average	0.43 Average
<b>SULPHIDE REPLACEMENT</b>			
Lower Lake 339	245	5.51	0.82
Mid Lake	142	2.40	2.29
Total sulphide.....	15,970 tons	4.16 Average	1.10 Average
Dumps .....	1,000 "		0.70
TOTAL RESERVE .....	37,250 "		0.72 Average

The above estimate presents a picture of the "reasonably assured" reserves of the mine. Actual assay widths have been increased, and grades correspondingly decreased, to allow for 25 per cent dilution by barren waste. In the quartz veins, a vertical extent of 50 feet above and below the level has been assumed for the larger ore bodies, and 25 feet above and below the level for the smaller ore bodies. In the sulphide replacements, a vertical extent of 10 feet above the Mid Lake level and of 20 feet below the Lower Lake tunnel is assumed in estimating tonnage. The percentage of payability between these two levels in the sulphide ore-bodies is taken as 66 per cent, which corresponds with the conditions actually found in Raise 339 R-2 connecting these two levels in this area.

### PLANT AND EQUIPMENT

The Island Mountain plant is equipped to produce and mill fifty to seventy-five tons of ore per day. Underground operations are supplied with air from a 500-cubic foot Bellis & Morcom compressor direct connected to a 112-H.P. Ruston Diesel engine with a 220-cubic foot Holman compressor driven by a 57-H.P. Gardner Diesel engine as an auxiliary unit. This latter unit can also be used as an auxiliary generator.

The mill was designed as an all-cyanide plant after a series of tests carried out in April 1934 by the Division of Ore Dressing and Metallurgy of the Department of Mines at Ottawa. The ore is crushed to one inch by an 8x16 jaw-crusher, and then ground to six per cent plus 80-mesh in a No. 64½ Marcy mill. The overflow from a 4½-foot duplex Dorr classifier goes to two 22-foot Dorr thickeners in circuit with two 14x16 feet Dorr agitators. The pulp is filtered through a 10x5 feet Dorco filter, and the solution precipitated and clarified in a Merrill-Crowe unit of 75 tons capacity. Power for the mill and camp is supplied by a 220-H.P. Ruston Diesel engine direct connected to a 187-KVA Westinghouse generator. The mill is heated by a hot water system which utilizes the exhaust heat from the Diesel generator, an arrangement which has proved satisfactory at temperatures of forty below zero.

Shops and housing accommodations have been erected, which are adequate for the above plant.

### MINE OPERATION

At the present time all stoping is done by horizontal cut and fill methods. Intensive sorting of waste is employed in all stopes.

A diamond drill is used extensively in prospecting the stope walls in the sulphide replacement zones. The ore lenses lie parallel or in echelon, and such lenses may be located by diamond drilling the stope walls at regular intervals both vertically and horizontally.

Horses are used in tramping the ore to the mill. Total distance trammed is about 3,000 feet, of which 1,500 feet is through snow sheds from the mine portal to the mill.

Excellent ventilation has been available since connecting the Lower and Mid Lake levels.

### MILL OPERATION

During December an average of 55 tons per day was milled with a recovery of 94 per cent. As a result of experimental research work it is hoped that, during the coming year, both recovery and mill capacity will show improvement.

Consumption of essential supplies during December, per ton, was as follows: Cyanide, 1.46 lbs.; lime, 5.70 lbs.; grinding balls, 2.20 lbs.

### PRODUCTION

A total of 2,894 tons was milled during two months of operation. This resulted in the shipment of 1,590.8 fine ounces gold to the Royal Canadian Mint, a recovery of 0.55 oz. gold per ton. In addition to this production there was a substantial amount of gold tied up in the mill circuit and refinery slags.

### LABOR

No difficulty has been experienced in securing efficient and capable labor for mine and mill operations. At the close of December there were sixty-seven men on the payroll, including all clerical, management and surface employees.

Respectfully submitted,

(Signed) M. D. BANGHART,

*Manager.*

# Island Mountain

(NON-PERSONAL)

## BALANCE SHEET AS

### ASSETS

#### CURRENT ASSETS:

Cash on hand and in bank.....	\$ 9,066.77	
Accounts receivable .....	109.40	
Bullion marketed, on hand or in transit at approximate realizable value .....	59,622.41	
Inventory of materials and supplies at cost.....	20,113.33	
		\$ 88,911.91

PREPAID INSURANCE AND OTHER DEFERRED CHARGES ..... 1,487.67

#### FIXED ASSETS:

Mining claims and development.....	559,379.81	
Mine and mill buildings, machinery and equipment.....	145,992.30	
		705,372.11

\$795,771.69

### CERTIFICATE

We have audited the Books and Accounts of Island Mountain Mines Company Limited ber 31, 1934. We report to the shareholders that we have obtained all the information properly drawn up so as to exhibit a true and correct view of the state of the Company's tions given to us and as shown by the books of the Company at that date.

Vancouver, B. C., February 26, 1935.

# Mines Company Limited

LIABILITY)

AT DECEMBER 31, 1934

### LIABILITIES

#### CURRENT LIABILITIES:

Accounts payable .....	\$ 24,300.36	
Accrued interest payable.....	3,312.66	
Provision for taxes.....	1,775.00	
Newmont Mining Corporation, loan.....	225,500.00	
		\$254,888.02

#### RESERVES:

For depletion of mining properties.....	\$ 10,811.98	
For depreciation of buildings, machinery and equipment .....	3,443.86	
		14,255.84

#### CAPITAL AND SURPLUS:

##### 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

1,050,716 \$525,358.00

##### Earned Surplus:

Profit as per profit and loss account.....\$ 1,269.83

526,627.83

\$795,771.69

### OF AUDITORS

(Non-Personal Liability) for the period from incorporation on October 12, 1933 to December 31, 1934. We report to the shareholders that we have obtained all the information properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at December 31, 1934, 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.

HELLIWEILL, MACLACHLAN & CO.,  
Chartered Accountants.

# Island Mountain Mines Company Limited

(NON-PERSONAL LIABILITY)

## PROFIT AND LOSS ACCOUNT

For the period from incorporation on October 12, 1933 to December 31, 1934:

### SALES OF GOLD AND SILVER:

Including bullion marketed, on hand, and in process of realization \$ 59,622.41

### DEDUCT:

Operating costs, including administration .....	\$ 40,262.01	
Interest .....	2,059.73	
		<hr/>
		42,321.74
Profit before provision for depreciation, depletion and taxes .....	\$ 17,300.67	

### DEDUCT:

Provision for depreciation.....	\$ 3,443.86	
Provision for depletion.....	10,811.98	
Provision for income taxes.....	1,775.00	
		<hr/>
		16,030.84
Net profit for the period carried to balance sheet.....	\$ 1,269.83	<hr/> <hr/>