

REPORT

OF THE

DIRECTORS

OF

The Consolidated Mining & Smelting Co. OF CANADA, LIMITED

For year ending 30th June, 1909.

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	-	-	-	SHERBROOKE

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 fourth annual Report of the Company's operations also the Managing Director's Report, the Financial Statement, and Auditor's report for the year ending June 30th, 1909.

During the year several claims adjoining the Rossland properties, also several claims near the St. Eugene group, were purchased and a working bond has been taken on the Queen Victoria property in the Kootenay District. Extensive development work has been carried on at the various mines and various improvements made to the plant, as detailed in the Managing Director's Report.

Since the Company commenced operations there has been expended on Capital account the sum of \$1,309,731.83, partly in construction and partly in acquiring new properties. Shares to the value of \$656,400 have also been issued for the latter purpose, leaving unissued only \$141,800 of the authorized capital Stock. It has therefore been decided to increase the authorized capital from \$5,500,000 to \$7,500,000 and a special general meeting has been called to approve of such increase.

W. D. MATTHEWS,

President.

Toronto, 12th October, 1908.

FINANCIAL STATEMENT

OF

The Consolidated Mining and Smelting Company of Canada

LIMITED

FOR YEAR ENDING JUNE 30, 1909.

LIABILITIES.

Capital—Authorized \$5,500,000.00		
Issued 53,552 Shares of \$100 each.....		\$5,355,200 00
Bank Loan and Overdraft.....	\$1,206,673 08	
Accrued Interest.....	1,302 65	
"Snowshoe" Account.....	16,549 12	
		<u>\$1,224,524 85</u>
Contingent Liability at June 30th, 1909, on drafts against Matte Shipments, \$223,485.25.		
Pay roll accounts.....	3,378 25	
		<u>1,228,103 10</u>
Sundry Accounts Payable and Unpaid Dividends.....		99,102 57
Reserve for Accidents and Claims awaiting adjustment.....		46,438 56
Profit and Loss Account—		
Balance June 30th, 1908.....	32,061 93	
As per Statement, year ending June 30, 1909.....	329,004 08	
		<u>361,066 61</u>

\$7,089,910 24

FINANCIAL STATEMENT

OF

The Consolidated Mining and Smelting Company of Canada

LIMITED

FOR YEAR ENDING JUNE 30, 1909.

ASSETS.

Mines, Mineral Claims, Shares in other Companies, etc.....	\$8,943,820 78	
Lease on "Snowshoe" Mine.....	16,549 12	
Expenditure on Phoenix Amalgamated Group.....	53,785 71	
		<u>\$4,014,155 61</u>
Mining, Smelting, Concentrating and Refining Plants—		
Balance at June 30, 1909.....	\$1,434,835 57	
Add Construction Account, June 30th, 1908, to June 30th, 1909.....	192,179 24	
		<u>\$1,627,014 71</u>
Less:		
Blue Laws, Trail.....	5 4,871 16	
Sales of Machinery.....	286 20	
Depreciation.....	153,218 31	
		<u>158,375 67</u>
		<u>1,468,639 04</u>
Smelter Product on hand and in Transit to Refineries:—Pig Lead, Bullion, Matte, Bluestone and Antimony.....		349 741 22
Ores and Metals on hand and in Transit to Smelter at June 30th, 1909: value of metal contents corrected to market quotations:—		
Ores on hand.....	\$ 436,524 31	
Refinery metals on hand.....	292 578 17	
Ore in transit to Smelter.....	25,523 72	
		<u>754,644 20</u>
		<u>1,104,385 42</u>
Mine and Smelter Stores and Materials.....		310,105 47
Sundry Accounts Receivable.....		143,626 08
Insurance and Taxes paid in advance.....		14,823 01
Cash:—Head Office, Toronto.....		2 824 30
Eastern Townships Bank, Phoenix.....		1,146 41
Bank of Montreal, New Denver.....		500 00
		<u>4 774 71</u>
		<u>\$7,089,910 24</u>

AUDITOR'S REPORT

We have audited the Accounts of the Consolidated Mining and Smelting Company of Canada, Limited, for the year ending June 30, 1909, including the Mine and Smelter Accounts maintained at the Offices at Moyie, Phoenix, Rossland and Trail, B.C. The values of Ore, Smelter Products and Materials at June 30, 1909, are as certified by Managers and Storekeepers; the values of metal contents have been corrected to Market quotations of that date, and the estimated cost of refining products in course of treatment has been deducted from said values.

Subject to the foregoing, we certify that the above Balance Sheet is, in our opinion, a true and correct statement of the financial position of the Company as at date of closing the Accounts to June 30, 1909.

VANCOUVER, B.C., September 8th, 1909.

CLARKSON, CROSS & HELLIVELL,
Chartered Accountants.

PROFIT AND LOSS ACCOUNT

FOR YEAR ENDING JUNE 30, 1909.

To Smelter Product on hand June 30, 1908, and in transit from Smelter to Refiners.		311,738 24
" Ore in Transit to Smelter, June 30th, 1908, and in process of treatment.		828,663 07
" Customs Ore, Lead and Bullion purchased.		1,477,976 77
" Freight on Ore from Company's Mines.		148,447 80
" Mining, Smelting and General Expenses:—		
St. Eugene Mines.	\$ 536,411 33	
Centre Star "	507,023 34	
Snowshoe "	98,520 27	
Richmond-Eureka Mines.	21,193 09	
Trail Smelter and Refinery.	1,399,962 24	
		2,593,110 30
" Development Expenses:		
St. Eugene Mines.	\$ 191,302 56	
Centre Star "	357,164 79	
Snowshoe "	4,885 13	
Richmond-Eureka Mines.	9,759 33	
Phoenix Amalgamated Mines.	302 15	
		563,413 96
" Development Richmond-Eureka, written off.		24,444 33
" Royalty on Snowshoe Ore.		26,978 43
" Depreciation, General Plant and Equipment.		1 53,218 31
" Directors' Fees.		8,800 00
" Sundry Items written off, including Bad Debts.		16,650 44
" Balance, Profit.		329,004 08
		\$6,482,445 73
To Balance carried down.		361,066 01
		\$361,066 01

PROFIT AND LOSS ACCOUNT

FOR YEAR ENDING JUNE 30, 1909.

By Sales of Smelter Product, Profit on Refining, etc.....	\$5,126,818 25
" Sales of Ores.....	247,172 26
" Smelter Product on hand June 30, 1909, and in Transit from Smelter to Refiners: Pig Lead, Matte, Bullion, Bluestone and Antimony.....	349,741 22
" Ores and Metals on hand and in Transit to Smelter, June 30, 1909; values of Metal contents corrected to market quotations:	
Ores on hand.....	\$436,542 31
Refinery Metals on hand.....	292,578 17
Ores in Transit to Smelter.....	25,523 72
	<hr/>
	754,644 20
" Rents and Sundry Revenues.....	4,069 80
	<hr/>
	<u>\$6,432,445 73</u>
By balance from June 30, 1908.....	32,061 93
" Balance brought down.....	329,004 08
	<hr/>
	<u>\$361,066 01</u>
June 30, 1909, by Balance.....	\$361,066 01

MANAGING DIRECTOR'S REPORT

TRAIL, B.C., AUGUST 25TH, 1909.

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, 1909, including Balance Sheet, Profit and Loss Account, Production, and General Report.

FINANCIAL STATEMENT

After writing off \$153,218.31 depreciation upon plant and equipment, (as compared with \$132,843.20 depreciation marked off during the previous year), \$16,650.44 sundry items written off included bad debts, \$24,444.33 on account of the original cost of placing the Richmond-Eureka upon a producing basis, and charging to Profit and Loss Account \$563,413.96 expended upon development, and after absorbing a loss of about \$53,000 in metal quotations, the operations for the year show a profit of \$329,004.08, which added to last year's balance of \$32,061.93, leaves a net credit of \$361,066.01.

During the year additions to the various plants have amounted to \$164,951.56, the cost of lands near the smelter \$22,070.42, and cost of new properties and their development to \$55,766.35, or a total of \$242,788.33. This amount has been provided from the Company's operating profits.

The Snowshoe overdraft guaranteed by the Consolidated Company has been reduced from \$29,707.92 to \$16,549.12.

The advance to the Canadian Metal Company of \$125,000 has been repaid in full. The Canadian Metal Company is shipping its product regularly to Trail, as provided for by a contract extending over several years.

Since the formation of the Consolidated Company \$656,400.00 of the Company's Treasury stock has been used in acquiring new properties. There have been expended \$287,420.78 cash in acquiring new properties, and \$1,022,311.05 in construction, making a total of \$1,309,731.83 cash spent on capital account.

PRODUCTION

Following are the productions of the different properties controlled and operated by the Consolidated Mining & Smelting Company of Canada, Limited, for the year ending June 30th, 1909, 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 \$36,700,000, and that during the year the gross value was \$5,505,526, as compared to \$5,428,501, the production for the previous year.

YEAR ENDING JUNE 30th, 1909

	Tons Ore	Gold in ounces	Silver in ounces	Lead in pounds	Copper in pounds	Value
Centre Star and War Eagle	183,040	77,163	49,430	.....	2,437,238	\$1,932,511
St. Eugene, Ore.....	155,668	.....	635,599	.....	.....	.....
St. Eugene, Conc....	23,260	.....	635,599	30,976,489	.....	1,414,438
Richmond-Eureka. . .	3,488	.....	194,603	1,208,238	.....	142,470
Phoenix Amalgamated.	249	7	44	.....	2,214	451
Snowshoe (leased. . . .	109,828	7,231	25,256	.....	2,785,475	522,717
Trail Smelter.	347,417	114,920	2,443,475	43,675,077	4,637,631	5,505,526

PRODUCTION BEGINNING 1894 TO DATE

	Tons Ore mined	Gold in ounces	Silver in ounces	Lead in pounds	Copper in pounds	Gross Value
Centre Star-War Eagle Eagle Group.	1,283,311	642,824	798,862	.....	25,975,306	\$17,572,747
St. Eugene, Ore.....	.....	.....	.....	.....	.....	.....
St. Eugene, Conc....	.....	.....	4,586,740	193,881,910	.....	8,936,736
Richmond-Eureka. . . .	4,559	.....	258,713	1,657,958	.....	196,250
Phoenix Amalgamated .	249	7	44	.....	2,214	451
Snowshoe.	337,709	23,580	95,417	.....	8,720,816	2,110,061
Trail Smelter.	1,971,559	814,442	14,837,467	178,503,739	37,478,855	36,734,258

At the date of this report, the Centre Star Group is mining and shipping daily 600 tons of ore, the St. Eugene mining and concentrating 500 tons (from which 65 ton daily of lead concentrates are being produced), and the Snowshoe, 600 tons. The Richmond-Eureka was compelled to stop shipments on account of the damage done by flood to the Canadian Pacific Railway track early in June.

DEVELOPMENT

There are over 22 miles of underground development or narrow work in the Centre Star Group, Rossland, 14½ miles on the St. Eugene-Moyie, 4,808 feet in the Richmond-Eureka, Sandon, and 2,144 feet in the Phoenix Amalgamated, Phoenix.

On the Company's properties 31,200 feet, or nearly six miles, of narrow work has been driven during the year, and 23,915 feet of diamond drilling, as follows:—

	Drifting	Cross Cutting	Raising	Sinking	Total	Diamond Drilling
Centre Star Group.....	9,361	5,087	1,588	628	16,664	17,448
St. Eugene.	7,464	2,402	1,698	119	11,683	6,467
Richmond-Eureka.	809	242	457	0	1,508	0
Phoenix Amalgamated.	909	433	0	0	1,345	0
Total.	18,543	8,167	3,743	747	31,200	23,915

The ore reserves in the Centre Star Group, Rossland, are about the same as a year ago. Shipments from these properties for the year have been 183,040 tons, (the largest in the history of the Company), containing a gross assay value of \$1,932,510.98.

The developments in the War Eagle and Iron Mask Mines during the year have been favorable. On the 9th level, War Eagle, an ore body has been found which on the sill floor has averaged 50 feet wide by 100 feet in length. Good values were found in the 9th level drifts for a distance of 350 feet, but the width for the entire distance has not been determined. In the Iron Mask property, the Jos'e, Centre Star North and Iron Mask veins have yielded a good grade of ore.

No pay ore bodies have been found upon the 13th and 14th levels of the Centre Star. Very little work has been performed on the 15th level. On the 16th level a narrow vein, high in copper and low in gold, has been encountered. This level will be driven the full length of the claim and the country prospected by diamond drilling.

Some of the sulphide ore bodies found in the Idaho south vein (referred to in previous reports) proved to be too low in gold to make them profitable. In the north vein of the Idaho a pay ore chute is being opened, 95 feet long by 10 feet wide.

On the 6th level, Centre Star, a body of good ore, 100 feet long by 20 feet wide, has been discovered. It is possible that this ore chute will extend farther east and west.

The probable ore reserves of the St. Eugene Group, Moyie, are one-third less than a year ago, but the same as two years ago. The stopes in the St. Eugene between the 600 ft. and 800 ft. levels, and between the 1,300 ft. and 1,500 ft. levels have yielded an excellent grade of ore. The New Fifth Avenue, which has been located from the 1,900 ft. level to a point 65 ft. below the 2,000 ft. level, promises to yield a large tonnage of ore, which will concentrate about 7 into 1.

On the 2,100 ft. level there are large areas of mineralized material, but no pay ore chutes. On the 2,200 ft. level ore has recently been located south of the south vein, a drift from the south cross-cut having had ore for a distance of 50 feet. Only a small amount of work has been performed on the 2,400 ft. level, which is the level next below the 2,200 ft. level.

The Richmond-Eureka, at Sandon, not only made an excellent record for the year, but has 50% more tonnage in sight than a year ago.

A number of 20 to 30 foot ribs of ore, (separated by lower grade material), have been found in the War Eagle claim of the Phoenix Amalgamated. The War Eagle tramway has been completed and the railway spur is being graded. Shipments will be started soon, and these will determine whether the entire body of ore can be mined, or whether the ribs will be worked separately.

There is more development tonnage in the Snowshoe than a year ago. Shipments are being made from this property at the rate of 18,000 tons per month.

NEW PROPERTIES

The Queen Victoria property, at Beasley Siding, has been bonded. The ore which can be quarried contains copper from 1.5% to 2%, and gold and silver fifty cents per ton. The mine will be started when the copper market improves.

The Monita and Mugwump properties, joining the War Eagle, Rossland, and the City of Spokane, joining the Mugwump, were purchased; also several claims near the St. Eugene Group.

CONSTRUCTION

The new work at Trail consists of a steel furnace building, 265 feet long by 70 feet wide by 70 feet high; a No. 11½ Root blower, capable of delivering 33,000 cubic feet per minute, (driven by two motors); part of the electric feed for the copper furnaces; part of the costs of a mechanical feed on the lead furnaces; one additional Huntington and Heberlein roaster; a new copper furnace 25 feet long by 42 inches wide; and a chain haul for handling bullion.

At the mines, a new boiler house was built at the St. Eugene shaft house, some of the boilers from the power house moved over, and a considerable saving made, due to less condensation of steam. Additional rolling stock was purchased, and a number of small improvements made.

MANAGEMENT

The management wishes to express appreciation of the splendid work performed by its many employees, and by the following gentlemen in charge of properties or departments:—

R. H. Stewart, Manager of the Company's mines; Jules Labarthe, Manager of the Trail works and General Purchasing Agent; T. W. Bingay, Comptroller; A. J. McNab, Superintendent of the Smelter; John F. Miller, Superintendent of the Refinery; M. E. Purcell, Superintendent of Rossland Mines; S. G. Blaylock, Superintendent of St. Eugene Mines; Charles Biesel, Superintendent Phoenix Mines; A. W. Davis, Superintendent Richmond-Eureka Mines; James Buchanan, Metallurgist, and John M. Turnbull, Mining Engineer.

Respectfully submitted,

W. H. ALDRIDGE,

Managing Director.

