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The Cariboo Gold Quartz Mining Company Limited

(Non-Personal Liability)

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SEVENTEENTH ANNUAL REPORT

For the year ending January 31st, 1944



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The Cariboo Gold Quartz Mining Company Limited

(Non-Personal Liability)

OFFICERS

W. B. BURNETT, M.D., *President*
1005 Royal Bank Building, Vancouver, B.C.

R. RANDAL ROSE, *Managing Director*
Wells, B.C.

FRED M. WELLS, *Director*
144 W. Hastings Street, Vancouver, B.C.

O. H. SOLIBAKKE, *Director*
4317 Densmore Avenue, Seattle, Wn.

J. R. V. DUNLOP, *Secretary-Treasurer*
1007 Royal Bank Building, Vancouver, B.C.

AUDITORS

FREDERICK FIELD & CO., 411 Royal Bank Building
Vancouver, B.C.

SOLICITORS

T. E. WILSON, 622 Standard Bank Building
Vancouver, B.C.

BANKERS

ROYAL BANK OF CANADA
Vancouver and Wells, B.C.

CONSULTING METALLURGIST

RUSSELL J. SPRY
312 Royal Bank Building, Vancouver, B.C.

TRANSFER OFFICES

Toronto
THE MONTREAL TRUST CO.
61 Yonge Street

REGISTERED OFFICE
1007 Royal Bank Building
Vancouver, B.C.

Vancouver
THE CARIBOO GOLD QUARTZ
MINING CO. LIMITED (N.P.L.)
1007 Royal Bank Building

MINE OFFICE
Wells, B.C.

Directors' Report to the Shareholders

Vancouver, B.C.,
April 4, 1944.

To the Shareholders,
The Cariboo Gold Quartz Mining Co. Ltd.

Your Directors beg to present herewith their Seventeenth Annual Report.

As stated in the last Annual Report, our energies have been directed chiefly to the maintenance of your property and finances in such condition that we may promptly resume operations at the maximum of our milling capacity once adequate labour becomes available. The thorough overhauling of every piece of equipment in the mill, power-house and mine, carried out while the shortage of manpower was leaving much machinery idle, has put the whole plant in the best possible condition; so the calamity of reduced output has not been without some compensation.

Although your dividends were eliminated during this year, we would remind you that your Company has taken out of the ground and handed over to our Government appreciable purchasing power, and stands ready to provide profitable employment to several hundred men, who, we hope, may soon be returned from military duty. These are substantial contributions to the community welfare.

The Cariboo Gold Quartz Mining Company is a CO-OPERATIVE organization made up of 2,515 shareholders—"Mining Magnates" holding an average of 530 shares each—two-thirds of them resident in Canada, one-third in the United States, some of whom provided the funds to convert a reputedly worthless mountain into a mine from which they dig brand new wealth which they distribute in wages, purchase of goods, contribution to Government (taxes), etc., and divide what is left among themselves. Nothing is taken from anyone; everyone is better off. These are basic facts you should not forget when intrigued by pictures of a post-war Utopia, nebulous in most of its details but definite as to the confiscation of your mining property.

From the beginning of our operations the safety and welfare of all employees has been recognized as a primary responsibility, so it is a great pleasure to be able to report that we were awarded this year the JOHN T. RYAN SAFETY TROPHY "for the lowest accident record (in British Columbia) at mines where 100 or more men are employed." Considering the number of inexperienced men taken on, this record reflects great credit on all our officials and employees and will prove a stimulus to still greater care to avoid every possible hazard.

Your Directors wish again to express appreciation of the efficient services of Mr. Rose, his staff and all employees.

Submitted on behalf of the Directors,

W. B. BURNETT,
President.

The Cariboo Gold Quartz Mining Company Limited

(Non-Personal Liability)

Mine Office:

Wells, B.C.,

March 15, 1944.

The President,
The Cariboo Gold Quartz Mining Co., Ltd.,
Vancouver, B.C.

Sir,

I wish to submit for your consideration the following report on our operations during the fiscal year ending January 31, 1944.

The year was marked by a further decline in underground manpower and, consequently, in production, the low point having been reached during September when only 120 men were employed and when production was at the rate of approximately \$30,000.00 per month. During the last quarter, an improvement in the supply of local labour was noticeable and this improvement has been given further impetus by the federal authorities' assistance in providing an additional number of underground workers. There were approximately 180 men on the payroll on January 31, 1944 as compared with 195 on February 1, 1943.

It is gratifying to report that the mine and surface plant were maintained in excellent condition throughout the twelve months. This more than compensates the company for the financial loss sustained on the year's operations.

MINE

Exploration and Development—The footage shown under this heading, namely 329.0 ft., covers some raising and crosscutting that was necessary for ventilation purposes only.

No diamond drilling was carried on during the year.

Ore Reserves—The estimated ore reserves, as on January 31, 1944, amounted to 390,180 tons with an average grade of 0.390 ounces of gold per ton. This compares with 423,311 tons averaging 0.398 ounces per ton on January 31, 1943. Included in the above amount at January 31, 1944, is 37,648 tons of what is regarded as marginal ore at present costs. With gold at \$38.50 per ounce, the total value of the ore reserves was approximately \$5,860,000.00.

The ore reserves were distributed as follows: No. 1 ore zone, 19,562 tons, including 4,000 tons of marginal ore; Rainbow ore zone, 160,657 tons, including 11,575 tons of marginal ore; Sanders ore zone, 171,560 tons, including 21,268

tons of marginal ore; Pinkerton ore zone, 32,286 tons, including 685 tons of marginal ore; Butts ore zone, 2,305 tons, including 120 tons of marginal ore; B. C. vein, 2,440 tons; miscellaneous, 1,370 tons.

MILL

The tonnage treated in the mill gradually decreased from an average of 143 per day during February, 1943, to a low point of 65 per day during September. Since then there has been an improvement to an average of 103 tons per day during January, 1944.

The details of the year's operations are summarized in the following table:

Ore milled	35,726.6 tons
Gold produced	15,907.312 fine oz.
Silver produced	1,298.46 fine oz.
Value of bullion produced	\$612,740.76
Average tons milled per day	97.9
Per cent possible running time	97.60
Average heads (fine oz. gold per ton).....	0.4643
Average tailings (fine oz. gold per ton).	0.0190
Recovery	95.90 per cent

Supplies consumed per ton of ore milled:

Cyanide	0.817 lb.
Lime	2.150 lb.
Zinc dust	0.182 lb.
Lead salts	0.093 lb.
Grinding balls	2.758 lb.
Ball-mill liners	0.738 lb.

COSTS

As was to be expected under present abnormal conditions, costs have soared in all departments and there is no prospect of any appreciable reduction until the supply of underground labour is adequate for our needs.

The following table gives the operating cost per ton of ore milled:

		Cost per ton milled	in. 1940
Provincial mineral tax and bullion expense	\$ 16,825.81	.47	.45
Mining	367,448.08	10.28	5.01
Development charge	51,267.67	1.44	1.74
Milling	119,412.80	3.34	1.33
Administration and general expense, including directors' fees	32,367.47	.91	.29
	\$587,321.83	\$16.44	Guard .10 8.92

*all surface charges
are against ore.*

Mine—Stoping costs amounted to \$10.28 per ton of ore milled as compared with \$6.94 per ton during 1942. The average cost per ton of the 390,180 tons of ore reserves was \$1.435 as on January 31, 1944, and is included in the development charge shown above in the table of operating costs per ton of ore milled.

Mill—The average milling cost per ton during the year was \$3.34 as compared with \$1.62 during 1942.

Cost Per Ounce—The production cost per fine ounce of gold produced was \$36.92 as compared with \$27.85 during the preceding year. The overall cost per ounce was \$44.87.

General—An increase to 1.543 cents per horsepower-hour was recorded as compared with 1.241 cents during 1942.

The following capital expenditures were incurred during the twelve months:

Sundry mine, power-house and camp equipment..... \$247.21

SUBSIDIARY COMPANIES

The Wells Townsite Company, Limited—A further decrease in the population of the townsite considerably reduced the revenue from light and water during 1943.

Gold Quartz Hospital, Limited—The number of patients admitted to the hospital during the twelve months decreased to 72 as compared with 220 during the preceding year, and the total hospital-days dropped to 636 as compared with 2,004 during 1942. This was an average of 1.74 as compared with the corresponding figure of 5.49 during the preceding twelve months.

It is a pleasure to express my thanks for the continued co-operation of the staff and employees during the year and for the friendly support given by fellow members of the board at all times.

Yours respectfully,

R. R. ROSE,
Managing Director.

Tabulated Summary of Operations, 1933-1943

*drifts & cuts
raisings & shafts*

	Ore Mined (Tons)	<i>Total footage</i> Exploration and Development (Feet)	Drifts (Feet)	Ore-Shoots (Feet)	Ore per Foot of Exploration and Development (Tons)	Diamond Drilling (Feet)
1933.....	21,668	7,417.0	1,721.0	.....	2.7	3,303.5
1934.....	28,835	18,217.3	7,421.3	2,925.0	5.4	.....
1935.....	45,692	10,123.5	3,018.2	2,040.0	9.7	2,549.0
1936.....	53,672	8,384.0	4,050.5	2,248.5	13.2	5,043.0
1937.....	71,843	6,953.4	3,980.9	2,381.0	15.5	5,428.0
1938.....	104,341	16,730.3	7,411.3	4,442.3	9.5	9,807.0
1939.....	109,662.6	17,891.9	9,348.8	5,799.0	13.2	7,848.0
1940.....	113,802.5	16,331.2	7,813.0	5,070.0	7.4	20,629.0
1941.....	129,659.0	16,701.4	7,457.5 ✓	4,370.0	8.1 ✓	14,511.0
1942.....	87,466.0	5,334.7	2,008.7	1,270.8	12.9	4,549.0
1943.....	35,814.0	329.0	.....	.....	.....	.....

	Ore Reserves at End of Fiscal Year (Tons)	Grade of Ore Reserves (Oz. per Ton)	Gold Produced (Oz.)	Average Mill Heads (Oz. per Ton)	Value of Bullion Produced	Net Earnings per Share (Cents)	Dividends per Share (Cents)
1933.....	29,800	.....	8,395.0	0.441	\$ 260,841.85	0.2	.....
1934.....	99,676	0.416	11,014.8	0.405	\$ 381,851.69	2.3	.....
1935.....	152,588	0.404	17,633.0	0.415	\$ 621,227.23	9.7	2.5
1936.....	209,636	0.416	19,995.0	0.395	\$ 700,282.84	15.4	10.0
1937.....	246,236	0.457	30,541.19	0.451	\$1,068,835.44	24.9	11.5
1938.....	302,165	0.438	43,060.17	0.434	\$1,517,562.76	34.2	17.0
1939.....	428,588	0.436	46,601.79	0.446	\$1,707,863.51	37.09	21.0
1940.....	435,456	0.417	43,830.54	0.407	\$1,688,643.05	27.2	24.0
1941.....	441,672	0.397	49,315.07	0.402	\$1,900,008.87	19.0	23.0
1942.....	423,311	0.398	34,762.44	0.412	\$1,339,431.03	8.1	13.0
1943.....	390,180	0.390	15,907.31	0.464	\$ 612,740.76	.....	4.0

The Cariboo Gold Quartz Mining Company Limited

(Non-Personal Liability)

Balance Sheet as at 31st January, 1944

ASSETS

CURRENT:

Cash—balances on hand and at bankers.....	\$ 132,848.29	
Bullion in transit and outstanding settlements.....	63,934.57	
Accounts Receivable—		
Employees	\$ 329.08	
Other	300.00	
		629.08
Dominion of Canada War Loan Bonds at cost (market value \$101,887.00)	\$101,850.00	
Interest accrued thereon.....	771.27	
		102,621.27
Supplies on hand at mine—at cost.....		169,385.69
		<u>\$ 469,418.90</u>

INVESTMENTS:

Shares—		
Wells Townsite Company Limited.....	\$ 25,000.00	
Gold Quartz Hospital Limited.....	30,000.00	
		\$ 55,000.00
Advances—to above companies.....	17,127.60	
Debenture—Wells Board of School Trustees.....	4,800.00	
Life insurance—cash surrender value.....	3,050.00	
		<u>79,977.60</u>

FIXED:

Buildings, machinery and equipment.....	\$ 1,184,490.52	
Deduct: Depreciation reserved.....	788,079.22	
		\$396,411.30
Mineral claims.....	\$ 797,917.46	
Development and exploration.....	622,607.24	
		\$ 1,420,524.70
Deduct: Depletion reserved.....	799,434.60	
		621,090.10
Add: Deferred development.....		565,859.36
		<u>1,583,360.76</u>
PREPAID AND DEFERRED CHARGES.....		12,104.17
		<u>\$ 2,144,861.43</u>

LIABILITIES

CURRENT:

Wages payable.....	\$ 11,940.12
Accounts payable.....	15,671.82
Provision for B. C. mineral taxes and Dominion income and excess profits taxes.....	11,357.30
Unclaimed dividends.....	1,217.11
	<u>\$ 40,186.35</u>

CAPITAL AND SURPLUS:

Authorized Capital—

2,000,000 shares of \$1.00 each.....	<u>\$ 2,000,000.00</u>
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Issued Capital—

1,333,309 shares of \$1.00 each.....	\$ 1,333,309.00
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Deduct: Discount allowed.....	141,946.60
	<u>\$ 1,191,362.40</u>

Capital Surplus—

Premium on shares.....	\$ 436,043.50
Proceeds from sale of shares donated for benefit of the company	78,372.25
	<u>514,415.75</u>

Earned Surplus—

Balance at credit per Exhibit "A".....	398,896.93
	<u>2,104,675.08</u>

\$ 2,144,861.43

Approved on behalf of the Board:

W. B. BURNETT, Director.

R. R. ROSE, Director.

TO THE MEMBERS:

We have examined the books and accounts of the Cariboo Gold Quartz Mining Company Limited (Non-Personal Liability) for the year ended 31st January, 1944, and have received all the information and explanations we have required, and we hereby report 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 affairs of the Company as at 31st January, 1944, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

Vancouver, B.C.,
31st March, 1944.

FREDERICK FIELD & CO.,
Chartered Accountants.

The Cariboo Gold Quartz Mining Company Limited

(Non-Personal Liability)

Profit and Loss Statement

For the Year Ended 31st January, 1944

BULLION SALES—Including premium.....		\$612,740.76
Deduct: Provincial mineral taxes.....	\$ 8,887.13	
Shipping and mint charges.....	7,938.68	
		<u>16,825.81</u>
		\$595,914.95
 COST OF PRODUCTION:		
Mining, milling and development.....		538,128.55
 GROSS PROFIT.....		\$ 57,786.40
Add: Miscellaneous income.....		3,507.57
		<u>\$ 61,293.97</u>
Deduct: Administrative and general expense.....	\$ 28,367.47	
Directors' fees	4,000.00	
		<u>32,367.47</u>
 PROFIT BEFORE PROVISION FOR DEPRECIATION, DEPLETION AND INCOME TAXES.....		\$ 28,926.50
Deduct: Depreciation	\$ 90,682.83	
Depletion	35,726.60	
		<u>126,409.43</u>
 NET LOSS FOR THE YEAR ENDED 31st JANUARY, 1944.....		\$ 97,482.93
Deduct: Balance at credit, 31st January, 1943.....		562,817.55
		<u>\$465,334.62</u>
Deduct: Dividends paid.....	\$ 53,332.36	
Employees, including holiday allowances, sick benefit and insurance contributions	13,105.33	
		<u>66,437.69</u>
 BALANCE AT CREDIT, 31st JANUARY, 1944.....		<u>\$398,896.93</u>

The Cariboo Gold Quartz Mining Company Limited

(Non-Personal Liability)

Statement of Operations

For the Eleven Years Ended 31st January, 1944

		Per ton of ore milled
BULLION SALES—Including premium.....	\$11,799,289.03	14.73
Deduct: Provincial mineral taxes.....	\$200,859.24	
Shipping and mint charges.....	158,367.35	
	<u>359,226.59</u>	<u>.45</u>
	\$11,440,062.44	14.28
COST OF PRODUCTION:		
Mining, milling and development.....	6,824,571.75	8.52
GROSS PROFIT.....	\$ 4,615,490.69	5.76
Add: Miscellaneous income.....	39,080.30	.05
GROSS PROFIT AND INCOME.....	\$ 4,654,570.99	5.81
Deduct: Administration and general expenses.....	347,805.82	.43
	\$ 4,306,765.17	5.38
Add: Recoveries re use and occupancy insurance re fire and strike.....	107,450.60	.13
PROFIT BEFORE PROVISION FOR DEPRECIATION, DEPLETION AND TAXES.....	\$ 4,414,215.77	5.51
Deduct: Depreciation	\$810,721.51	
Depletion	799,434.60	
Income taxes	514,971.72	
Fire loss.....	3,924.31	
	<u>2,129,052.14</u>	<u>2.66</u>
NET PROFIT FOR ELEVEN YEARS ENDED 31st JANUARY, 1944.....	\$ 2,285,163.63	2.85
Deduct: Dividends paid.....	\$ 1,679,968.09	
Employees' holidays, bonus, etc.....	206,298.61	
	<u>1,886,266.70</u>	<u>2.35</u>
BALANCE AT CREDIT, 31st JANUARY, 1944.....	<u>\$ 398,896.93</u>	<u>.50</u>

The Cariboo Gold Quartz Mining Company Limited

(Non-Personal Liability)

Statement of Source and Application of Funds

For the Year Ended 31st January, 1944

SOURCE:

Profit for year before provision for depreciation and depletion.....		\$ 28,926.50
Add: Reduction in investments.....	\$ 754.43	
Reduction in cost of ore reserves.....	41,973.81	
		<u>42,728.24</u>
		<u>\$ 71,654.74</u>

APPLICATION:

Additions to plant.....	\$ 247.21	
Expenditure on mineral claims.....	1,122.45	
Contribution to employees.....	13,105.33	
Dividends paid	53,332.36	
Increase in prepaid charges.....	1,039.43	
Increase in working capital.....	2,807.96	
		<u>\$ 71,654.74</u>