

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

For Year ending September 30th, 1915

BOARD OF DIRECTORS

W. D. MATTHEWS, Toronto	. . .	President
GEO. SUMNER, Montreal	. . .	Vice-President
JAS. J. WARREN	. . .	Managing Director
Sir EDMUND B. OSLER	. . .	Toronto
CHARLES R. HOSMER	. . .	Montreal
H. S. OSLER	. . .	Toronto
W. L. MATTHEWS	. . .	Toronto
J. C. HODGSON	. . .	Montreal
WM. FARWELL	. . .	Sherbrooke, Que.

Transfer Office

C.P.R. BUILDING TORONTO
J. KITTO, Secretary

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 Tenth Annual Report of the operations of the Company, as covered by the General Manager's Report, the Financial Statement and the Auditor's Report for the year ending September 30th, 1915.

The net profit after writing off \$192,478.85 for depreciation amounts to \$795,411.15, out of which four dividends (a total of 8 per cent.), amounting to \$464,398.00, have been paid, leaving a balance of \$331,013.15, which, added to the balance at the credit of the Profit and Loss Account as shown last year, makes a total of \$2,058,299.88 at the credit of that account.

During the year the Property Account has been increased by the sum of \$42,372.37, which includes the cost of claims adjoining the Sullivan Mine and work done on the Lucky Thought, Ottawa, Molly Gibson, Highland and Silver King Mines.

As outlined in a notice to the shareholders on November 15th last, your Directors decided to issue 11,610 shares of the stock of the Company. This new issue of stock was for the purpose of providing funds for the extension of the Company's operations at Trail and elsewhere.

Your Directors being of opinion that further issues of capital may be required for the purposes of the Company have passed a By-law, of which you will be asked to approve, increasing the amount of the authorized capital to \$10,000,000.00.

Since the last report important additions have been authorized at the Smelter, to take care of an increased tonnage of ore and also to allow of the production of zinc on a commercial scale and to provide a copper refinery. These additions and extensions are well under way at the present time and some of the equipment is already in operation.

Contracts have recently been entered into with the Shell Committee for the supply of a considerable tonnage of zinc and refined copper. The manufacture of zinc is a new departure for the Company, but with the large tonnage of zinc ores available in the Company's properties it will develop into an important feature of its operations. Up to the present the copper matte coming from the Smelter has been refined in the United States, but the refinery when in operation at Trail will enable the Company to refine copper in Canada.

The development work at the Sullivan Mine, and also at the Rossland group, has opened up some promising bodies of ore. Very little work has been done at the other properties of the Company.

Toronto, December 28th, 1915.

W. D. MATTHEWS,
President.

FINANCIAL STATEMENT

Balance Sheet as at September 30th, 1915

LIABILITIES

ASSETS

CAPITAL	
Authorised:	
75,000 Shares of \$100 each	\$7,500,000.00
Issued and Fully Paid—	
58,052 Shares of \$100 each	\$5,805,200.00
SUNDRY BANKS—	
Bank of Montreal—	
Loan and Overdraft	\$664,461.57
Accrued Interest	2,881.30
	\$667,342.87
Pay Roll Accounts overdrawn	1,742.85
	669,085.72
CONTINGENT LIABILITY AT SEPTEMBER 30TH, 1915, ON DRAFTS AGAINST SHIPMENTS	
	\$184,485.20
ACCOUNTS PAYABLE AND UNPAID DIVIDENDS	
	528,007.90
RESERVE, INCLUDING PROVISION FOR CLAIMS AWAITING ADJUSTMENT	
	24,552.57
PROFIT AND LOSS ACCOUNT—	
Balance at September 30th, 1914	\$1,727,286.73
Profit twelve months ended September 30th, 1915	795,411.15
	\$2,522,697.88
LESS Dividend No. 15, declared December 15th, 1914	
	\$116,098.00
Dividend No. 16, declared March 10th, 1915	
	116,100.00
Dividend No. 17, declared June 10th, 1915	
	116,100.00
Dividend No. 18, declared September 10th, 1915	
	116,100.00
	464,398.00
	2,058,299.88
	\$9,085,146.07

MINES, MINERAL CLAIMS AND SHARES IN OTHER COMPANIES—	
Balance September 30th, 1914	\$5,290,396.91
Expenditure, twelve months to September 30th, 1915	12,372.37
	\$5,332,769.28
MINING, SMELTING, CONCENTRATING AND REFINING PLANTS	
Balance September 30th, 1914	\$1,882,615.24
Construction, twelve months to September 30th, 1915	334,000.14
	\$2,217,524.38
	192,478.85
	2,025,045.53
SMELTER PRODUCT ON HAND AND IN TRANSIT TO REFINERIES—	
Pig Lead, Bullion, Matte, Bluestone and Antimony	\$179,448.17
ORES AND METALS ON HAND AND IN TRANSIT TO SMELTER AT SEPTEMBER 30TH, 1915:	
Value of Metal Contents corrected to Market quotations:	
Ores on hand	\$525,899.60
Refinery Metals on hand	410,942.17
Ore in Transit to Smelter	30,023.15
	966,864.92
	1,146,313.39
MINE AND SMELTER STORES AND MATERIALS	
	414,283.87
ACCOUNTS RECEIVABLE	
	116,169.11
INSURANCE AND TAXES PAID IN ADVANCE	
	15,926.33
CASH IN BANKS AND ON HAND	
Head Office, Toronto	\$1,831.91
Sundry Pay Roll Bank Accounts	2,806.65
	4,638.56
	\$9,085,146.07

Auditors Report

We have audited the Accounts of The Consolidated Mining & Smelting Company Limited, for the twelve months ended September 30th, 1915, including the Mines and Smelter Accounts maintained at the Offices at Marysville, Rossland and Trail, B.C., for the twelve months ended September 30th, 1915, and the value of Ore and Smelter Products at September 30th, 1915, are as certified by the Company's officials; the values of the Metal Contents have been corrected to market quotations at that date and the estimated cost of refining products in course of treatment has been deducted. Stores and Materials on Hand at the Mines and Smelter have been verified by us on receipt. 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 September 30th, 1915.

VANCOUVER, B.C., November 13th, 1915.

HELLIWELL, MACLACHLAN & CO.,
Chartered Accountants.

PROFIT AND LOSS ACCOUNT

For the Twelve Months ended September 30th, 1915

To Smelter Product on hand and in transit from Smelter to Refineries at September 30th, 1914.....	\$ 133,492.80	
" Ores and Metals on hand and in transit to the Smelter at September 30th, 1914.....	1,319,758.43	
" Customs Ore, Lead and Bullion Purchased.....	1,400,000.13	
" Freight on Ore from Company's Mines.....	151,442.93	
" Mining, Smelting and General Expenses:—		
" Molly Gibson" Mine.....	\$ 2,614.36	
" Richmond-Eureka" Mine.....	245.35	
" Maestro" Mine.....	106.64	
" Highland" Mine.....	2,556.72	
" No. 1" Mine.....	22,632.70	
" St. Eugene" Mine.....	8,166.05	
" Sullivan" Mine.....	113,183.67	
" Le Roi" Mine.....	352,831.80	
" Centre Star" Mine.....	602,766.46	
" No. 7" Mine.....	1,342.72	
" Ben Hur" Mine.....	17,194.12	
Trail Smelter and Refinery.....	1,940,075.65	
	<u>3,063,716.24</u>	

To Development Expenses:—		
" Ottawa" Mine.....	\$ 1,826.06	
" No. 1" Mine.....	11,721.47	
" Sullivan" Mine.....	59,261.66	
" Le Roi" Mine.....	74,001.43	
" Centre Star" Mine.....	288,311.49	
" Silver Dollar" Group Mines.....	103.95	
	<u>435,231.06</u>	

To Depreciation, General Plant and Equipment.....	192,478.55	
" Directors' Fees.....	8,800.00	
" Sundry Items Written of, including Bad Debts.....	5,766.53	
" Balance—Profit.....	795,411.15	

\$7,506,098.45

By Sales of Smelter Product, Ore, etc.....	\$6,349,651.11	
" Smelter Product on hand and in transit from Smelter to Refineries at September 30th, 1915.....	179,448.47	
" Ore and Metals on hand and in transit to the Smelter at September 30th, 1915:—		
Value of Metal Contents corrected to Market Quotations:—		
Ores on hand.....	8525,899.60	
Refinery Metals on hand.....	110,942.17	
Ore in Transit to Smelter.....	30,023.15	
	<u>966,864.92</u>	
" Rents and Sundry Revenue.....	10,133.95	

\$7,506,098.45

General Manager's Report

TRAIL, B.C., November 13th, 1915.

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

Gentlemen:—

I have the honour to submit herewith results of your Company's operations for the year ending September 30th, 1915, including Balance Sheet, Profit and Loss Account, Statement of Production and Financial Statement.

FINANCIAL STATEMENT

Operations for the year show a net profit of \$795,411.15 after writing off \$192,478.85 for depreciation on plant and equipment, and charging to Profit and Loss Account \$435,231.06 expended during the period in development on our properties.

Increase in plant account for the year, deducting depreciation and sales of plant, amounted to \$142,430.29.

Increase in property account, \$42,372.37.

Average quotations for metals for the year were as follows:—London Lead £21-5-0 (11 months only), as compared with £19-3-4 the previous ten months in which the London Metal Exchange was open; New York lead \$4.33; Montreal lead \$5.11; New York silver 49.1 cents, as compared with 57.181 cents; electrolytic copper 15.95 cents (11 months only), as compared with 14.361 cents for previous ten months.

PRODUCTION

Production of the Company's mines and smelter are shown in the following statements. The tonnage smelted at Trail shows an increase over that of the previous fiscal year of 6,025 tons monthly, or 72,293 tons for the year.

MINE PRODUCTION

	Year 1914-1915 Weight, Tons	1894 to date Weight, Tons
Centre Star—Ore.....	180,410	2,386,753
Centre Star—Concentrates.....	.....	9
Le Roi—Ore.....	134,758	1,816,995
Le Roi—Concentrates.....	.....	612
Sullivan—Ore.....	44,841	264,408
St. Eugene—Ore.....	169	1,018,492
Number Seven—Ore.....	.....	7,388
Ø Molly Gibson—Ore.....	.....	5,034
Ø Number One—Ore.....	5,598	14,851
Ø Highland—Ore.....	.....	1,346
Ø Highland—Concentrates.....	.....	2,666
Ø Maestro—Ore.....	.....	419
Richmond Eureka—Ore.....	.....	14,661
Lucky Thought—Ore.....	.....	36
Ottawa—Ore.....	35	377
Phoenix Amalgamated—Ore.....	.....	2,493
Ø Silver King—Ore.....	.....	(17,238)
Ø Ben Hur—Ore.....	6,767	6,767

NOTE—Production given above includes that of previous owners.

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

SMELTER PRODUCTION

	Tons Ore Smelted	Ounces Gold Produced	Ounces Silver Produced	Pounds Lead Produced	Pounds Copper Produced	Gross Value
1894 to date.....	1,372,886	1,610,603	22,247,832	374,091,124	63,196,678	\$73,402,078
1914 to 1915.....	447,064	148,891	2,230,560	40,177,910	5,306,184	6,898,744

DEVELOPMENT

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

	Feet	Miles
Centre Star Group.....	198,378.5	37.57
Le Roi Group.....	81,615.5	15.46
St. Eugene.....	105,349.5	19.95
Sullivan.....	29,324.0	5.55
Molly Gibson.....	10,677.0	2.02
Richmond-Eureka.....	9,497.0	1.80
Number Seven.....	5,934.0	1.12
Phoenix Amalgamated.....	2,581.0	.49
Number One.....	7,156.1	1.36
Highland.....	12,995.5	2.46
*Silver King.....	3,160.0	.60
*Ottawa.....	2,573.0	.49

*From July 1st, 1912, only.

During the year 21,067.1 feet of narrow work and 26,415.5 feet of diamond drilling have been done, as follows:—

	Drifting and Crosscutting	Raising	Sinking	Total	Diamond Drilling
Centre Star	11,619.5	1,015.0	309.5	12,944.0	11,580.8
Le Roi	2,269.0	245.0	90.5	2,604.5	10,996.7
St. Eugene	50.0	.....	.....	50.0	.....
Sullivan	2,278.5	286.0	26.0	2,590.5	3,838.0
Molly Gibson	353.0	.....	.....	353.0	.....
Number One	503.6	222.0	126.0	851.6	.....
Highland	840.0	48.5	.....	888.5	.....
Ottawa	133.5	59.5	.....	193.0	.....
Lucky Thought	556.0	36.0	.....	592.0	.....
	18,603.1	1,912.0	552.0	21,067.1	26,415.5

The Company's mines in Rossland are in about the same position as regards ore reserves as at this time last year. The Le Roi mine has increased its reserves to some extent, while the War Eagle and Centre Star mines show a slight decrease in ore reserves.

In the War Eagle the principal development has been the opening up of a new level at a depth of twenty-four hundred feet from the surface, by means of a crosscut from the 16th, or lowest level of the Centre Star shaft, this being connected to a winze from the lowest War Eagle workings three hundred feet above. A small stope has been opened up near the intersection of the winze and crosscut in new ground, but no development has as yet been done in the ground under the stopes on the level above. There have been some new bodies of ore developed in some of the upper levels.

In the Centre Star, on the 6th level, a crosscut has opened up some promising ore in new country, but it has not yet been opened up to any extent. Ore has also been found on the 13th level in ground which has hitherto been unproductive.

In the Le Roi a drift has been run west from the Centre Star shaft and connected with a winze from the lowest level of the Le Roi, and from this drift it is intended to further prospect the ground below the lowest levels of the Le Roi. Considerable productive ground has been opened up in the west end of the mine from the 1,650 level upwards.

At Kimberley, in the Sullivan mine, development has been confined principally to the old tunnel level and the level one hundred feet below it, and some promising bodies of ore have been opened up in the drifts and by diamond drilling. A tunnel has been started at a depth of seven hundred feet below these upper workings, which it is intended will be the main working tunnel of the mine. This tunnel will be between eight thousand and nine thousand feet long before it reaches the present workings of the mine.

Very little work has been done at the St. Eugene mine.

At Ainsworth the mines were closed down during the greater part of the year, a few men being employed at the Highland in driving No. 5 tunnel, which tunnel is intended to open up the veins one hundred and ten feet below the lowest previous workings of the mine. Ore has been encountered in this tunnel, but no development has as yet been done on it. The prospects are encouraging.

In the Number One mine a shaft has been sunk one hundred feet, and a crosscut is now being driven to intersect the vein.

At Slocan City, in the Ottawa mine, only a small amount of work has been done, and some small bodies of high-grade ore have been encountered.

At Silverton a small amount of work was done in the Lucky Thought, but with negative results.

At the Molly Gibson a few men have worked on the tunnel from the surface with fairly satisfactory results, but no ore has been shipped and the mill has not been operated.

No work was done in Sandon at the Richmond-Eureka.

NEW PROPERTIES

The charge to property account of \$42,372.37 included small amounts for the purchase of claims or rights in Rossland, at the Sullivan and in Slocan City; also development done on properties from which shipments were not made during the year.

IMPROVEMENTS

Expenditure on plant account for the year is \$334,909.14. Of this amount, \$329,539.64 has been expended at Trail. The principal items of this expenditure have been:—

Purchase of the rights to use the Cottrell patents and the building and extension of Cottrell plants for the lead roasters and furnaces. The saving from the use of these plants is very great already, and will be greater after some alterations in the electrical equipment.

An additional lead furnace, together with the necessary flues and extension to the furnace building.

An additional crane in the Huntington and Heberlein plant.

Wash houses for men working around the lead plant.

New lead sampling mill, which is not quite finished.

Copper converters and the necessary accompanying plant, also unfinished.

Experimental work on the treatment of zinc.

Rebuilding tanks, and alterations to the lead refinery, also unfinished.

Beds for **bedding of copper** ores previous to their treatment in the smelter furnaces, and some **additional electric locomotives and scales used in connection** with the bedding plant.

At the Sullivan mine a shovelling machine has been installed for **hauling** the rock from the long tunnel.

During the year considerable experimental work was carried on in the **production of electrolytic zinc**, and spelter of a **good grade** has been produced at the rate of about one-half ton per day from zinc contained in the Sullivan ore. The results have been promising enough to warrant the building of a **larger plant**, and, on account of exceptional circumstances, a plant of **twenty-five to thirty-five tons capacity of spelter per day** has been designed and is now being erected. It is **hoped** that this will be in **operation** early in the year.

The **operation** of this plant should make available a very large amount of **complex ore** at the Sullivan mine, and the extraction of this ore will probably lead to the development of further **bodies** of lead ore in the same mine.

GENERAL CONDITIONS

Notwithstanding difficulties incident to the war, and to the disturbed state of the markets during the early part of the fiscal year, operations have been on the whole satisfactory, and, although the mines in the greater part of the country, which are **shippers** to the Trail Smelter, were closed down for a time, after the commencement of the war, there has been recently a very considerable increase in their activity, and the amount of **customs ores** received by the smelter has **recently increased largely**. The total tonnage of customs ore receipts for the year, including **lead, copper and dry ores**, was 57,251 tons, as **against 72,098 tons** for the previous year, the decrease being almost entirely due to the **decrease** in the amount of lead ores received.

MANAGEMENT

There have been a number of changes in the staff of the Company during the year, owing, principally, to a number of our engineers having enlisted in the various contingents, which have either gone to the Front or are in training. Those who have gone to the Front are: A. W. **Davis**, now Lieutenant in the Royal Engineers, who enlisted with the first contingent of Canadian Engineers; K. B. Carruthers, now Captain in the Canadian Artillery, at present at Somercliff; A. J. L. Evans, Lieutenant in the Canadian Infantry, now serving in

France; A. B. Ritchie, Corporal in the Canadian Artillery, serving in France; Robert Walker, of the Accounting Department, with the Royal Engineers, Divisional Signal Corps, now at the Dardanelles; G. Cruickshank, Lieutenant in the 54th Battalion; H. S. Marlatt, Lance-Corporal, Third Field Company Divisional Engineers; F. A. Fortier, Lieutenant, now in training with Canadian Engineers at Ottawa; R. G. Macfarlane, Assayer, now Lieutenant in the Royal Engineers.

Mr. J. M. Turnbull also resigned from the staff of the Company to take the Chair of Mining Engineering in the new British Columbia University.

Besides those named, about one hundred and twenty-five of the employees of the Company at the mines and smelter have enlisted in the different contingents, and have either gone to the Front or are in training. In addition to these, some fifty Italians have returned for service in the Italian Army.

The officers of the Company now in charge of the various departments of the work are as follows:—

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; F. W. Guernsey, in charge of zinc experimental work; C. H. McDougall, Engineer in charge of construction at Smelter; M. E. Purcell, Superintendent Centre Star Group of Mines; E. G. Montgomery, Assistant Superintendent; F. S. Peters, Superintendent Le Roi Mine; J. K. Cram, St. Eugene and Sullivan Mines; W. M. Archibald, Mining Engineer in charge of Ainsworth and Slocan properties.

Respectfully submitted,

R. H. STEWART,

General Manager.



