# REPORT

#### OF THE

# DIRECTORS

OF

# The Consolidated Mining & Smelting Company of Canada, Limited

For year ending 30th June, 1907.

#### 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
F. P. Buck -	·	S	HERBROOKE

# 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 have pleasure in submitting the second Annual Report of the Company, also the Managing Director's Report, the Financial Statement and Auditors' Report for the year ending June 30, 1907.

The result of the year's business is not up to our expectations as operations were handicapped by the strikes of the coal miners, which curtailed our supply of coal and coke, the unsettled labor conditions at our own mines and the severity of the weather during the winter months, which prevented a satisfactory railway service.

The development of the Company's mines has proceeded satisfactorily during the year, resulting in a large increase in the ore reserves.

The following properties have been purchased during the year, namely, the "Iron Mask," "Idaho," and "Enterprise" claims adjoining the Company's properties at Rossland, the payments for which have been made partly in cash and partly in stock.

Since the close of the year negotiations have also been completed for the purchase of the properties of the Phœnix Amalgamated Copper Mines, Limited, at Phœnix, B.C., and also for the purchase of the Keystone and Four Ace claims adjoining the Phœnix group.

Important additions and improvements have been made at the Mines, Smelter and Refinery which are fully described in the report of the Managing Director.

W. D. MATTHEWS,

President.

TORONTO, 28th November, 1907.

# FINANCIAL STATEMENT

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OF

# THE CONSOLIDATED MINING AND SMELTING COMPANY OF CANADA,

LIMITED

FOR YEAR ENDING JUNE 30TH, 1907.

#### LIABILITIES

Capital-Authorized \$5,500,000		¢4.000.000.00
Issued 48,338 Shares of \$100 each		\$4,833,800 00
Sundry Banks— Bank of Montreal, Rossland—		
Loan and Overdraft	4	
Accrued Interest 1,364 09		
"Snowshoe" Account		
Canadian Metal Co. Account 109,483 34		
	1,720,633 23	
Contingent Liability at June 30th, 1907, on	,. ,	
drafts made against Matte Shipments \$18,037.79.		
Bank of British North America:		
Payroll Account	2,974 40	
Imperial Bank, Cranbrook	101 50	
Sundry Accounts Payable	31,915 97	1,723,709 13
Balance to be expended under agreement with Canadian Metal Company	15,516 66	
Payments on account of lead purchased	9,778 08	
rayments on account of lead purchased	3,770 00	57,210 71
Reserve for Claims awaiting adjustment		20,000 00
Appropriation for Dividend No. 6. :		.,
To be payable August 1st, 1907		120,845 00
Profit and Loss Account-		
Balance June 30th, 1906	70,914 93	
As per Statement for year ending June 30th, 1907	484,676 07	
	555,591 00	
Less :	,,	
Reserve as above		
Dividend No. 3. paid Nov. 1st, 1906 117,470 00		
Dividend No. 4. paid Feb. 1st, 1907 120,845 00		
Dividend No. 5. paid May 1st, 1907 120,845 00		
Dividend No. 6. payable Aug. 1st, 1907 120,845 00		
	500,005 00	55,586 00
		00,080 00

\$6,811,150 84

## FINANCIAL STATEMENT

OF

# THE CONSOLIDATED MINING AND SMELTING COMPANY OF CANADA.

LIMITED

FOR YEAR ENDING JUNE 30TH, 1907.

#### ASSETS Mines, Mineral Claims, Shares in other Companies, etc..... \$3.326,685 05 Expenditure on Richmond Eureka Group ..... 2,266 51 Options on Mineral Claims 15,438 18 Lease of "Snowshoe" Mine ..... 46,196 07 3,390,585 81 Mining, Smelting, Concentrating, and Refining Plants : Balance at June 30th. 1906 969.086 83 Add Construction Account, June 30th, 1906 to June 30th, 1907. 408.730 81 1000 . 1,377,817 64 Sales of Machinery ..... 3,995 79 Depreciation ..... 91,705 50 95.701 29 1.282.116 35 Smelter Product on hand and in transit to Refineries : Pig Lead, Bullion, Matte, Bluestone and Antimony 466.176 20 Ores and Metals on hand and in transit to Smelter at June 30th, 1907 : at Cost or less estimate for refining cost : Ores on hand at Smelter. 591,990 95 Ores in transit to Smelter 11,947 80 Refinery Metals on hand .... 479,841 34 1.083.780 09 1,549,956 29 Mine and Smelter Stores and Materials ..... 313.549 27 Sundry Accounts Receivable .... .... ..... 115,309 18 Loan to Canadian Metal Company : Secured by first mortgage on Assets : Disbursed to June 30th, 1907 ..... 109,483 34 To be Disbursed under agreement..... 15,516 66 125,000 00 240,309 18 Insurance and Taxes paid in advance .... ..... 23,918 35 Cash: Head Office, Toronto ..... 6,215 59 Eastern Township's Bank, Phœnix ...... 1,500 00 Bank of British North America, Kaslo ..... 3,000 00 10,715 59 \$6,811,150 84

### AUDITORS' REPORT

We have audited the Accounts of the Consolidated Mining and Smelting Company of Canada, Limited, for the year ending June 30th, 1907, including the Mine and Smelter Accounts maintained at the Offices at Moyie, Phœnix, Rossland, and Trail, B.C. The values attached to Ores, Smelter Products and Materials at June 30th, 1907, are as certified by Managers and Storekeepers, reserves having been made for fluctuations in values and estimated cost of refining products in course of treatment. Subject to the foregoing, we certify that the above 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 date of closing the accounts to June 30th, 1907.

VANCOUVER, B.C., August 24th, 1907.

CLARKSON, CROSS & HELLIWELL,

Chartered Accountants.

# PROFIT AND LOSS ACCOUNT

YEAR ENDING JUNE 30TH, 1907.

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То	Smelter Product on hand June 30th, 1906, and in transit from			
	Smelter to Refiners		\$ 397,320	69
	Ore in transit to Smelter, June 30th, 1906, and in process of treatment		750,912	81
••	Customs Ore, Lead and Bullion purchased		2,384,180	80
**	Freight on Ore from Company's Mines		59,5 <b>3</b> 0	93
* *	Mining, Smelting and General Expenses :			
	St. Eugene Mines	389,832 59		
	Centre Star "	266,955 29		
	Snowshoe "	71,059 30		
	Trail Smelter and Refinery	934,883 83		
			1,662,731	01
"	Development Expenses :			
	St. Eugene Mines	220,729 71		
	Centre Star "	297,473 52		
	Richmond Eureka Mines	3,305 47		
	Snowshoe Mines	9,870 58		
			531,379	<b>28</b>
4 ه	Royalty on Snowshoe Ore		53,230	81
	Depreciation : General Plant and Equipment		91,705	50
	Director's Fees		8,600	00
	Depreciation of Stores, Bad Debts, etc.		3,685	47
46	Balance, Profit		484,676	07
			\$6,427,953	37
	1			_
То	Appropriations :			
	Reserve : Held for claims of this Company awaiting Adjustment		\$ 20,000	00
	Reserve : meld for claims of this Company awaiting Aujustment		φ 20,000	00

ILC.	Serve : melu for claims of this company awarding majustinent	$\phi 20.000 00$	
Dividend N	No. 3 paid Nov. 1st, 1906	117,470 00	
" N	No. 4 paid Feb. 1st, 1907	120,845 00	
·	No. 5 paid May 1st, 1907	120,845 00	
" N	No. 6 payable August 1st, 1907	120,845 00	
	Balance carried down	55,586 00	
		\$555,591 00	

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# PROFIT AND LOSS ACCOUNT

YEAR ENDING JUNE 30TH, 1907.

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By Sales of Smelter Product, Profit on Refining, etc		4,062,129 26
" Sales of Ores		812,262 90
"Smelter Product on hand June 30th, 1907, and in transit from		
Smelters to Refiners : Pig Lead, Matte, Bullion, Bluestone and		
Antimony		466,176 20
" Ores and Metals on hand and in transit to Smelter at June 30th,		
1907; at cost or less estimate for refining cost, viz :		
Ores on hand at Smelter	<b>591,990 9</b> 5	
Ores in transit to Smelter	11,947 80	
Refinery Metals on hand	479,841 34	
	· · · · · · · · · · · · · · · · · · ·	1,083,780 09
" Rents and Sundry Revenue		3,275 74
" Amount Reserved at June 30th, 1906 in excess of claims paid		<b>329</b> 18

	\$6,427,953 37
By Balance from June 30th, 1906	\$ 70,914 93
" Balance brought down	484,676 07

June 30th, 1917—By Balance ...... \$55,586 00



TRAIL SMELTER • TRAIL, B.C. Capacity in Lead Ores-1,500 tons daily. Capacity Lead Refiner

• TRAIL, B.C. Capacity Lead Refinery—80 tons Lead Bullion daily.

# MANAGING DIRECTOR'S REPORT

TRAIL, B.C., September 14th, 1907.

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 year ending June 30th, 1907, including Balance Sheet, Profit and Loss Account, Production, and General Report, with Maps and Photographs showing the groups of claims controlled and operated by the Consolidated Company, and Vertical Projections of the principal producing properties.

#### FINANCIAL STATEMENT

After writing off \$91,705.50 depreciation upon plant and equipment, the operating profit shown is \$484,676.07. The special reserve of \$20,000.00 provided for June 30th, 1906, has been used in settling claims for damages resulting from the explosion of the powder Thaw-house at the Centre Star Mine. A new reserve fund of \$20,000.00 for claims on other accounts has been established. After providing for the above and the payment of four dividends, numbered 3 to 6 inclusive, amounting to \$480,005.00, the balance at the credit of Profit and Loss Account is \$55,586.00. In determining the values of the metals and products on hand, quotations lower than the market prices of June 30th, 1907, have been used, in order to provide against declines in the metal markets.

The profits of the Company for the year have been unfavorably affected by two strikes in the coal fields which shut off the fuel supply for the mines and smelters, the very severe winter of 1906 and 1907, and the unsettled and unsatisfactory labor conditions, all of which greatly restricted the mining, smelting and refining operations, and resulted in increased costs as compared to the previous years. As an illustration of the effect of the above-mentioned adverse conditions, the tonnage mined in Rossland and smelted at Trail for the year only slightly exceeded the tonnages mined and smelted during the six months ending June 30th, 1906.

In place of disposing of treasury stock to secure cash with which to purchase new properties and to pay for new construction equipment and improvements, a portion of the Company's cash working capital has been used. Treasury stock was also issued in part payment for some of the properties acquired.

Due to unavoidable circumstances the stock of ores, bi-products, and metals on hand June 30th, 1907, was very large. Indications are that smelter and refinery supplies will be delivered with greater regularity, and that this large stock will be reduced before the first of the year.

The Snowshoe overdraft guaranteed by the Consolidated Company was reduced from \$78,000 to \$46,196.07.

The Consolidated Company have advanced the Canadian Metal Company \$109,483.34, and have agreed to advance a total of \$125,000, which is secured by a first mortgage upon the Blue Bell Mine and Frank Zinc Smelter.

#### PRODUCTION

Following are the productions of the different properties controlled and operated by the Consolidated Mining and Smelting Company of Canada, Limited, for the year ending June 30th, 1907, and the total production to date, as far as can be ascertained. It will be noted that the gross value of metals produced at the Company's Smelting Works has been over \$25,800,231.00, and that during the year the gross value was about \$3,786,146.00, of which \$1,657,365 came from the Company's own properties :

#### YEAR ENDING JUNE 30th, 1907

	Tons Ore.	Ozs. Gold.	Ozs. Silver.	Lbs Lead.	Lbs. Copper.	Total Value.
Centre Star and War Eagle	81,788	32,306	27,808		1,030,529	\$ 893,249
St. Eugene, Ore	127,645		675,939	29,391,389		1,713,933
" Conc.	24,737		···· ·			
Snowshoe	49,002	2,989	16,171		1,372,056	397,141
Trail Smelter	Smelted. $222,573$	69,168	1,100,271	20,383,083	3,443,310	3,786,146

#### TOTAL PRODUCTION SINCE COMMENCEMENT OF OPERATIONS IN 1894

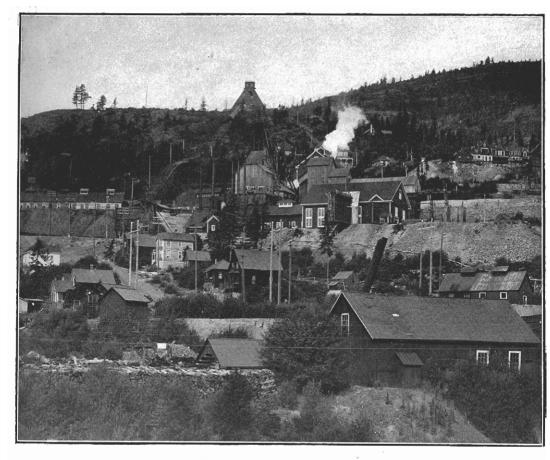
	Tons Ore.	Ozs. Gold.	Ozs. Silver.	Lbs. Lead.	Lbs. Copper.	Total Value.
Centre Star and War Eagle	924,472	489,188	687,902	• • • • •	21,083,914	\$13,724,282
St. Eugene, Or	e 525,127					· • • • •
" Co	nc. 113,668		3,358,232	134,851,109		6,203,276
Snowshoe	141,332	11,391	42,946		3,772,636	1,203,141
Smelter	Smelted. 1,291,186	578,142	10,179,104	102,671,523	28,836,756	25,800,231

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 sixteen miles of underground development or narrow work in the Centre Star and War Eagle group, and about ten miles in the St. Eugene. During the year the following development work has been driven in the three principal producing properties:

	Centre Star.	War Eagle.	St. Eugene.
Drifting	4,186.5	2,599.5	9,486
Cross-cutting	1,526	1,298.5	1,610
Raising	811	574	2,417
Sinking	337.5	131.5	339
	6,861	4,603.5	13,852
Diamond drilling	6,287.8	1,749.4	4,697



CENTRE STAR MINE - ROSSLAND, B.C.

In the Centre Star a large tonnage has been developed in the east ore bodies above the 5th level. The 11th level has developed in a most encouraging manner, there having been found six ore shoots, the largest having a width approaching 40 feet. Several of these have yielded ore of a considerably better grade than the average mine-run from the Centre Star Group. The east ore shoot which started at the 6th level was found to be of greater length on the 11th level than at first supposed, and although it is not wide, yet it is of excellent grade. Three ore shoots west of the shaft have turned out satisfactorily. The 12th level has been extended the full length of the property and only two pay ore bodies have as yet been located, one being the continuation of the main east ore shoot which was small, but in places contained very high values. There is still a large amount of cross-cutting to be done upon this level, and there are a number of places where sufficient values have been found to justify starting raises. The main Centre Star shaft is down below the 14th level, stations have been cut on the 13th and 14th levels and crosscutting for the vein started.

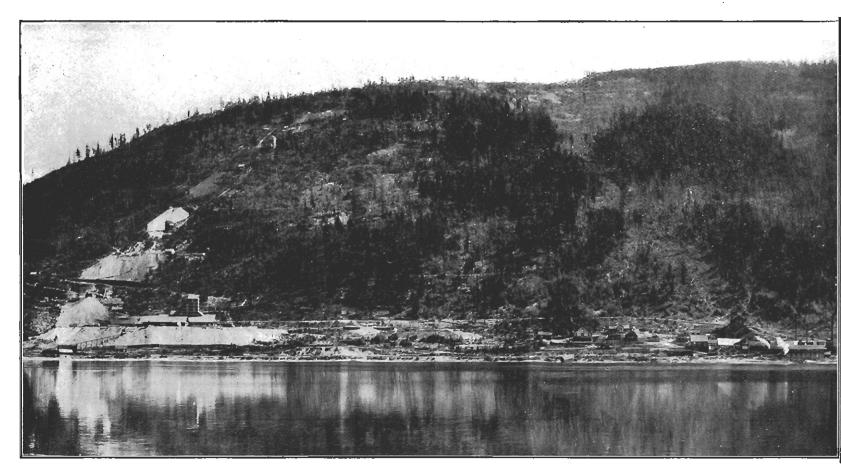
A fair tonnage of ore is being found in the upper levels of the War Eagle, particularly around the 4th, 5th and 6th levels, where in some cases the ore bodies had faulted. In the lower workings, the chief feature has been the development between the 10th and 12th levels, where a tonnage of high grade silicious ore is being developed. A small shoot of heavy sulphide carrying high copper values has also been found. There still remains a large area of country to prospect between the 8th and 12th levels, as the old War Eagle drifts below the 8th level were run in the foot-wall of the vein.

Nearly all of the shipments from the Iron Mask have come from new ore, the old ore reserves, which had been developed at the time of purchase, not having yet been materially drawn upon. The Iron Mask ore bodies are for the most part small, but in cases, quite long and yield a good grade of ore. There are fair prospects of continuations of the old veins being found, and a possibility of new ones located.

On the Idaho property, which has recently been acquired, a vein about 30 ft. wide has been discovered near the middle of the claim. A small prospecting shaft is being sunk, and at the start yielded fair values, but recently has been in a fault, since which time the values have been low. The 4th, 7th, 8th and 12th Centre Star levels have been extended into the Idaho ground. A large part of the distance driven was through the large dyke which forms Centre Star Gulch. The assays in the lower levels have been somewhat discouraging, but on the 4th level there are good prospects of locating oré bodies containing pay values. At several points mineralized ground was encountered, which will require more thorough prospecting.



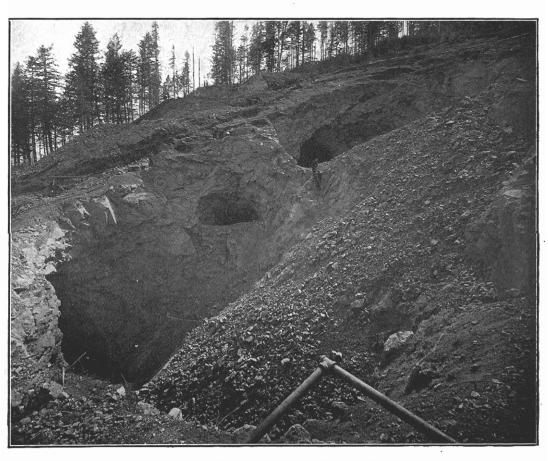
CENTRE STAR HOIST AND HEAD WORKS - ROSSLAND, B.C. Hoist Capacity-1,350 tons from 3,000 feet in ten hours.



Development at the Snowshoe has been satisfactory. The main increase in ore reserves since leasing the property has been due to the opening up of the Gold Drop branch ore vein. Diamond drilling below the main fault has not located any ore.

At the St. Eugene Mine, Moyie, large ore bodies in the cross veins have been found. These are known as 3rd and 4th Avenues. The 3rd Avenue ore shoot, found by diamond drilling, has been located on the 1,700, 1,800, 1,900 and 2,000 ft. levels. The 2,000 ft. level does not promise to yield nearly so large a tonnage as did the 1,900 ft. level, but this level is not thoroughly prospected. In the south vein just above the 2,000 ft. level, an ore shoot 30 ft. wide of fair grade of ore has been found. The 2,100 ft. level has not shown up any large ore bodies, but it will require some months to prospect. There are indications that the south vein may in the future prove to be more productive than the main vein, and there is every reason to hope that other cross fissures containing ore will be found.

The Richmond-Eureka Group at Sandon promises to yield a small tonnage of high grade ore. Tunnels Nos. 2, 3, 4 and 5 have been driven, and in cases small rich ore bodies located. One carload of ore encountered in development was shipped which yielded \$3,305.47. and there is more ore on the dump. Before other shipments are made an aerial tramway will be built.



SNOWSHOE GLORY HOLE - PHOENIX, B.C. Output—800 tons daily.

The ore reserves in Rossland have been materially increased since the last report, while the developed tonnage at the St. Eugene is about the same as that of June 30th, 1906. The probable Snowshoe tonnage has been increased.

At Rossland, all the underground workings between the Centre Star, War Eagle and Iron Mask have been connected by the driving of several long cross-cuts on the different levels, in order that all of the ore from these properties might be handled through the main Centre Star shaft. All this work has been charged off to "Development." Electric haulage has been installed on the 350, 4th, and 9th levels, the 350 and 9th being for the handling of all War Eagle and Iron Mask ore below the second level.

All costs of development in the Company's producing mines amounting to \$531,379.28 have been charged against profits.



ST, EUGENE MILL - - MOYIE, B C. Capacity-500 tons Silver-Lead Ore daily.

### CONSTRUCTION AND IMPROVEMENTS.

During the year a large amount of new construction and improvements at the various properties was completed or nearly completed, the amount having been expended upon this account being \$408,730.81. The main items have been as follows:

At Rossland Mines, the enlargement of the Centre Star Compressor Plant, and the purchase of an electric motor for driving the old Centre Star compressor (to replace steam); a Nordberg hoist (with new head works) for handling the ore from the Centre Star, War Eagle, Iron Mask and Idaho Mines; an ore conveyor, sorting and complete sampling plant; electric haulage on several levels underground and on the surface; additional fire and water systems; additional equipment for shops.

At the St. Eugene numerous improvements and additions to the Concentrating Mill; additional fire protection; additional machinery for shops; improvements in power plant and boiler house; improvements to hoisting plant.

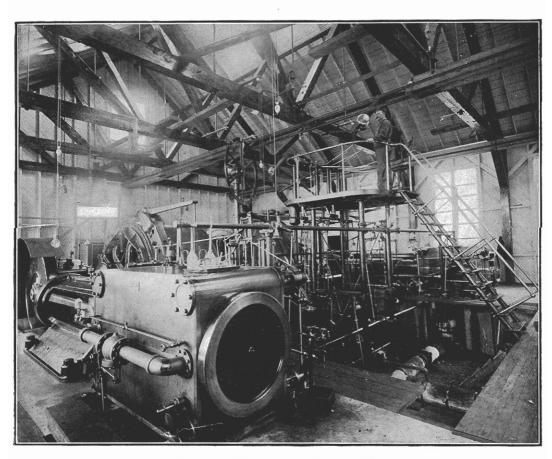
At the Snowshoe, additional fire and water systems; installation of electric haulage; new compressor drive; enlargements and new equipment for shops; additional buildings.

At Trail, enlargements of copper furnaces and lead furnaces; installation of the Huntington-Heberlein plant; construction of new copper mill bins and trestles; additional electric locomotives and electric haulage; additions to the refinery lead plant; the building of the acid plant; the addition of an antimony plant.

#### NEW PROPERTIES.

During the year the Iron Mask property at Rossland, referred to in the previous report, was purchased for cash.

On account of the large ore bodies located in the eastern part of the Centre Star mine, next the Idaho claim, the surface showings, which indicated a continuation of the



CENTRE STAR HOIST - ROSSLAND, B.C. Horse Power, 1,100. Cylinders, 28 in. by 60 in. Drums, 10 ft. Skip, 4½ tons.

main Le Roi-Centre Star vein through the Idaho claim, and because of the cheapness with which this property could be developed from the various Centre Star levels which had been driven to the Idaho line, the Consolidated Company acquired the Idaho Claim for part cash and part shares in the Consolidated Company.

As the main Le Roi-Centre Star vein can be traced through not only the Idaho Claim, but also through the Enterprise property joining the Idaho on the east end line, it was decided to purchase this property for cash. This gives the Consolidated Company 4,500 feet on the main Le Roi-Centre Star vein.

In view of the recent favorable developments on the Snowshoe, Gold Drop and Raw-hide properties, all in the Phœnix Camp, it was considered advisable to purchase, partly for cash and partly for shares of the Consolidated Company, the Phœnix Amalgamated Company's properties, and negotiations for the acquisition of these interests were completed June 30th, since which time the actual purchase has been made. The Phœnix Amalgamated Company's properties comprise the following claims : War Eagle, Missing Link Number 2, Dandy, Bald Eagle, Pin Hook, Red Rock, Lulu and some fractions, the total acreage being about 210.3. These properties join the Granby Consolidated Company's properties upon the south.

Negotiations were also completed June 30th, for the purchase of the Four Ace and Key-stone properties, joining the Phœnix Amalgamated Group on the South. Several options have been taken on other properties near Phœnix.

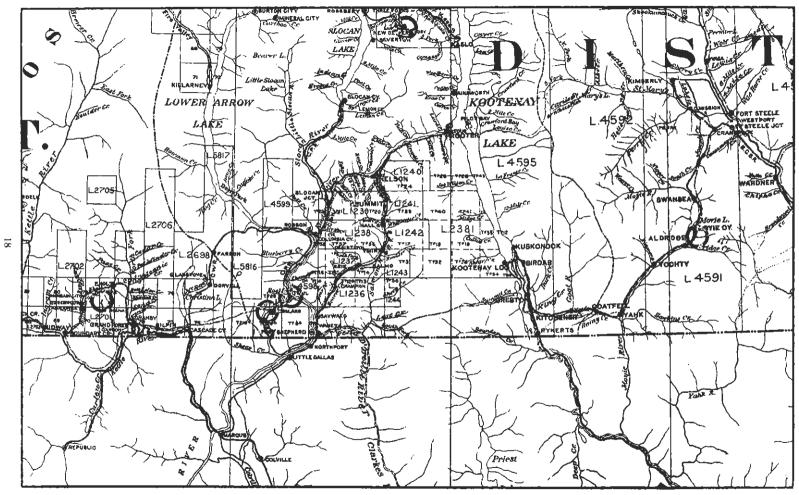
To provide a sufficient supply of lead ore for the furnaces and refinery at Trail and to insure a sufficient lead tonnage to enable the company to retain its strong position in the Canadian, Chinese, and Japanese lead markets, an agreement was made with the Canadian Metal Company, by which the Consolidated Company is to advance \$125,000 for development and the construction of a lead concentrator at the Blue Bell Mine (said advance being secured by mortgage upon the Blue Bell Mine and concentrator and Frank Zinc Smelter), and in consideration of the above, the Consolidated Company has secured the entire Canadian Metal Company's output of lead and zinc concentrates for a period of years.

#### MANAGEMENT AND STAFF.

The excellent condition of the Company's mines is largely due to their Manager, Mr. R. H. Stewart, and the favorable results, considering the adverse conditions previously referred to, are due to Mr. Jules Labarthe, Manager of the Trail Smelter and Refinery; T. W. Bingay, Comptroller; William Chambers, Superintendent of the Smelter; John F. Miller, Superintendent of the Refinery; A. J. McNab, Metallurgist: R. Purcell, Superintendent of Rossland Mines; W. P. White, Superintendent of St. Eugene Mines; Charles Biesel, Superintendent of Phœnix Mines; and John M. Turnbull, Mining Engineer.

Respectfully submitted,

W. H. ALDRIDGE, Managing Director.



Key Map

Shewing the location of the properties of the Consolidated Mining and Smelting Co. of Canada, Limited, at Rossland, Moyie, Sandon, Phoenix and Trail, British Columbia.

