

Report of the Directors
—of—
The Consolidated
Mining and Smelting
Company
of Canada, Limited

For fifteen months ending September 30th, 1913

BOARD OF DIRECTORS

W. D. MATTHEWS, Toronto	.	.	.	President
GEO. SUMNER, Montreal	.	.	.	Vice-President
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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 take pleasure in presenting the Eighth Annual Report of the operations of the Company, as covered by the General Manager's Report, the Financial Statements, and the Auditor's Report for the period of fifteen months, ending September 30th, 1913.

The Net profit, after deducting \$146,019.30 for Development, and \$193,256.06 for Depreciation, amounts to \$998,367.14, out of which three dividends (a total of 8%), amounting to \$464,352 have been paid, leaving a balance of \$534,015.14, which, added to the balance at the credit of the Profit and Loss Account as shown last year, makes a total of \$1,717,650.49 at the credit of that Account.

During the year the Property Account has been increased by the sum of \$232,113.73, the following properties having been acquired: The Monte Christo, Iron Horse, Abe Lincoln, and Virginia Claims, adjoining the Company's Rossland properties, the Number One Group and the Highland Group at Ainsworth, and the Ottawa Mine at Springer Creek, Slocan district. An interest in the Silver King group of mines at Nelson has also been acquired, and an agreement has been entered into to operate the property.

The Plants at the various properties have been well maintained, and alterations and improvements have been made at the Smelter to take care of the increased tonnage of ore, and also to reduce cost of operating.

W. D. MATTHEWS,
President.

Toronto, December 16th, 1913.

FINANCIAL STATEMENT

The Consolidated Mining and Smelting Company of Canada, Limited

Balance Sheet as at September 30th, 1913

LIABILITIES		ASSETS
CAPITAL:		
Authorised	\$7,500,000.00	
Issued, 58,052 Shares of \$100 each	\$5,805,200.00	
SUNDRY BANKS:		
Bank of Montreal:		
Loan and Overdraft	414,657.45	
Accrued Interest	314.12	
	414,971.57	
Less Sight Drafts in transit to Bank ..	217,001.13	
	197,970.44	
Pay Roll Bank Accounts Overdrawn ..	6,334.80	
	204,305.24	
CONTINGENT LIABILITY AT SEPTEMBER 30, 1913, ON DRAFTS AGAINST SHIPMENTS	296,250.71	
ACCOUNTS PAYABLE AND UNPAID DIVIDENDS ..	488,123.56	
RESERVE, INCLUDING PROVISION FOR CLAIMS AWAITING ADJUSTMENT	32,854.04	
PROFIT AND LOSS ACCOUNT:		
Balance June 30, 1912	1,183,635.35	
Profit 15 months ended September 30, 1913 ..	998,367.14	
	2,182,002.49	
LESS Dividend No. 8, declared October 14, 1912	\$232,176.00	
Dividend No. 9, declared June 20, 1913	116,088.00	
Dividend No. 10, declared September 3, 1913	116,088.00	
	464,352.00	
	1,717,650.49	
	\$8,248,133.33	
		MINES, MINERAL CLAIMS AND SHARES IN OTHER COMPANIES
		\$5,006,974.60
		Mining, Smelting, Concentrating and Re- fining Plants:
		Balance June 30, 1912
		\$1,412,975.87
		Construction 15 months to September 30, 1913
		342,425.14
		1,755,401.01
		LESS Sales of Plant
		\$10,632.26
		Fire Loss, Rossland
		22,200.00
		Fire Loss, Moyie
		13,265.00
		Depreciation
		193,256.06
		239,353.32
		1,516,047.69
		SMELTER PRODUCT ON HAND AND IN TRANSIT TO REFINERIES:
		Pig Lead, Bullion, Matte, Bluestone and Antimony
		144,957.23
		ORES AND METALS ON HAND AND IN TRANSIT TO SMELTER AT SEPTEMBER 30, 1913:
		Value of Metal Contents cor- rected to Market quotations:
		Ore on hand
		535,252.12
		Refinery, Metals on hand
		381,154.56
		Ore in Transit to Smelter
		48,406.45
		964,813.13
		1,109,770.36
		MINE AND SMELTER STORES AND MATERIAL
		359,692.88
		ACCOUNTS RECEIVABLE
		234,436.46
		INSURANCE AND TAXES PAID IN ADVANCE
		14,180.42
		CASH IN BANKS AND ON HAND:
		Head Office, Toronto
		1,450.25
		Sundry Pay Roll Bank Accounts
		5,580.67
		7,030.92
		\$8,248,133.33

Auditor's Report

We have audited the Accounts of the Consolidated Mining and Smelting Company of Canada, Limited, for the Fifteen Months ended September 30th, 1913, including the Mines and Smelter Accounts maintained at the Offices at Marysville, Ainsworth, Nelson, Rossland, Trail, B.C. The Inventories of Ore and Smelter Products at September 30th, 1913, are as certified by the Company's Officials; the values of Metal Contents have been treated as treatment has been deducted. Stores and Materials on hand at the Mines and Smelters are valued at market quotations of that date, and the estimated cost of refining products in course of production is verified by the Storekeepers.

Subject to the foregoing we certify that the above Balance Sheet is, in our opinion, correctly drawn up so as to exhibit a correct view of the financial position of the Company as at date of closing the Accounts to September 30th, 1913.

VANCOUVER, B.C., November 18th, 1913.

HELLIWELL, MOORE & MACLACHLAN
Chartered Accountants.

PROFIT AND LOSS ACCOUNT

For Fifteen Months ended September 30th, 1913

To Smelter Product on hand June 30th, 1912, and in transit from Smelter to Refineries.....	\$ 119,652.65
" Ore in Transit to Smelter June 30th, 1912, and in process of treatment.....	748,459.29
" Customs Ore, Lead and Bullion purchased.....	3,151,325.30
" Freight on Ore from Company's Mines.....	71,046.16
" Mining, Smelting and General Expenses:—	
"St. Eugene" Mine.....	47,671.56
"Centre Star" Mine.....	634,952.11
"Le Roi" Mine.....	230,336.05
"Richmond Eureka" Mine.....	18,219.14
"Sullivan" Mine.....	123,983.98
"No. 7" Mine.....	22,006.45
"Molly Gibson" Mine.....	55,922.99
"Phoenix Amalgamated" Mine.....	1,912.65
Trail Smelter and Refinery.....	1,975,789.44
	3,110,794.37

To Development Expenses:—	
"Centre Star" Mine.....	335,932.67 ✓
"Le Roi" Mine.....	114,369.76 ✓
"Richmond Eureka" Mine.....	11,759.30 ✓
"No. 7" Mine.....	4,710.54 ✓
"Molly Gibson" Mine.....	29,276.24 ✓
"Sullivan" Mine.....	50,489.70 ✓
"Maestro" Mine.....	4,164.56 ✓
"No. 1" Mine.....	42,546.30 ✓
"Highland" Mine.....	4,990.89 ✓
	598,239.96

To Development—written off.....	146,019.30
" Depreciation General Plant and Equipment.....	193,256.06
" Directors' Fees.....	11,000.00
" Sundry Items written off (including Bad Debts).....	554.40
" Balance, Profit.....	998,367.14

\$9,148,714.63

By Sales of Smelter Product, Ore, etc.....	\$8,018,485.50
" Smelter Product on hand September 30th, 1913, and in transit from Smelter to Refineries.....	144,957.23
" Ores and Metals on hand and in transit to Smelter September 30th, 1913, value of Metal Contents corrected to market quotations:—	
Ores on hand.....	535,252.12
Refinery Metals on hand.....	381,154.56
Ore in transit to Smelter.....	48,406.45
	964,813.13
" Rents and Sundry Revenue.....	20,458.77

\$9,148,714.63

General Manager's Report

Trail, B.C., November 18th, 1913.

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

Gentlemen:—

I have the honour of submitting results of your Company's operations for the fifteen months, ending September 30th, 1913; including Balance Sheet, Profit and Loss Account, Statement of Production and General Report.

FINANCIAL STATEMENT

Operations for the fifteen months show a net profit of \$998,367.14, after writing off \$193,256.06 for depreciation on plant and equipment, and \$146,019.30 for development, and charging to Profit and Loss Account \$598,239.96 expended during the period in the development of our properties.

Increase in plant account for the fifteen months, deducting depreciation, sales of plant and sundry fire losses, amounted to \$103,071.82.

Increase in property account, less development written off, \$232,113.73. Expenditures on property account included completion of the purchase of the Fort Steel Mining and Smelting Company's stock and bonds; the purchase of sundry mineral claims adjoining the Company's properties in Rossland; the purchase of an outstanding interest in the Achilles and Florence fractions, part of the Molly Gibson group; completion of the purchase and development of the Number One and Highland groups at Ainsworth; the purchase of the Ottawa group of mineral claims near Slocan City, and expenditure on development of various claims, which the Company has had under option.

The amount due to banks for borrowed capital is \$197,970.44.

Average quotations for metals for the fifteen months are as follows:— London Lead £18-19-7 as compared with £15.593 during the previous year; New York silver 60.993 cents as compared with 56.355 cents; electrolytic copper 16.113 cents as compared with 13.942 cents.

PRODUCTION

The total tonnage smelted at Trail was 407,124 tons, having a gross value of \$8,335,668.00; showing an increase in the average monthly tonnage smelted over last year of about 2,400 tons.

PRODUCTION, JULY 1ST, 1912, TO SEPTEMBER 30TH, 1913

	Weight in Tons	Gold in Ounces	Silver in Ounces	Lead in Pounds	Copper in Pounds	Gross Value
Centre Star—Ore.....	193,293					
Centre Star—Con- centrates.....	42	129,713	62,210		1,843,642	\$2,995,514
Le Roi—Ore.....	66,113					
—Concentrates.....	475	27,876	29,376		1,276,826	814,469
Sullivan—Ore.....	41,284		448,379	23,411,667		1,281,150
St. Eugene—Ore.....	1,826		46,082	1,690,885		98,623
Number Seven—Ore..	4,526	803	26,832	39,612		34,451
Molly Gibson—Ore..	1,635		120,932	421,517		93,506
Silver King—Ore.....	(1,207)	(26)	(7,859)		(48,071)	(12,316)
Number One—Ore.....	3,027		114,431	98,868		72,534
Highland—Concen- trates.....	146		2,248	162,497		8,444
Maestro—Ore.....	157		2,916	144,300		8,190
Richmond-Eureka—Ore	1,368		47,383	320,976		42,124
SMELTED—Trail Smelter	407,124	186,017	3,224,408	48,325,252	3,454,814	8,335,668

PRODUCTION, BEGINNING 1894 TO DATE

	Weight in tons	Gold in Ounces	Silver in Ounces	Lead in Pounds	Copper in Pounds	Gross Value
Centre Star.....	2,033,964	1,016,643	1,019,368		34,261,009	\$26,489,615
Le Roi—Ore.....	1,601,738	764,912	1,109,298		44,634,008	22,462,640
—Concentrates.....	475					
Sullivan.....	188,648		1,694,102	86,821,629		4,364,805
St. Eugene—Ore.....	1,017,106		5,365,232	229,305,721		10,626,608
Number Seven.....	7,388	1,472	58,395	89,286		64,898
*Molly Gibson.....	4,512		270,486	1,271,820		207,934
*Silver King.....	(1,207)	(26)	(7,859)		(48,071)	(12,316)
*Number One.....	3,463		156,169	126,022		98,287
*Highland.....	146		2,248	162,497		8,444
*Maestro.....	157		2,916	144,300		8,190
Richmond-Eureka....	14,120		663,769	4,168,104		507,285
Phoenix Amalgamated	2,493	53	423		8,409	2,336
SMELTED—Trail Smelter	3,551,051	1,332,929	23,449,031	299,295,896	54,244,797	60,502,672

Note.—Production given above includes that of previous owners.

*Since Company acquired property only. Previous records not available.

DEVELOPMENT

The total amount of development work underground in the Company's mines is about as follows:—

	Feet	Miles
Centre Star Group.....	172,252.5	32.62
Le Roi Group.....	75,752.0	14.35
St. Eugene.....	104,471.5	19.79
Sullivan.....	22,763.5	4.31
Molly Gibson.....	9,546.5	1.81
Richmond Eureka.....	8,863.0	1.68
Number Seven.....	5,934.0	1.12
Phoenix Amalgamated..	2,581.0	.49
Number One.....	4,656.0	.88
Highland.....	9,310.0	1.76
*Silver King.....	1,469.5	.28
*Ottawa.....	453.0	.08

*For fifteen months only.

During the fifteen months 38,741 feet of narrow work and 35,288 feet of diamond drilling have been done as follows:—

	Drifting and Crosscutting	Raising	Sinking	Total	Diamond Drilling
Centre Star.....	14,663.5	1,459.5	100.5	16,223.5	12,285
Le Roi.....	5,229.0	412.0	16.0	5,657.0	14,153
St. Eugene.....	659.0	375.0	6.0	1,040.0	.....
Sullivan.....	3,964.0	886.0	.....	4,850.0	4,778
Molly Gibson.....	1,335.5	245.0	.....	1,580.5	.....
Silver King.....	1,392.5	77.0	.....	1,469.5	.....
Number One.....	1,297.0	239.5	95.5	1,632.0	.....
Highland.....	2,492.0	152.0	229.0	2,873.0	4,072
Maestro.....	477.5	179.0	137.0	793.5	.....
Libby.....	159.5	.....	80.5	240.0	.....
Tiger.....	7.0	.....	30.0	37.0	.....
Richmond Eureka.....	872.0	359.0	.....	1,231.0	.....
Ottawa.....	401.0	20.0	32.0	453.0	.....
Lucky Thought.....	503.0	68.0	.....	571.0	.....
Silver Dollar.....	.....	.....	90.0	90.0	.....
	33,452.5	4,472.0	816.5	38,741.0	35,288

The Company's mines in Rossland show an encouraging increase in the amount of ore developed, a considerable part of this increase being due to tonnage developed in the Le Roi.

Development in depth from the War Eagle Mine continues to prove encouraging, a large body of ore, of good grade, having been opened up on the 14th level. A cross-cut from the Centre Star shaft is now being driven, to reach this vein at a depth of three hundred feet below this 14th level, and should reach the vein early next year.

Development in the Le Roi Mine has been satisfactory in finding new ore.

A dispute regarding the rights to mine certain veins apexing near the North boundary of the Le Roi, where it adjoins the property of the Le Roi Number Two, was settled by an agreement between the two companies, involving an exchange of certain parts of the properties of both companies and the substitution of definite planes for extralateral rights. This agreement should do away with any cause for disputes of this nature with the Le Roi Number Two Company in future.

At Kimberley, development of the Sullivan group has been satisfactory in opening up new ore, and the mine should continue to produce for a good many years to come.

At Moyie a small tonnage has been shipped from the St. Eugene Mine, but no large bodies of new ore have been discovered.

The Molly Gibson Mine was closed down for about six months last winter, owing to snow slides, which carried away a considerable part of the tramway. The tramway has been repaired and development is proceeding satisfactorily. The cross-cut tunnel mentioned in last year's report, has opened up considerable new ore, much of it of very good grade, and the mine looks better than ever before. Owing to its situation development is necessarily slow, but the mine should, in time, be a producer of considerable profit.

At Sandon there have been no new developments in the Richmond Eureka group, which still continues to produce a small tonnage.

At Ainsworth, the Number One Mine has been producing ore comparatively steadily, and developing with favourable results. The Highland group is also being developed with fairly satisfactory results. This mine has also commenced producing, and results are favourable. The Maestro, Libby,

Banker and Tiger properties adjoining, or close to the Highland and Number One groups, and which the Company has under option, have developed to a small extent and some ore has been produced under lease.

At Salmo the Silver Dollar Mine, which the Company has had under option, has not been developed to any extent, owing to labour difficulties.

At Boundary Falls the Number Seven Mine was operated for a part of the year to supply silicious ore, which was, at that time, lacking at the smelter.

In the Phoenix Camp no work was done.

NEW PROPERTIES

At Slocan City the Ottawa Mine was purchased at a low figure, and a small amount of development has opened up a shoot of high grade ore, which will probably prove profitable.

At Silvertown the Company has under bond the Lucky Thought Mine, on which some development has been done, but so far without very definite results.

A small amount of money was spent in developing a group of claims on the Coast, but the option was dropped as the property did not appear to be sufficiently promising.

At Nelson the property of the Silver King Mines, Limited, has been operated. This property includes the Silver King and surrounding claims, and formerly produced a large amount of silver-copper ore, but has been closed down for some years. Development has been carried on and some shipments made, but so far with no very definite results.

IMPROVEMENTS

The total charge to construction account includes amounts taken into account on account of plant or properties purchased during the period, amounting in all to \$64,400.00

Besides this the principal expenditures have been about as follows:—

In Rossland in connection with experimental work on concentration, which has been carried on at the Le Roi experimental mill; and the installation of an electric motor at one of the Le Roi compressors (made necessary on account of shortage of compressed air, due to increase of production and development in the Company's Mines in Rossland).

The head-works at the War Eagle Mine were destroyed by fire during the year, and insurance to the amount of \$22,000.00 was received therefor. The loss of these head-works did not, however, interfere with operations to any extent, owing to the fact that the War Eagle shaft was being used mainly for the movement of men and supplies, the ore being hoisted through the Centre Star shaft.

The assay office at the Centre Star Mine was also partially destroyed and was replaced by a new one more conveniently located.

At Ainsworth were installed an aerial tramway from the Number One Mine to the lake, (length about 9,000 feet); also a small compressor plant.

At the Highland Mine a small water-operated air compressor at the Highland mill and an air-line from the mill to the mine have been installed.

At Kimberley, the principal improvements were further accommodations for the men, and general equipment required for increased production and for further development.

At Trail the principal improvements have been alterations in the machine and blacksmith shops, and the transfer of machinery for these shops from the old Le Roi plant; the re-building of one of the copper furnaces and increasing its length to thirty-five feet; preparation for installation of a new lead furnace, and for re-building the lead furnaces; preparations for the installation of a new blower and of cranes for handling material in the blast furnace building; re-building of the Heberlein plant to reduce costs of operation and to take care of increased tonnage of lead ores; including the installation of a crane for handling the Heberlein pots, and of a 24 x 36 jaw crusher and grab bucket for handling sinter, and the purchase of additional Heberlein pots; the purchase of additional electric locomotives; of two Wedge roasters to take care of increased tonnage of lead ores; the installation of a gas-producer for the Dwight and Lloyd roasters, to replace firing with gasoline.

GENERAL CONDITIONS

There has been considerable improvement in mining throughout the Kootenay District. Customs ores received amounted to 97,823 tons for the fifteen months, as compared with 47,257 tons in the previous year. Considerable new ore is reported as having been discovered and a number of new properties have been on the list of shippers, some of them properties that have been idle for a number of years.

MANAGEMENT

The properties and departments of the Company have been in charge of the following gentlemen:—

Mr. S. G. Blaylock, Assistant General Manager; T. W. Bingay, Comptroller; James Buchanan, Superintendent of Smelter; M. H. Sullivan, Assistant Superintendent of Smelter; J. F. Miller, Superintendent of Refinery; M. E. Purcell, Superintendent Centre Star Group of Mines; E. G. Montgomery, Assistant Superintendent; F. S. Peters, Superintendent Le Roi Mine; C. H. McDougall, St. Eugene and Sullivan Mines; K. B. Carruthers; Molly Gibson Mine; W. A. Cameron, Slocan Lake properties; W. M. Archibald, J. M. Turnbull and A. W. Davis, Mining Engineers.

Respectfully submitted,

R. H. STEWART,
General Manager.