

C

REPORT
OF THE
DIRECTORS
OF

The Consolidated Mining & Smelting Company
of Canada, Limited

1905

BOARD OF DIRECTORS

- W. D. MATTHEWS, TORONTO, PRESIDENT
- GEORGE SUMNER, MONTREAL, VICE-PRESIDENT
- W. H. ALDRIDGE, TRAIL, B.C., MANAGING DIRECTOR
- E. B. OSLER, TORONTO
- CHARLES R. HOSMER, MONTREAL
- H. S. OSLER, TORONTO
- W. L. MATTHEWS TORONTO

LIBRARY USE ONLY

C

L

To the Shareholders of :

The Consolidated Mining and Smelting Company
of Canada, Limited.

The St. Eugene, Centre Star, War Eagle, Trail Smelter and Rossland Power Company having been consolidated, the Directors beg to submit a brief report upon the operations of each of the properties, the financial standing of the new Company, and its future prospects.

The new Company was incorporated under the name "Canadian Consolidated Mines, Limited," but as the business of the new Company will be largely smelting and refining, including a considerable amount of custom business, it was deemed advisable that this branch of the Company's business should be indicated in the name. Supplementary Letters Patent have therefore been obtained, changing the name of the Company to "The Consolidated Mining and Smelting Company of Canada, Limited."

There will be some delay in the delivery of the engraved stock certificates due to the necessity of complying with the requirements of the New York and Boston markets.

By Order of the Board.

E. J. KINGSTONE,

Secretary.

TORONTO, 26th February, 1906.

FINANCIAL STATEMENT

—OF—

The CONSOLIDATED MINING & SMELTING COMPANY OF CANADA, Limited

ASSETS

Mines, Plants, Smelter, Refinery, Stocks of other Companies, etc.	\$3,900,000.00
Cash in Banks	325,315.19
Due Account of Ore Shipments	153,628.01
Due from Government for Bounties	17,450.35
Accounts Receivable.....	100,274.02
Stores on hand.....	202,220.43
	<u>\$4,698,888.00</u>

LIABILITIES

Capital Stock issued and fully paid up.....	\$4,698,888.00
	<u>\$4,698,888.00</u>

(Authorised Capital Stock, \$5,500,000.00)

NOTE.—It was thought advisable to purchase the ore and products at the Smelter and Refinery, in process of treatment and in transit January 1st, 1906, and an arrangement, most advantageous to the Company, has been concluded, by which all such ores and products (conservatively valued at \$908,460.07) will be acquired.

TORONTO, 26th February, 1906.

*To the Directors of
The Consolidated Mining and Smelting Company
of Canada, Limited.*

GENTLEMEN,—I beg to submit the following report upon the properties comprising The Consolidated Mining and Smelting Company of Canada, Limited.

CENTRE STAR.

DEVELOPMENT.

In the Company's report for the year 1904, the ore reserves were estimated at 50,000 tons. Development work was consequently pushed, the expenditure upon this account during the calendar year of 1905 being \$148,053.01, as compared to \$53,286.94 in the fiscal year ending September 30th, 1904.

The ore being found on the 9th and 10th levels seems to justify the large expenditure for development work, and the sinking of the main shaft to the 11th level.

SHIPMENTS.

Since the report of 1904, 111,841 tons of ore have been shipped, having a gross value of \$11.28 per ton, or a total value of \$1,261,390.01. The net amount received by the Company for this ore, after deducting all freight, smelter, refining and marketing charges, was \$503,476.31, or an average of \$5.39 per ton.

ORE RESERVES.

The ore showing in the mine promises to yield over 100,000 tons ore of \$10.00 gross value, which does not include the ore being opened up on the 10th level. The mine is now shipping about 9,000 tons of ore monthly, averaging about \$10.00 per ton gross value.

IMPROVEMENTS.

Numerous surface improvements have been made and others are under contemplation. The sorting of the ore, or the picking out of the waste, has yielded better financial results.

LAWSUITS.

Two lawsuits have been settled—one with the Miner's Union of Rossland, and the other with the Rossland-Kootenay Mining Company, Limited. The settlement of these lawsuits places the Company on friendly terms with its own employees and with the adjacent properties.

EXPLOSION.

On the 16th December, there was an unfortunate explosion of powder in the thawing house, resulting in the death of John Ingram, who had been employed for some time in thawing and handling the powder. The explosion did considerable damage to the Company's buildings and plants.

WAR EAGLE.

DEVELOPMENT.

In the report for the year ending December 31st, 1904, the ore reserves were estimated at 23,000 tons. An unusual amount of development work was performed, namely, \$128,046.10, which is \$77,059.91 more than was expended in the previous year.

SHIPMENTS.

Shipments during the year amounted to 60,860 tons, of a gross value of \$11.34 per ton, or \$690,269.21. The net amount received by the Company for this ore, after the deduction of all freight, smelting, refining and marketing charges, was \$317,775.12, or an average of \$5.22 per ton.

ORE RESERVES.

It is estimated that there are above the 8th level 45,000 tons of available ore, which will average about \$10.00 per ton gross value. The mine is now shipping about 5,000 tons per month, averaging about \$10.00 gross value.

It was found that the War Eagle vein had flattened below the 8th level, and that all work previously performed on the levels below this point, namely, the 8th, 9th, 10th and 11th levels, had been in the foot-wall.

NEW ORE.

Ore chutes below the 8th level have now been located by diamond drill holes, and within the last few days an ore body has been reached by rock crosscuts driven from the 1000 foot and the 1100 foot or bottom levels of the War Eagle. This gives a considerable area to prospect between the bottom or 1100 foot level and the 800 foot level. It will require some months to determine the extent and value of these ore chutes.

ST. EUGENE.

DEVELOPMENT.

In the Company's report for the year ending September 30th, 1904, it was estimated that the ore in sight would yield 43,000 tons of concentrates. It was impossible to do much development work during the year because of the shortage of power. Since the installation of the three new boilers in August, and the new compressor, which is of a capacity of 3,100 cubic feet of air per minute, and of the 35 new machine drills, development work has been energetically carried on with satisfactory results.

SHIPMENTS.

Since the date of that report, there have been mined 151,373 tons of ore, which yielded 32,650 tons of concentrates and 1,734 tons of crude ore, or a total shipping product of 34,384 tons, containing 1,029,820 ounces of silver, and 40,462,141 lbs. of lead. The total gross value of this production was \$1,820,011.53 or \$52.93 per ton. After deducting all freight, smelting, refining and marketing charges, the net amount received by the Company, including the bounty, was \$1,232,893.40 or \$35.85 per ton.

ORE RESERVES.

On January 1st, it was estimated that the ore available in the mine amounted to 150,000 tons, which will produce about 33,000

tons of concentrates and picked shipping ore. About 15,000 tons of ore are being mined monthly, yielding about 2,700 tons per month of concentrates and crude ore, averaging \$60.00 per ton gross value.

NEW ORE.

A new ore chute has been found in what will be known as the 1,300 foot level, which may yield a considerable tonnage. A winze driven from the 1900 foot level encountered what appeared to be a good body of ore, the extent of which cannot be determined for several months.

FIRES.

There were two serious fires—one on the 22nd of September, which burned the upper terminal of the Moyie Gravity Tramway, the ore bin, snow shed, and blacksmith's shop. The second fire was on the 6th of October, and destroyed the hoisting plant, shaft timbers to a depth of 60 feet, tunnel timbers for a distance of a 100 feet, large framing shed, blacksmith's shop and ore bin. The last fire seriously interfered with the shipments and profits during the latter part of the year, and it was not until the first part of January that the concentrator resumed full operations.

TRAIL SMELTER.

SMELTER AND REFINERY OUTPUT, 1905.

The Company's smelter, which comprises a complete, up-to-date lead and copper reduction works, and an electrolytic lead refinery, treated 240,000 tons of ore during 1905 and shipped:

1,359,911,068 ozs. of silver	\$ 806,658.81	gross value
82,644,311 " gold	1,708,257.91	" "
4,571,764 lbs. of Copper	563,249.87	" "
13,382,050 " lead	397,580.70	" "
	<hr/>	
	\$3,475,747.29	

Refinery production from out- side bullion	320,000.00
---	------------

Total production, 1905	\$3,795,747.29	" "
--------------------------------	----------------	-----

SMELTER AND REFINERY OUTPUT, JANUARY.

As an indication of the present volume of business of the Company's Smelter and Refinery, it might be stated that during the

month of January, 28,000 tons of ore (mainly from its own mines), were treated and produced approximately the following :

Silver, 182,000 ozs.....	\$119,000.00	gross value
Gold, 9,787 ozs.....	202,000.00	“ “
Copper 384,000 lbs.....	69,000.00	“ “
Lead 2,820,000 lbs.	113,000.00	“ “
	<hr/>	
	\$503,000.00	

or at the rate of \$6,000,000.00 gross per annum.

DESTINATION OF PRODUCT.

The above product was shipped in the form of fine silver bars to China and New York ; gold bars to the United States assay office at Seattle; pig lead to Canada, China and Japan; copper sulphate, and the bulk of the gold and copper in copper matte to the American Smelting and Refining Company.

ROSSLAND POWER COMPANY.

As the mill belonging to the Rossland Power Company has not been successfully operated, its scrap value was conservatively placed at \$60,000. This includes buildings, 86 acres of land, the water rights, four miles of large pipe line, from Murphy Creek (used in supplying the Smelting Works with water), moveable machinery and supplies.

AMALGAMATION.

NEGOTIATIONS WITH LE ROI.

Negotiations for the amalgamation of several of the Rossland properties were started by Messrs. Blackstock, Waterlow and MacMillan over two years ago. The new directors of the St. Eugene and Centre Star decided to bring the negotiations to a point where the Le Roi Company could accept or decline a proposition involving the amalgamation of the Rossland properties with the St. Eugene Mining Company and the Trail Smelter. Examinations of the properties were made by Professor R. W. Brock, of the Dominion Geological Survey ; James Cronin, Manager of the St. Eugene, Centre Star and War Eagle ; R. H. Stewart, Superin-

tendent of the Centre Star and War Eagle Mines; and J. M. Turnbull, Mining Engineer for the Canadian Pacific Railway. Mr. John H. Mackenzie, General Manager of the Le Roi, was employed by that Company to make examinations of all the properties, after which he strongly recommended amalgamation upon a basis which seemed equitable to all interests. In the meantime, agitation against amalgamation with the Canadian Companies had been started in England, and, as a result, the amalgamation plan, as recommended by Mr. Mackenzie and the other experts, was defeated at the Le Roi Meeting last December.

ASSETS.

The St. Eugene, Centre Star, War Eagle, Trail Smelter and Rossland Power Company have now been consolidated under the name of The Consolidated Mining and Smelting Company of Canada, Limited, with a total capital of \$5,500,000, of which \$4,698,888 in stock have been issued, \$801,112 in stock remaining in the treasury. The Consolidated Company started with a cash working capital of \$596,669.57 which is invested in ores and products in process of treatment and in transit. The Company also has a liquid asset in the shape of fuel, fluxes and supplies valued at \$202,220.43.

PROFITS.

Deducting operating, development and construction expenses from the net receipts from ore shipments as above, the net profits of these properties during 1905, including the profits of the smelter, were over \$700,000, and it is expected that the Company will do at least as well during the year 1906. Due to the consolidation of the properties and to the larger tonnages being handled, much lower grade ore can be profitably treated than formerly.

FUTURE OF PROPERTIES.

Development work in all mines during the past few months has been fairly satisfactory, and there is reason to expect a continuation of known ore chutes, as well as the finding of new chutes.

The Consolidated Mining and Smelting Company of Canada, Limited, is not dependent upon any single mine, nor upon any single mining district; but its interests and business, besides being to an extent industrial, will also be so diversified as to minimize, so far as possible, the speculative element.

NEW PROPERTIES.

It is the intention of the Company to watch developments throughout Canada, and to acquire new properties when favorably reported upon by reputable experts.

MANAGEMENT.

The improved condition of the properties is largely due to Mr. James Cronin, Manager of all the mines ; Mr. R. H. Stewart, Superintendent of the Centre Star and War Eagle ; and Mr. G. A. Clothier, of the St. Eugene.

Respectfully submitted,

W. H ALDRIDGE,

Managing Director.



