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ISLAND MOUNTAIN CO. 9311 006
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Island Mountain Mines Company Limited

(Non-Personal Liability)



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BUREAU OF ECONOMICS
AND STATISTICS

Third
Annual Report
for period ending
DECEMBER 31, 1936

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 March 16, 1937:

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
CARROLL SEARLS, Assistant Secretary and Director
GUS MRKVICKA, Assistant Treasurer
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., March 1st, 1937.

To the Shareholders of the

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

The Directors present the Third Annual Report of the Company covering the period from January 1st, 1936 to December 31st, 1936.

The major development operation during the past year was the sinking of a three-compartment shaft from the main, or 4000-foot level, which is referred to in the Manager's report. The entire cost of this shaft has been charged directly against the operations of the mine.

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, 1936.

The production for the year 1936 is shown at \$629,878.21 and the operating profit, after Dominion and Provincial taxes, is \$202,861.08. It has been deemed advisable to make provision for Depreciation and Depletion for the year amounting to \$212,352.38. After these charges the net loss for the year 1936 carried to the Balance Sheet is \$9,491.30.

During 1936, the balance of the loan from the Newmont Mining Corporation amounting to \$37,000.00 was paid off; and two interim dividends of five cents each, amounting to a total of \$105,071.60 were paid. Expenditures of \$28,880.83, enumerated in detail in the Manager's report, were charged against capital account. Net current assets on December 31st, 1936 stood at \$104,149.34 as compared with \$37,087.57 on December 31st, 1935.

The suit instituted by the Cariboo Gold Quartz Mining Company adverse to the Crown Granting of the N.M. No. 8 fractional mineral claim, has been satisfactorily settled, the agreement being that the area should be divided equally between the two companies.

The Directors again wish to place on record their appreciation of the continued efficient services rendered by Mr. M. D. Banghart, his staff and employees at Wells, during the past year.

Submitted on behalf of the Directors,

(Signed) F. W. GUERNSEY,

President.

Manager's Report

Wells, B.C., January 12, 1937.

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, 1936.

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. There were no additional claims or fractions acquired during the year.

MINE

The following is the total linear footage of exploration done during 1936, and total to date:

	1936	To Date
Drifts and Crosscuts	7,451	23,873
Raises and Winzes	1,264	2,266
Internal Shaft	528	528
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	9,243	26,667
Diamond Drilling	16,786	25,166

Development work during the year was concentrated in the area lying to the northwest of the main workings. Only one orebody of consequence was found in this area, so as a result work was discontinued there at the end of the year in favour of exploration for the downward extension of the known ore zones.

A three-compartment internal shaft was sunk to a distance of 528 feet below the main adit level. Stations were cut at 125-foot intervals. Levels have been opened at 125 and 250 feet below the main adit level. The limited development on these levels, namely 546 feet on the 3875-foot level and 114 feet on the 3750-foot level, has not been sufficient to permit the forecasting of ore possibilities on these horizons.

Considerable crosscutting and diamond drilling was done of the various limestone beds exposed in the mine, but no new discoveries of replacement ore of consequence were made.

During the year a detailed geologic study was made of the surface and underground. As a result of this study, the conclusion has been reached that certain parts of the property are less favourable for ore deposition than others, and future exploration will be confined to the more favourably regarded areas.

Stoping continues to be done by horizontal cut-and-fill methods, with the use of occasional incline cut-and-fill methods wherever conditions permit.

A total of 43,649 tons averaging 0.44 ozs. gold per ton was delivered to the mill during the year. Of this tonnage 8,920 tons averaging 0.80 ozs. gold per ton were produced from sulphide replacement orebodies, and 34,729 tons averaging 0.348 ozs. gold per ton from the quartz veins.

ORE RESERVES — "REASONABLY ASSURED"

Ore reserves, as of December 31, 1936, are estimated as follows:

	Tons	Average Width Feet	Average Assay Ozs. Gold
Quartz Veins	28,206	4.26	0.36
Sulphide Replacement	4,550	5.24	0.81
TOTAL RESERVES	32,756	4.40	0.426

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

MILL

During the year, 43,649 tons were milled. This represents an average of 119 tons per day. Average assay of mill heads was 0.44 ozs. gold and average assay of tailings 0.027 ozs. gold. Average recovery was 93.8%.

Consumption of essential supplies, per ton, was as follows: Cyanide, 0.69 lbs.; Lime, 2.35 lbs.; Grinding Balls, 2.92 lbs.; Zinc Dust, 0.15 lbs.

PRODUCTION

A total of 18,032 fine ozs. of gold and 2,921 fine ozs. of silver was recovered, from which was realized \$629,878.21. This represents an average recovery of 0.413 ozs. of gold and 0.07 ozs. of silver per ton milled, and a realization of \$14.43 per ton.

CAPITAL EXPENDITURES

The following capital expenditures were made during the year:

Mine Equipment	\$ 19,707.91
Waste Dump Trestle	7,856.93
Power Plant Equipment	315.99
Dwellings	1,000.00
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	\$ 28,880.83

GENERAL

A new trestle was built out into the lake to permit the disposal of mine waste, and at the same time prevent the encroachment of the waste dump on to the public highway.

One dwelling for the use of a member of the staff was purchased.

An average of 131 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 employees, whose assistance and loyal co-operation have made possible the success of the year's operation.

Respectfully submitted,

(Signed) M. D. BANGHART,

Manager.

Island Mountain Mines Company Limited

(Non-Personal Liability)

VANCOUVER, B.C.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1936

SALES OF GOLD AND SILVER:

Including bullion marketed on hand and in process of realization	\$629,878.21
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DEDUCT:

Operating Costs including Administration..	\$401,783.30
Interest	241.33
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	402,024.63

<i>Profit before Provision for Depreciation, Depletion and Taxes</i>	\$227,853.58
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DEDUCT:

Provision for Mineral and Income Taxes	24,992.50
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<i>Profit before Provision for Depreciation and Depletion</i>	\$202,861.08
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DEDUCT:

Provision for Depreciation	\$ 63,945.78
Provision for Depletion	148,406.60
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	212,352.38

<i>Loss for year ended December 31, 1936, carried to Balance Sheet</i>	<u>\$ 9,491.30</u>
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