

mines Dept.

REPORT
OF THE
DIRECTORS
OF
**The Consolidated Mining & Smelting Company
of Canada, Limited**

For six months ending 30th June, 1906

BOARD OF DIRECTORS

W. D. MATTHEWS, TORONTO,	- - -	PRESIDENT
GEO. 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
J. C. HODGSON,	- -	MONTREAL
JAMES CRONIN,	- -	SPOKANE

The Consolidated Mining and Smelting Company of Canada, Limited

DIRECTORS' REPORT

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

GENTLEMEN :—

Your Directors beg to submit their Report, together with the Managing Director's Report, the Financial Statement and Auditors' Report for the first six months of the Company's operations ending 30th June, 1906.

The Company's fiscal year has been changed so as to end on June 30th, it being found more convenient to take a complete inventory at the Reduction Works at that time of the year.

A number of additions and improvements are now being made to your property, which when completed will involve, including the purchase of the "Iron Mask" mine, an expenditure of about \$322,000; and to provide for this expenditure and for the general purposes of the Company, including the further enlargement and improvement of the plant and the acquisition of new properties, your Directors have under consideration the issue of Capital Stock, out of the \$801,200 still remaining of the Authorized Capital, as they may deem it to be necessary.

A by-law increasing the number of Directors from seven to nine will be submitted for your approval.

All of which is respectfully submitted.

W. D. MATTHEWS,
President.

TORONTO, 16th October, 1906.

FINANCIAL STATEMENT

OF

THE CONSOLIDATED MINING AND SMELTING COMPANY OF CANADA LIMITED

FOR SIX MONTHS ENDING JUNE 30TH, 1906.

LIABILITIES

Capital—Authorized, \$5,500,000.		
Issued 46,988 Shares of \$100 each.		\$4,698,800 00
Sundry Banks—		
Bank of Montreal, Rossland :		
Loan and Overdraft.	\$415,081 52	
“Snowshoe Account”.....	78,000 00	
Accrued Interest.....	644 28	
	\$493,725 80	
Bank of Toronto, Rossland :		
Overdraft.....	1,087 38	
Bank of British North America :		
Payroll Account	2,597 75	
	497,410 93	
Bank of British North America, Rossland :		
Contingent liability at June 30th, 1906, on drafts made against shipments of Silver and Copper Matte, \$85,937.88.		
Sundry Accounts Payable — including Reserve for		
Contingent Expenses.....	\$93,656 01	
Payment on Account of Lead purchased.....	33,825 25	
Unclaimed Dividends.	250 00	
	127,731 26	
Reserve for Claims in process of adjustment.....		20,000 00
Appropriation for Dividend No. 2, to be payable August 1st, 1906.....		117,470 00
Profit and Loss Account:		
As per Statement.....	\$325,854 93	
<i>Less:</i>		
Reserve as above.....	\$ 20,000 00	
Dividend No. 1, paid May 1, 1906....	117,470 00	
Dividend No. 2, payable Aug. 1, 1906.	117,470 00	
	254,940 00	
		70,914 93
		\$5,532,327 12

FINANCIAL STATEMENT

OF

THE CONSOLIDATED MINING AND SMELTING COMPANY OF CANADA LIMITED

FOR SIX MONTHS ENDING JUNE 30TH, 1906.

ASSETS

Mines, Mineral Claims, Shares in other Companies, etc.	\$3,000,000 00	
Options on Mineral Claims.....	500 00	
Lease of "Snowshoe" mine.....	78,000 00	
	\$3,078,500 00	
Mining, Smelting, Concentrating, and Refining Plants:		
As per valuation January 1st, 1906.....	\$ 900,000 00	
Add Construction Account January 1st to June 30th, 1906.	130,979 28	
	\$1,030,979 28	
<i>Less:</i>		
Fire Loss, Trail.....	\$14,233 37	
Sales of Machinery.....	1,754 08	
Depreciation, 6 months.....	45,905 00	
	61,892 45	
		969,086 83
Smelter Product on hand and in transit to Refineries:		
Pig Lead, Matte and Gold.....	\$ 397,320 69	
Ores in transit to Smelter, and in process of treat- ment at Smelter and Refinery: at cost, or less estimate for refining.....	750,912 81	
		1,148,233 50
Mine and Smelter Stores and Materials.....		232,485 43
Sundry Accounts Receivable.....		65,571 22
Lead Bounties Receivable.....		18,039 89
Insurance and Taxes paid in advance.....		17,203 01
Cash—Imperial Bank, Cranbrook.....	\$ 1,462 13	
Head Office, Toronto.....	1,745 11	
	3,207 24	
		\$5,532,327 12

PROFIT AND LOSS ACCOUNT

To Metals and Product at Smelter, January 1st, 1906..		\$ 902,144 20
“ Ore in transit to Smelter, January 1st, 1906.....		10,316 40
“ Customs Ore and Lead Bullion purchased.....		1,893,737 36
“ Freight on Ore from Company's Mines.....		47,845 86
“ Mining, Smelting and General Expenses :		
St. Eugene Mine.....	\$209,924 87	
Centre Star Mine.....	195,743 38	
Crown Point Mine.....	2,294 91	
Trail Smelter.....	582,946 40	
		990,909 56
“ Development Expenses :		
St. Eugene Mine.....	\$ 72,297 57	
Centre Star Mine.....	172,321 33	
Richmond Group.....	557 97	
		245,176 87
“ Depreciation—General Plant and Equipment.....		45,905 00
“ Directors' Fees.....		2,100 00
Balance, profit.....		325,854 93
		\$4,463,990 18
To Appropriations :		
Reserve for Claims in process of adjustment .	\$ 20,000 00	
Dividend No. 1, paid May 1st, 1906.....	117,470 00	
Dividend No. 2, payable August 1st, 1906...	117,470 00	
Balance carried down.....	70,914 93	
		\$ 325,854 93

PROFIT AND LOSS ACCOUNT

By Sales of Smelter Product, Profit on Refining, etc	\$3,182,593 98
“ Sales of Ores.....	127,071 22
“ Smelter Product on hand June 30th, 1906, and in transit from Smelter to Refiners—Pig Lead, Matte and Gold. . . .	397,320 69
“ Ore in transit to Smelter June 30th, 1906, and in process of treatment at Smelter and Refinery: at cost or less estimate for refining cost.	750,912 81
“ Lead Bounties.....	1,834 17
“ Rents and Sundry Revenue.....	4,257 31

\$4,463,990 18

By Balance brought down. \$ 325,854 93

\$ 325,854 93

1906, June 30th—By Balance

\$ 70,914 93

AUDITORS' REPORT

We have audited the accounts of the Consolidated Mining and Smelting Company of Canada, Limited, for the period of six months ending June 30th, 1906, including the Mine and Smelter Accounts maintained at the offices at Moyie, Rossland and Trail, B.C. The values attached to ores, smelter products and materials at June 30th, 1906, are as certified by managers and storekeepers, reserves having been made for contingent expenses, fluctuations in values and estimated cost of refining products in course of treatment. Subject to the foregoing, we certify that the preceding balance sheet is in our opinion properly drawn up so as to exhibit a correct view of the financial position of the Company as at the date of closing the accounts to June 30th, 1906.

CLARKSON, CROSS & HELLIWELL,
Chartered Accountants.

VANCOUVER, B.C., August 31st, 1906.

MANAGING DIRECTOR'S REPORT

TRAIL, B. C., October 5th, 1906.

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

GENTLEMEN:—

I beg to submit the results of the Consolidated Company's operations for the six months ending June 30th, 1906, including Balance Sheet, Profit and Loss Account, Production, and General Report, with Maps showing the groups of claims controlled or operated by the Consolidated Company, and Vertical Projections of the principal producing properties.

FINANCIAL STATEMENT

After writing off expenses of incorporation and \$45,905.00 as depreciation upon plant and equipment, the operating profit shown is \$325,854.93. From this profit a special reserve of \$20,000.00 has been provided, and two dividends amounting to \$234,940.00 have been paid, leaving a balance at credit of Profit and Loss Account of \$70,914.93. In determining the values of the metals and products on hand, quotations considerably lower than the market prices of June 30th, 1906, have been used, to provide against a possible decline in the metal market.

PRODUCTION

Following are the productions of the different properties controlled by the Consolidated Mining and Smelting Company of Canada, Limited, for the first six months of 1906, and the total production to date, as far as can be ascertained. It will be noted that the gross value of metals produced by the Company's Smelting Works has been over \$22,000,000.00, and that during the six months the gross value was about \$3,000,000.00, of which \$1,622,450.00 came from the Company's own properties:

SIX MONTHS OF 1906

	Tons Ore.	Ozs. Gold.	Ozs. Silver.	Lbs. Lead.	Lbs. Copper.	Total Value.
Centre Star and War Eagle } St. Eugene, Ore	81,267	30,669	26,938	.....	976,528	\$ 823,790
“ Conc.	15,497	.....	.....	.....	.....	.....
Snowshoe—Nil.						
Trail Smelter	Smeltd. 157,640	64,590	1,074,255	15,133,683	2,399,161	2,994,927

TOTAL PRODUCTION SINCE COMMENCEMENT OF OPERATIONS IN 1894

	Tons Ore.	Ozs. Gold.	Ozs. Silver.	Lbs. Lead.	Lbs. Copper.	Total Value.
Centre Star and War Eagle } St. Eugene, Ore	842,684	456,882	660,094	.....	20,053,385	\$12,831,033
“ Conc.	88,931					
Snowshoe	92,330	8,402	26,775	.....	2,400,580	806,000
Smelter	Smeltd. 1,068,613	508,974	9,078,833	82,288,440	25,393,446	22,014,085

NOTE—Trail Smelter production does not cover period the Smelter was operated by B.C.S. & R. Co., which was previous to March, 1898.

DEVELOPMENT

There are about fourteen miles of underground development or narrow work in the Centre Star and War Eagle and nearly eight miles in the St. Eugene. During the six months 8,573 feet have been driven in the Centre Star and War Eagle, and 6,888 feet in the St. Eugene.

In the Centre Star most encouraging results have been obtained on the eleventh or lowest developed level (1,388 feet below the collar of the shaft, and measured on the dip of vein 70 degrees).

In the War Eagle fair tonnages of ore have been found on the fourth, fifth and sixth levels, while good ore is being developed on the bottom or eleventh level (1,582 feet below the collar of the shaft, and measured on the dip of the vein 64 degrees).

At the St. Eugene the discovery of a new cross shoot, known as Fourth Avenue, connecting the main and south veins, will probably prove to be the most valuable find made during the six months at that property.

A small shoot of high-grade ore has been found in the Richmond-Eureka Group at Sandon, formerly owned by the War Eagle Company, and a few carloads will be shipped as soon as raw hiding is possible.

The ore reserves have been increased in the Centre Star and War Eagle. Due to a lack of compressor capacity and drills, development in the St. Eugene has fallen behind somewhat, but the sinking of the main shaft and other important work is now well under way.

CONSTRUCTION AND IMPROVEMENT

Due to lack of skilled labor, the new construction and improvements have not been completed.

During the six months \$130,979.28 have been expended upon these accounts, which expenditure will not only reduce costs, but will increase the tonnage which can be economically handled at the mines, smelter and refinery. The main enlargements and improvements are as follows :

An increase in the Electrolytic Lead Refinery from a capacity of fifty tons of pig lead per day to seventy-five tons per day ; the installation of an electric crane, and the introduction of a new process for the treatment of the silver slimes.

The addition of a new copper furnace 22 feet long by 42 inches at the tuyeres, having a capacity of over 400 tons daily of Rossland ore.

The patent rights and installation of the Huntingdon-Heberlein Process for the treatment of lead sulphides, which process is reducing the costs of treating the St. Eugene lead product, copper matte and other sulphides.

The building of additional large flues for catching dust from the copper furnaces.

Additional transformers and other electrical machinery incidental to the increasing of the capacity at the Smelter and the Refinery.

The principal installation at the mines consists of a new Nordberg Hoist at the Centre Star, of a capacity of 1,350 tons per ten hours from a depth of 3,000 feet (cylinders 28 in. x 60 in., drums 10 feet, skips 4½ tons, horsepower 1,100), which will permit of the handling of all of the Centre Star, War Eagle and Iron Mask ore

through the one shaft, in place of operating three separate shafts. In this connection the head works of the War Eagle will be abandoned, the War Eagle compressor removed to the Centre Star compressor house, where both will be electrically driven. In the new Centre Star hoist house a complete sorting and sampling plant is being installed.

NEW PROPERTIES

SNOWSHOE MINE

In order to secure a regular supply of desirable smelting ore, an agreement has been made with The Snowshoe Gold and Copper Mines, Limited, by which the Consolidated Company will operate that property under a lease. Reports by Professor Brock, of the Canadian Geological Survey, indicate that there are about 100,000 tons of ore which can be profitably mined, and it is believed that development work may materially increase this tonnage.

In consideration of this lease, the Consolidated Company has guaranteed an overdraft of the Snowshoe of \$78,000.00. The proceeds from ore shipments will be applied by the Snowshoe Gold and Copper Mines, Limited, to this overdraft, so that it should be entirely repaid in about one year.

IRON MASK

Negotiations for the purchase of the Iron Mask Mine, Rosslund, have been concluded since the close of the fiscal year. This property adjoins the War Eagle on the east and the Centre Star on the north. The Iron Mask mine shipped 19,405 tons of ore at a gross assay value of over \$25.00 per ton (nearly \$500,000.00), and has 11,850 tons of probable ore containing \$20.46 gross assay value (\$242,451.00). The War Eagle east drifts will be connected with the old Iron Mask workings. There was considerable expensive litigation between the Centre Star and Iron Mask, which was concluded in 1901 by a somewhat indefinite agreement. The purchase of the Iron Mask removes all chance of future difficulties between the properties.

EXAMINATIONS

One or two engineers are kept in the field looking up new properties, and it is hoped that other promising properties in other districts will be secured.

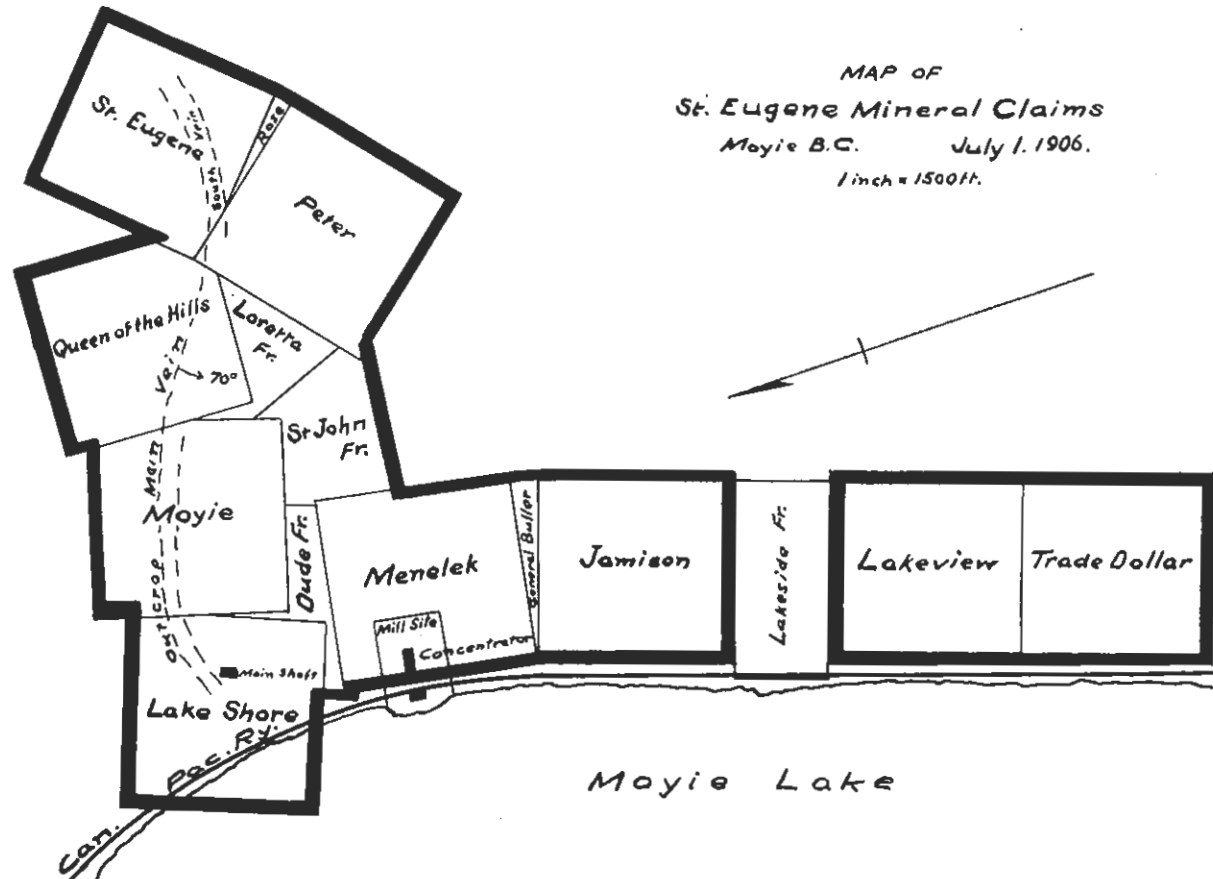
MANAGEMENT AND STAFF

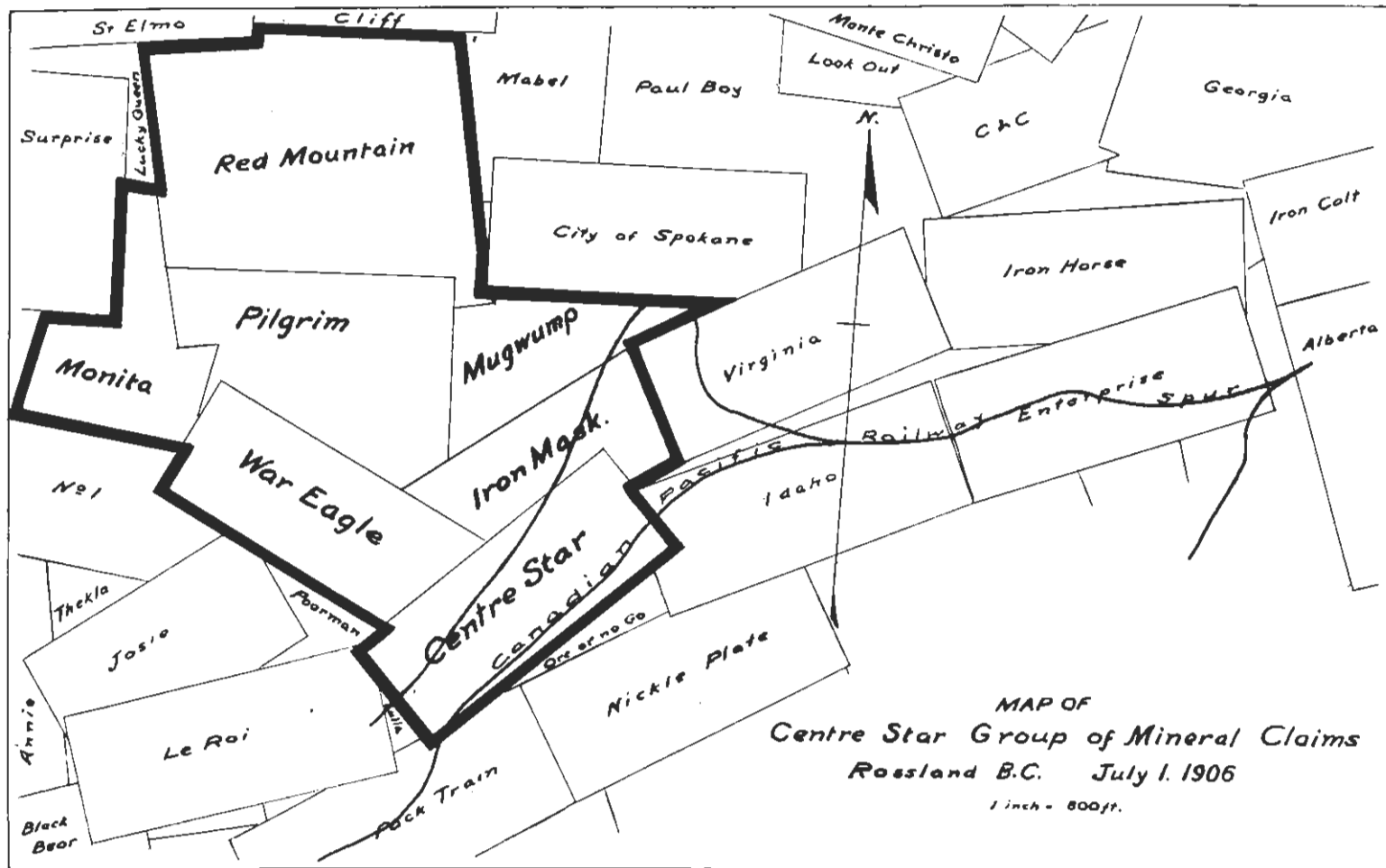
Owing to personal business, Mr. James Cronin resigned the active management of the mines, and was replaced by Mr. R. H. Stewart as Manager of mines, under whose supervision the mining results have been most satisfactory. The favorable condition of the Company's properties are also due to Mr. Jules Labarthe, Manager of the Trail Smelter and Refinery; William Chambers, Superintendent of the Smelter; S. G. Blaylock, Metallurgist; John F. Miller, Superintendent of the Refinery; R. Purcell, Superintendent of the Centre Star Mines; W. P. White, Superintendent of the St. Eugene Mines; T. W. Bingay, Comptroller, and John M. Turnbull, Mining Engineer.

Respectfully submitted,

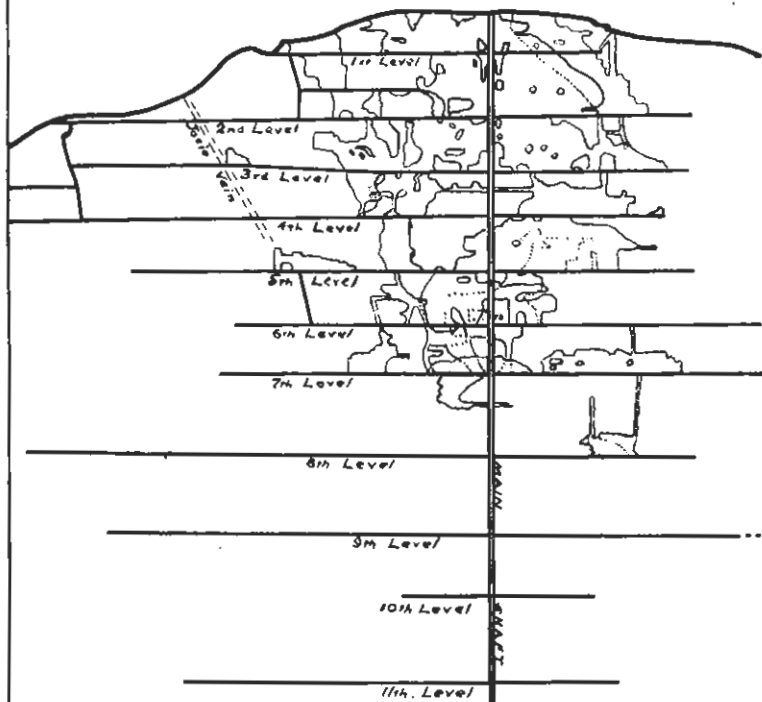
W. H. ALDRIDGE,
Managing Director.

MAP OF
St. Eugene Mineral Claims
Moyie B.C. July 1, 1906.
1 inch = 1500 ft.

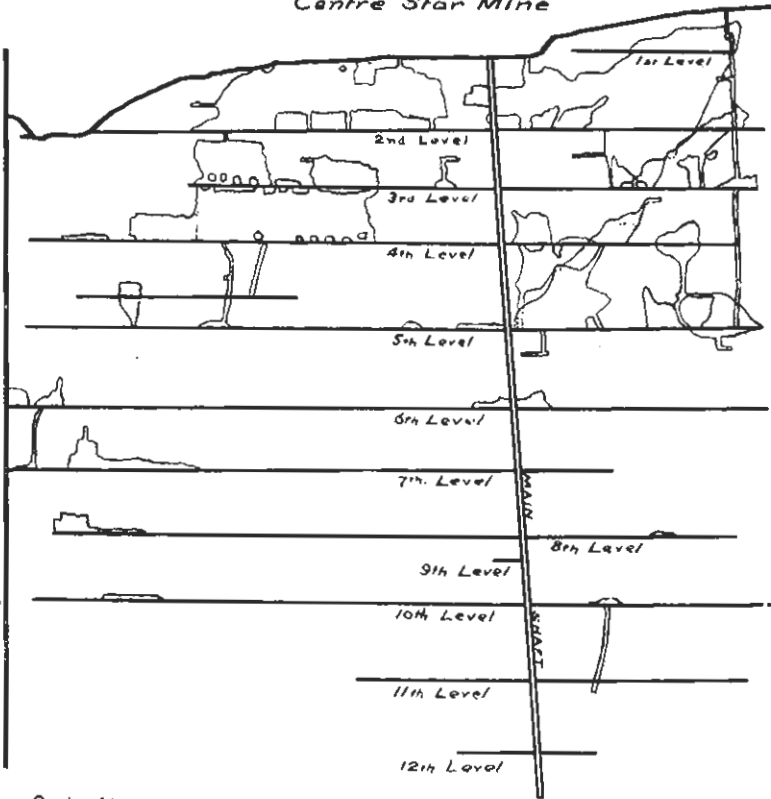




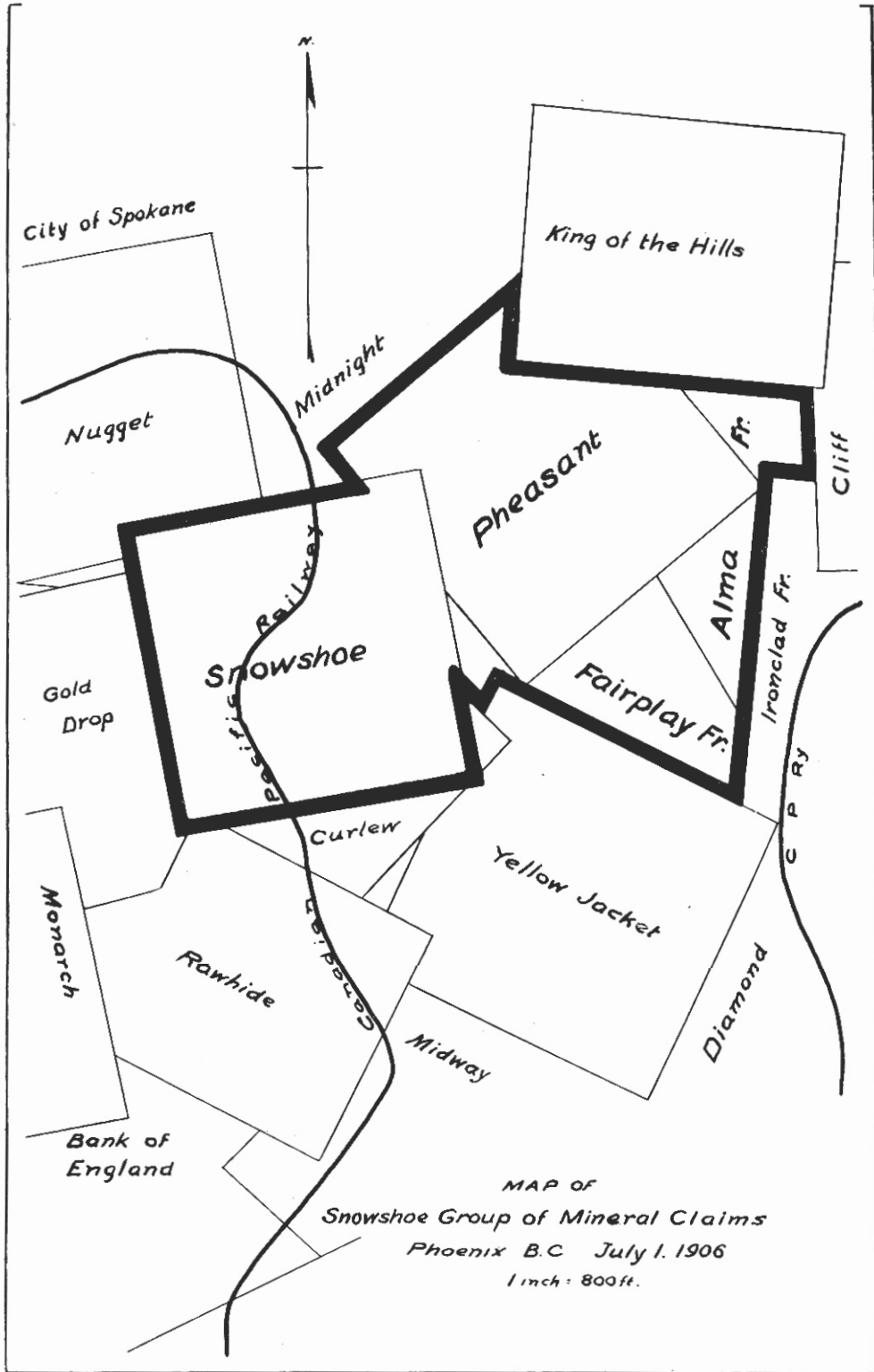
War Eagle Mine

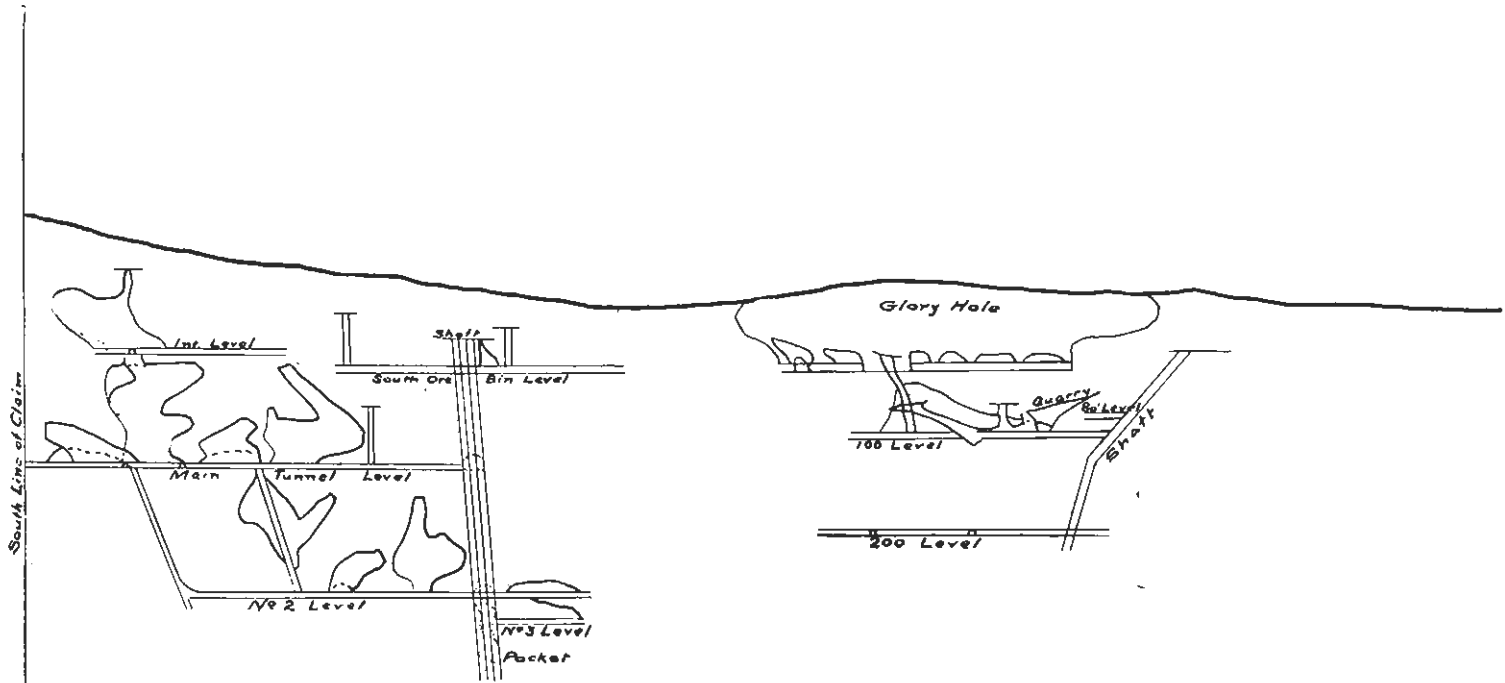


Centre Star Mine



Vertical Projection
Centre Star Mines
Rossland B.C July 1 1906
1 inch = 400 ft





Vertical Projection
Snowhoe Mine
 Phoenix B.C. July 1 1906.
 1 in = 160 ft.

