# Report of the Directors

*of*

# The Consolidated Mining and Smelting Company

***of Canada***

***Limited***

**For twelve months ending December 31st, 1925**

---

BOARD OF DIRECTORS

| | | |
|---|---|---|
| JAMES J. WARREN, Montreal | - - | *President* |
| CHARLES R. HOSMER | - - | Montreal |
| H. S. OSLER | - - - - | Toronto |
| W. L. MATTHEWS | - - - | Toronto |
| F. GORDON OSLER | - - | Toronto |
| J. C. HODGSON | - - - | Montreal |
| HENRY JOSEPH | - - - | Montreal |
| J. K. L. ROSS | - - - | Montreal |
| S. G. BLAYLOCK | - - - | Trail, B.C. |

J. E. RILEY, *Secretary*

TRANSFER AGENTS

THE TORONTO GENERAL TRUSTS CORPORATION, TORONTO
THE ROYAL TRUST COMPANY - - MONTREAL

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 submit the Twentieth Financial Statement along with the reports of the General Manager, the Manager of Mines, the Comptroller and the Sales Manager, and the Financial Statement of the West Kootenay Power and Light Company, Limited.

After taking care of Current Development, Depreciation of Plant, Depletion of Property and paying interest on Bank Loans, and setting aside $200,000.00 as a Pension Fund for the employees—and $234,679.17 as a Fire Insurance Reserve—and providing $517,521.30 for Bond interest, including exchange and premium on Redemption, the net profits were $13,255,406.25.

Your Auditors have advised the setting up of a reserve of $3,560,793.84, being the amount of Capital Expenditure during the year.

In view of the extended operations of your Company, your Directors have decided to create a Contingent Reserve of $1,000,000.

The Reserves for Federal and Provincial taxes require the enormous sum of $2,474,769.27.

After deducting these items from the amount of the net profits as stated—and providing therefrom also dividends Numbers 42 and 43 (totalling $3,238,053.75) the remainder $2,981,789.39 was added to the Profit and Loss Account.

In response to the request of the Mining Associations of British Columbia, that Province made a substantial reduction in the tax rate at the last Session of Parliament.

Due acknowledgment is made to the Provincial Government for this concession—and generally for its sympathetic attitude towards Mining.

It is hoped though that ultimately effect will be given by both Provincial and Federal Parliaments to the contention of

Mining operators that the basis of taxation of the mining industry should be lower than the basis applied to any other industry, because of the peculiar risk and the lack of reproductivity incident to mining.

Lead and zinc prices were abnormally high throughout the year. They are still considerably above pre-war averages. It is therefore impossible to prophesy as to the future—though at the moment a serious drop does not seem probable.

If shareholders realize that owing to the large production a small variation in metal prices over the year affects the profits to a very substantial degree—they will understand why the Management feel quite unable to estimate future net earnings.

Then, as metal prices vary so much from month to month—and sales do likewise, a monthly statement, without interminable explanations, might misrepresent real conditions.

Possibly quarterly statements of production and semi-annual estimates of profits might be made advantageously—the Directors invite the suggestions of shareholders in this regard.

As expected, copper prices remained around 14 cents in New York. Consequently, the Allenby Copper Company began operations at Copper Mountain near Princeton, B.C., in the early fall. They are now actively and continuously engaged in extracting and milling ore—the resultant concentrates being shipped to Tadanac for treatment.

The Sullivan Mine continues to develop satisfactorily. The Rossland Mines are disappointing—though some development is still being done. Your other properties are about as usual.

Your plants have been kept in good repair and are efficient in every way.

Some options have been obtained and some claims located in the Rouyn District in the Province of Quebec, and some exploratory work will be done there after the opening of Spring.

Options on other properties in British Columbia have been secured and some development work done on them.

A good deal of exploration work was done during the year and much more will be attempted in 1926, in line with the policy of the Company to extend its operations wherever this can be done with a fair chance of success.

Your Research Department made good progress in different lines, the results of which will be apparent in increased efficiency and new metallurgical methods. Patents are being obtained covering the improvements worked out.

The additions to the lead and zinc plants and the other extensions referred to in last year's report are practically finished. They give entire satisfaction.

The West Kootenay Power and Light Company, Limited, completed the installation of the two 20,000 Horse Power Units referred to in last year's report—Number One going on the line in June and Number Two in August. The work was well done. It reflects much credit on the Power Company management.

Owing to your additional power requirements, your Directors have arranged for the installation of a third 20,000 Horse Power Unit by the Power Company. This work has been started and should be completed next summer.

In order to assist the Power Company to pay for the installation of Number two (20,000 Horse Power) unit, which was not provided for when that Company issued its bonds (guaranteed by your Company) amounting to $1,750,000.00, your Directors purchased at par ($100.00 per share) six thousand shares of the Power Company's common stock.

Capital Expenditure amounted to $3,560,793.84, of which $772,244.88 were spent on Property Account and $2,788,548.96 on Plant Account. The principal items were:

| | |
|---|---|
| PROPERTY: | |
| Purchase of Coast Copper Company Bonds | $ 125,100.00 |
| Purchase of West Kootenay Power and Light Company shares | 600,000.00 |
| PLANT: | |
| Smelter and refinery extensions and additions | 2,235,711.00 |
| Sullivan Concentrator, and other extensions and improvements, including additional housing | 293,747.00 |
| Moyie (St. Eugene) Concentrator | 223,280.00 |

Dividends aggregating six per cent and a bonus of Five Dollars a share were declared during the year.

The statement indicates a stronger financial position than a year ago. It also shows about thirty-five million dollars of assets as against about twenty-six million dollars last year.

As the Company's operations expand, more and more working capital will be required, and more and more of a reserve needed to carry on operations over a period of depression—if one should occur.

In order to secure the lowest costs, the mines and plants must be run to capacity. The highest possible profits will thus be made both in good times and in bad ones.

The time may come though when it may be necessary to store some or all of your metal production for some months—if not longer. This will require a very large amount of free cash to pay wages and purchase running supplies.

At present the monthly pay roll is about $500,000 and other monthly operating expenses, including freights, about $400,000. In addition, about $300,000 a month is needed to take care of the purchase of customs ore.

The towns in which your employees live are really "one-industry" places, your operations constituting the industry. In case of interrupted employment the workmen would have great difficulty and be put to considerable expense to secure other positions. They are giving good service. Your Directors feel that your Treasury should be still further strengthened so as to ensure these employees steady work, in case a temporary depression should develop.

If, however, metal prices continue about as they are, this can be done and still liberal dividends paid.

The statement shows that excepting current bills and taxes, you are free from debt.

In last year's report you were told that the remainder of the special loan had been liquidated early in 1925. The Power Company advance, which stood at $504,351.01 at the end of 1924, was repaid in the early summer. Besides purchasing, at par, $600,000 of the common stock of the Power Company, you have loaned that Company $156,619.29 to help pay for the additional equipment installed.

All of the outstanding bonds of both issues have been retired almost entirely by the exchange of your shares therefor, as authorized by the last Annual meeting.

The patent litigation referred to in the last report drags along—practically nothing has been done in the infringement action brought against your Company by French's Electrolytic Zinc Process Company. On the other hand, an action in the Exchequer Court by the Electrolytic Zinc Process Company (a Montana corporation) against French's Electrolytic Zinc Process Company to have the alleged patents declared invalid is being pressed.

In view of some recent patent decisions by the United States courts, your Directors submitted the claims of French's Electrolytic Zinc Process Company to one of the leading firms of patent attorneys in New York, and received an opinion confirming the views of your Canadian legal advisers.

Your Staffs performed their duties conscientiously and satisfactorily. Your Selling Representatives looked after your interests faithfully and efficiently.

Your employees continued to take a real interest in your operations. In acknowledgment, your Directors authorized the payment of fifty dollars to each married man who worked throughout the year, and of twenty-five dollars to each married man who worked over six months but did not complete the year. One half of these sums was paid to unmarried men subject to the same conditions.

Feeling that your operations have attained sufficient permanency to justify such a step, your Directors have established a Pension system which it is hoped will add to the sense of security of your employees.

Your respected director, Mr. Charles R. Hosmer, was stricken with a serious illness during the year. It is hoped that he will soon recover and resume his active interest in your affairs.

At the last Annual Meeting the matter of Directors' fees was brought up by some of the shareholders and a resolution passed in regard thereto. You will be asked to confirm the action then taken.

Your Directors have concluded that it would be in your interest to increase the number of directors from nine to eleven. You will be asked to approve of this and of the necessary changes in your By-laws.

On behalf of the Board,

James J. Warren,

President.

Montreal, March 15th, 1926.

# The Consolidated Mining and Smel

## Balance She

### LIABILITIES

| | | | |
|---|---|---|---|
| CAPITAL: | | | |
| Authorized: | | | |
| 600,000 shares at $25.00 each.......... | | $15,000,000.00 | |
| Issued and Fully Paid: | | | |
| As at December 31, 1924.............. | | $10,695,850.00 | |
| Allotted during 1925: | | | |
| In exchange for Bonds of the First Issue....... | $40,000.00 | | |
| In exchange for Bonds of the Second Issue..... | 1,912,100.00 | | |
| As Bonus to Employees. | 27,350.00 | 1,979,450.00 | $12,675,300.00 |
| PREMIUM ON SHARES ISSUED: | | | 2,294,520.00 |
| BONDS: | | | |
| Of the First Issue (since Redeemed)...... | | $500.00 | |
| Interest Accrued...................... | | 217.00 | 717.00 |
| RESERVE FOR DOMINION & PROVINCIAL TAXES: | | | 2,154,362.35 |
| EMPLOYEES' PENSION FUND RESERVE....... | | | 200,000.00 |
| FIRE INSURANCE RESERVE................ | | | 306,330.39 |
| RESERVE FOR ADDITIONS TO PROPERTY THROUGH PROFIT AND LOSS.............. | | | 3,560,793.84 |
| CONTINGENT RESERVE.................... | | | 1,000,000.00 |
| DIVIDENDS: | | | |
| Payable January 15, 1926............... | | $2,915,319.00 | |
| Dividends Unclaimed.................. | | 741.00 | 2,916,060.00 |
| ACCOUNTS PAYABLE...................... | | | 1,381,003.33 |
| CONTINGENT LIABILITIES: | | | |
| As Guarantor of Principal and Interest of West Kootenay Power and Light Company, Limited, Twenty-year Six per cent Bonds of a par value of.............. | | $1,750,000.00 | |
| In respect of Guarantee in connection with lands for sale...................... | | $26,960.00 | |
| Bills of Exchange Discounted........... | | £332,594 | |
| PROFIT AND LOSS ACCOUNT: | | | |
| Balance December 31, 1924.............. | | $5,742,185.57 | |
| Profit for Year ended December 31, 1925.. | | 13,255,406.25 | |
| | | $18,997,591.82 | |
| LESS: Income and Mineral Taxes paid and reserved for in 1925.................. | | 2,474,769.27 | |
| | | $16,522,822.55 | |
| LESS: Appropriations: | | | |
| For Dividends Nos. 42 & 43.......... | $3,238,053.75 | | |
| For Additions to Property through Profit and Loss.... | 3,560,793.84 | | |
| For Contingent Reserve... | 1,000,000.00 | 7,798,847.59 | 8,723,974.96 |
| | | | $35,213,061.87 |

## Aud

We certify that we have audited the Accounts of the Consolidated Mining and
Smelter Accounts maintained at the offices at Kimberley, Rossland and Trail, B.C.,
of Stores and Materials and of Ore and Smelter Products are as certified by the C
quotations of that date, less estimated cost of refining, and the refined Lead and Zinc
report to the Shareholders that the above Balance Sheet is, in our opinion, properly
our information and the explanations given to us, and as shown by the Books of the
Morgan and Company, as at the date of closing of the Accounts, December 31, 19

VANCOUVER, B.C., March 15, 1926.

# npany of Canada, Limited

## mber 31, 1925

### ASSETS

| | | |
|---|---|---|
| MINES, MINERAL CLAIMS AND SHARES IN OTHER COMPANIES: | | |
| Balance December 31, 1924 | $9,790,962.37 | |
| Expenditure for year ended December 31, 1925 | 772,244.88 | |
| | $10,563,207.25 | |
| LESS: Provision in 1925 for Depletion of Mineral Properties | 521,432.27 | $10,041,774.98 |
| MINING, SMELTING, CONCENTRATING AND REFINING PLANTS: | | |
| Balance December 31, 1924 | $8,990,062.72 | |
| Expenditure for Year ended December 31, 1925 | 2,788,548.96 | |
| | $11,778,611.68 | |
| LESS: Provision in 1925 for Depreciation | 1,123,757.84 | 10,654,853.84 |
| ORES, METALS AND SMELTER PRODUCTS ON HAND AND IN TRANSIT | | 5,009,939.47 |
| MINES AND SMELTER STORES AND MATERIAL | | 2,314,541.77 |
| ADVANCES TO WEST KOOTENAY POWER AND LIGHT COMPANY, LIMITED | | 156,619.29 |
| ACCOUNTS RECEIVABLE | | 821,135.83 |
| INSURANCE PAID IN ADVANCE | | 40,302.79 |
| DOMINION, PROVINCIAL AND MUNICIPAL BONDS: | | |
| At Cost, including $306,000 held for Fire Insurance Reserve | | 5,021,511.52 |
| CASH IN BANK AND ON HAND: | | |
| Montreal, Toronto, Vancouver and Trail | $1,151,482.38 | |
| Sundry Cash Accounts | 900.00 | 1,152,382.38 |
| | | $35,213,061.87 |

## eport

pany of Canada, Limited, for the year ended December 31, 1925, including the Mines and
ave received all the information and explanations that we have required. The Inventories
ls; the values of the Gold, Silver and Copper contents have been corrected to market
mber 31, 1925, have been included at the cost of production. Subject to the foregoing, we
s to exhibit a correct view of the financial position of the Company according to the best of
ritish Columbia and the Accounts of the Montreal Office, as audited by Messrs. Edwards,

HELLIWELL, MACLACHLAN & Co.,
Chartered Accountants.

# The Consolidated Mining and Smelt

## Profit and Loss Account

| | |
|---|---|
| To Ores, Metals and Smelter Product on Hand and in Transit at December 31, 1924 | $4,700,468.06 |
| " Customs Ore, Copper and Bullion Purchased | 2,208,182.85 |
| " Freight and Insurance on Ores from Company's Mines | 631,330.99 |
| " Mining, Smelting and General Expenses | 9,535,248.36 |
| " Development Expense | 588,309.71 |
| " Depreciation of Plant and Equipment | 1,123,757.84 |
| " Provision for Depletion of Mineral Properties | 521,432.27 |
| " Interest on Bonds, including Exchange and Premium on Redemption | 517,521.30 |
| " Interest, Bank and General | 142,486.17 |
| " Directors' Fees | 4,725.00 |
| " Fire Insurance Reserve | 234,679.17 |
| " Sundry Items Written Off | 2,653.85 |
| " Employees' Pension Fund Reserve | 200,000.00 |
| " Balance, Profit, before Provision for Dominion and Provincial Income Taxes | 13,255,406.25 |
| | $33,666,201.82 |

# ompany of Canada, Limited

## ar Ended December 31, 1925

| | |
|---|---|
| By Sales of Smelter Product, Ore, Etc. | $28,562,065.66 |
| " Ores, Metals and Smelter Product on Hand and In Transit at December 31, 1925 | 5,009,939.47 |
| " Revenue from Investments and Sundry Advances | 74,602.04 |
| " Rents, Royalties and Sundry Revenue | 19,594.65 |
| | $33,666,201.82 |

# General Manager's Report

TRAIL, B.C., Feb. 27, 1926.

To the President and Managing Director,
The Consolidated Mining and Smelting Company
of Canada, Limited.

Dear Sir:

I beg to submit the following report of the Company's operations for the year ending December 31st, 1925, including the reports of the Manager of Mines and the Comptroller.

The outstanding features of the year under review are the increased production of metals and putting into operation the various additions to the plants at Bonnington and Trail and thus refining all the metals produced.

In the first half of the year some shipments of concentrates and unrefined metals were made to England, the United States and Belgium. These shipments included 10,420 tons of recoverable zinc in the form of zinc concentrates, 6,094 tons of recoverable lead in the form of lead concentrates and 8,336 tons of lead bullion.

Compared with the year 1924, the total lead production was increased by approximately 50% and the total zinc production by 6%. The refined lead production was increased by 65% and the refined zinc production by 41%.

During the year authorizations were given to build a mill at Moyie to re-treat the old tailings and mine dumps of the St. Eugene Mine;

To enlarge the Sullivan mill to a capacity of 4,000 tons daily, the present capacity being 3,000 tons, in order that more low grade ore might be handled without any loss of metal production;

To increase the Cottrell plants in connection with the lead smelting plant by the addition of an eight-section treater and a 400 ft. by 25 ft. concrete stack;

To double up the 6 D. & L. furnaces in the No. 2 D. & L. Plant at Trail;

To construct a fire-proof warehouse at the Tadanac Reduction Plant;

To construct a new building to house the Company's retail store in the town of Trail;

To extend the Company's store building in Kimberley;

To construct a modern hospital in the town of Trail; and,

To construct various workmen's cottages and bunkhouses at Kimberley.

The construction work authorized in 1924 to bring the Trail Reduction plant up to sufficient capacity to handle the entire output of the Company's properties together with customs ore likely to be received from the surrounding country, was all completed during the year.

Of the work authorized in 1925, the warehouse at Tadanac, the store building in Trail, additions to the store building at Kimberley, and the workmen's cottages and bunkhouses at Kimberley were completed during the year. The Moyie concentrator was approximately 75% completed; while the Trail hospital, extensions to the Kimberley concentrator, the enlargement of the D. & L. furnaces at Trail and the new Cottrell plant for the Trail lead smelter were all well under way by the end of the year.

The concentrator at Trail which had been used to concentrate the Sullivan ore was remodelled to handle customs ore from various shippers who either had no concentrating facilities or could get better results by shipping their ores to Trail where the latest practice was available. This mill has proved a great help to many of the Company's customers, it has greatly increased the production of customs ores and can be relied on for still further increases in future.

Extensions to the plants were being made during practically the entire year and consequently both costs and recoveries would be adversely affected by this work.

Owing to the high prices of metals, wages were still higher than in 1924.

**The Sullivan Mine:**

Exploration work during the year was again very successful, proving the extension of the ore bodies in all directions worked in. The grade of the ore shipped to the concentrator was approximately the same as that shipped in 1924; in addition to this 24,411 tons of crude lead ore were shipped to the Tadanac plant. Mining costs were practically the same as the previous year.

### The Kimberley Concentrator:

Power supply for the concentrator throughout the year was fairly satisfactory, particularly so during the last half of the year.

The greatest improvement in the Company's operations in the year has undoubtedly been in the increased metallurgical recoveries of the Kimberley concentrator during the last three or four months of the year. The recoveries of both lead and zinc, particularly the latter, have been increased very materially.

The cost of concentration per ton of ore also shows a very substantial reduction.

### The Lead Smelter:

The tonnage treated in this plant increased from 274,000 in 1924 to 300,000 in 1925, and lead bullion produced from 80,000 to 111,000.

The cost of smelting was practically the same as in 1924.

The metallurgical work of this plant was very much better, the recoveries being considerably higher than in 1924.

### The Lead Refinery:

The output of this plant was increased from 63,000 tons to 103,000 tons.

Extensions to the main refinery were completed early in the year and to the silver refinery by the end of the year.

### The Copper Smelter, Refinery and Rod Mill:

The copper smelter was started in September, the copper refinery and melting plant were started as sufficient copper was produced, a small tonnage of refined copper being shipped by the end of the year.

### Tadanac Concentrator:

As mentioned before, this concentrator was remodelled for the handling of customs ores. By the end of the year this mill was treating approximately 185 tons per day.

### The Rossland Mines:

The campaign of development work mapped out for these mines has not been encouraging. Diamond drilling indicated some ore which, though not of high grade, was considered of sufficient importance to warrant further investigation. While this work is being done a small tonnage of ore is being broken and some further prospecting carried on with the diamond drills.

## The Zinc Plant:

Extensions to the zinc plant were completed at the same time as the extensions to the Bonnington plant made further power available, the first unit being put into service in June.

Some trouble was experienced and some delay caused by increasing the tonnage in the leaching plant and also some power shortage was experienced. Both of these have been overcome and the plant is working very satisfactorily.

Costs for the year showed a very considerable improvement over 1924; the recoveries, however, were not quite so good.

During the last part of the year a very great improvement was made in the roasting process and the recoveries have been increased to a much higher point than any previously obtained. This, however, was too late to affect the work in 1925.

## The Workmen's Co-operative Committees:

These committees have continued to be of great assistance and too much credit cannot be given to them for the faithful way in which they have attended to their work.

I wish to express my appreciation of the co-operation and assistance rendered by the entire organization.

The following Officers have been in charge of the various departments:

| | |
|---|---|
| General Offices | T. W. Bingay, Comptroller; R. C. Crowe, Solicitor; C. H. Hamilton, Asst. Solicitor; R. Walker, Chief Accountant; W. R. Baxendale, Purchasing Agent; H. B. Fuller, Asst. Chief Accountant. |
| Mines | W. M. Archibald, Manager of Mines; and Staff. |
| Concentration | R. W. Diamond, Superintendent; C. T. Oughtred, Asst. Superintendent; S. Grey, H. R. Banks and R. Anderson. |
| Smelter | James Buchanan, Superintendent; G. E. Murray, Asst. Superintendent, R. K. Blois, Superintendent of Smoke Treaters. |
| Zinc Plant | B. A. Stimmel, Superintendent; F. S. Willis, Asst. Superintendent; D. G. Bisset, Graham Cruickshank, H. Woodburn, Departmental Superintendents. |

| | |
|---|---|
| Refineries........ | J. J. Fingland, Superintendent; P. F. McIntyre, Asst. Superintendent. |
| Engineering....... | E. M. Stiles, Chief Engineer; G. F. Chapman, Mechanical Superintendent; H. N. Tiedje and G. H. MacKay, Construction Engineers. |
| Research......... | F. E. Lee, A. L. McCallum, W. H. Hannay and Robert Lepse. |
| Assay Office...... | Kurt Raht, Chief Chemist. |

Yours respectfully,

S. G. Blaylock,

General Manager.

# Manager of Mines Report

TRAIL, B.C., Feb. 25th, 1926.

To the General Manager.

Dear Sir:

I beg to submit the following report on the development and operation of the mines of the Company for the year ending December 31st, 1925:—

## Ore Production

| | | 12 Months 1925 Tons | 1894 To Date Tons |
|---|---|---|---|
| Rossland Mines including Josie | Gold-Copper Ore: | | |
| | Smelting | 16,019 | 5,385,202 |
| | Concentrating | 21,485 | 364,938 |
| White Bear | Gold-Copper Ore Concentrating | 721 | 5,928 |
| Sullivan | Lead-Zinc Ore | 1,092,392 | |
| | Crude Lead Ore | 24,411 | 4,259,984 |
| | Pyrite | 3,082 | |
| St. Eugene | Lead Ore | .... | 1,026,435 |
| | Zinc Ore | .... | |
| *Molly Gibson | Silver-Lead Ore | .... | 9,247 |
| *Number One | Silver Ore | 21 | 25,030 |
| *Highland | Lead-Silver Ore | 3,871 | 12,852 |
| | Lead-Silver Concentrates | | 5,238 |
| *Ottawa | Silver Ore | .... | 1,703 |
| | Concentrates | .... | 164 |
| Lucky Thought | Lead-Silver Ore | 24 | 144 |
| | Lead-Silver Concentrates | 84 | 759 |
| | Silver-Zinc Ore | .... | 307 |
| | Silver-Zinc Concentrates | 451 | 1,592 |
| Richmond Eureka | Lead-Silver Ore | .... | 19,439 |
| *Silver King | Silver-Copper Ore | .... | 17,238 |
| Emma | Copper Ore | .... | 262,560 |
| Phoenix Amalgamated | Copper Ore | .... | 2,493 |
| Number Seven | Silicious Gold Ore | 18 | 7,406 |
| *San Poil | Silicious Gold Ore | .... | 18,470 |
| Rock Candy | Fluorspar Crude Ore | .... | 299 |
| | Fluorspar Concentrating | 3,874 | |
| | Fluorspar Concentrates | 2,900 | 22,641 |

*Since Company acquired property.

## Development—Feet

| | Drifting | Cross-Cutting | Raising | Sinking | Total | Diamond Drilling |
|---|---|---|---|---|---|---|
| Rossland Mines, including Josie and White Bear........ | 493.0 | 2,320.5 | | 16.0 | 2,829.5 | 21,330.2 |
| Sullivan............. | 6,869.0 | 821.0 | 5,672.0 | 18.0 | 13,380.0 | 11,482.0 |
| Highland............ | 585.0 | 261.0 | 96.0 | | 942.0 | |
| Lucky Thought....... | 170.0 | | | | 170 | |
| Hunter V............ | | 106.0 | | | 106 | |
| Richmond Eureka.... | 70 | 90.0 | 40.0 | | 200 | |
| Rock Candy......... | 75.0 | 28.0 | | | 103 | |
| Fife Quarry.......... | 156.0 | | 182.0 | | 338 | |
| Boulder City......... | 121.5 | 23.0 | | | 144.5 | |
| Properties under option............. | | | | | | 13,213.0 |
| Coast Copper........ | 2,084.5 | 696.0 | 17.5 | | 2,798 | 3,956 |

making a total to December 31st, 1925, of:—

| | Feet | Miles |
|---|---|---|
| Rossland Mines............................ | 428,477.5 | 81.15 |
| Sullivan.................................. | 70,235.0 | 13.30 |
| St. Eugene................................ | 106,321.5 | 20.10 |
| Molly Gibson.............................. | 12,480.0 | 2.37 |
| Number One................................ | 10,198.0 | 1.93 |
| Highland.................................. | 20,885.0 | 3.95 |
| Ottawa.................................... | 11,847.0 | 2.24 |
| Lucky Thought............................. | 3,660.0 | .69 |
| Richmond Eureka........................... | 10,174.0 | 1.93 |
| Silver King............................... | 20,462.0 | 3.88 |
| Hunter V.................................. | 419.0 | .09 |
| Boulder City.............................. | 240.0 | .04 |
| Emma...................................... | 7,644.0 | 1.47 |
| Phoenix Amalgamated....................... | 2,581.0 | .49 |
| Number Seven.............................. | 5,934.0 | 1.12 |
| Rock Candy................................ | 1,987.5 | .37 |
| Fife Quarry............................... | 1,524.0 | .29 |
| Coast Copper.............................. | 12,342.5 | 2.34 |

## Rossland Mines:

Shipments of concentrating ore to Tadanac were suspended about February 15th and mining operations were confined to those stopes which had indications of producing ore of a furnace grade. For a time development was continued in sections which offered some promise of opening up further tonnages, but results were generally disappointing.

The diamond drilling program then under way to penetrate outlying areas from underground workings was carried to completion; while results could not be considered satisfactory, substantial values in gold, silver and copper were shown in a portion of a vein intersected by a drill hole penetrating the southwest ground. This being entirely virgin in territory, it was considered advisable to crosscut to the vein and at the same time to extend the west heading on the 1650 Le Roi, so that further diamond drilling might also be undertaken in the west section. Objectives have not yet been reached.

Stoping operations were gradually reduced and at the end of the year were almost negligible.

Shipments of ore were made as required to help out in blast furnace operation and totalled some 16,000 tons.

Equipment was salvaged from depleted and abandoned sections of the mines.

Some 5,500 feet of diamond drilling from the surface on claims optioned for that purpose, produced disappointing results.

**Sullivan:**

Production of 3,000 tons of concentrating ore per day was maintained during the year and in addition 24,411 tons of crude lead ore and 3,082 tons of pyrites were shipped to Tadanac.

The Kimberley concentrator treated 1,092,392 tons of lead-zinc ore and produced 154,757 tons of lead and 150,759 tons of zinc concentrates. Of the lead concentrates, 144,482 tons were treated at Tadanac, 4,256 tons were shipped to Bradley, Idaho, 1,915 tons to Selby, California, and 4,104 tons to East Helena, Montana. Of the zinc concentrates produced, 121,102 tons were treated at Tadanac, 13,352 tons were shipped to the Anaconda Company at Great Falls, Montana, and 16,305 tons to Antwerp.

There was some irregularity in the grade of feed to the concentrator during the year, due in part to shipments of crude lead ore to Tadanac. These were rather spasmodic and only made possible by favourable variations in the lead-zinc ratio of the ore.

The program of footwall development was further extended and the number of raises to the vein considerably increased, thereby providing additional working places and enabling a better regulation of daily production.

Angle raises from main raises have substantially increased tonnages tributary to the main raises and curtailed the use of the drag line scraper. Extensions of the drifts north on the 3900 level and underground diamond drilling indicate a continuance of the present productive north ore zone in that direction and below the level.

In the south ore zone, stopes above the 4400 level maintained a substantial production, while those on the 3900 level were curtailed pending facilities for milling a larger tonnage of lower grade material. The stopes in the north ore zone, in addition to their production of concentrating ore, supplied nearly all the crude lead ore shipped.

With the completion of raises now underway, about April 1st, the mine will be in a position to comfortably furnish 4,000 tons per day. It is expected that this extra tonnage may, if necessary, be taken from lower grade portions of the vein and permit of more stope development in those sections where present operations have demanded curtailment.

The air supply was sufficient and transportation facilities satisfactory for the development performed and tonnage mined during the year. The proposed increase in production with accompanying development, however, will require increases in both in the near future.

Ore storage was increased approximately 2,200 tons with the enlargement of the loading bins at the coarse crushing plant and by changes in the unloading and storage bins at the concentrator.

Twelve new, 75-ton air dumping steel cars were placed in service between the coarse crushing plant and the concentrator and are giving excellent satisfaction.

Additional dry room accommodation was provided at McDougall. Housing facilities for married employees at both McDougall and Camp Chapman were substantially increased. A bunkhouse and new dining hall were erected at Camp Chapman, a commodious staff house and nurses' home at McDougall. Water and electric light lines were extended to serve the rapidly growing communities.

Milling operations were improved, resulting in increased recoveries of both lead and zinc, while maintaining the grade of concentrates of both metals.

## Miscellaneous Properties:

The Highland Mine, Ainsworth, was operated with a small force throughout the year and small shipments were regularly made to the Tadanac mill. Development did not open up new tonnages and the present condition of the mine is discouraging.

Leases were in effect on the Richmond Eureka, Ottawa, No. One, Molly Gibson and Lucky Thought Mines, the latter shipping zinc and lead concentrates, products of the concentration of the ore by the Lessees in the Hewitt mill.

The Rock Candy Mine (fluorspar) was operated in August and September and 3,870 tons of run of mine material shipped to Tadanac for treatment. This resulted in the production of approximately 2,900 tons of concentrates assaying 95% $CaF_2$

**Controlled Properties:**

At the Coast Copper development work was continued and comprised further extensions of the north and south drifts, with crosscutting and diamond drilling. Results were again encouraging.

Surface work on the Olive and Sunloch No. 5 claims of the Sunloch group, while not defining commercial ore in quantity, suggests its continuance with some diamond drilling.

**Exploration:**

Field engineers were particularly busy during the months favourable for examination work and properties were investigated in nearly all of the provinces of the Dominion as well as in Alaska and the Yukon territories.

Some areas have been optioned in the Rouyn District, Quebec, and additional ground staked. No serious development has so far been performed and their value is therefore a matter of conjecture.

In the hope of augmenting the supply of silicious ore for the Tadanac plant, options were taken on properties on Oro Fino Mountain and near Oliver in the Okanagan, and diamond drilling undertaken. The Oro Fino property was abandoned as not likely to produce either quantity or grade. The Oliver property, however, promises a large tonnage of practically clean silica. This is underlain by a rather homogeneous mass of muscovite in small compact crystals, which may eventually be commercially important.

Prospecting parties were also active during the season. The outstanding result of this work was the discovery of phosphate beds over a large area in the Province of British Columbia by two young engineers, Leonard Telfer and W. D. Burgess, who were actively engaged in the search. These beds are within reasonable distance of the Sullivan Mine and it is anticipated that the discovery will result in bringing the sulphur content of the Sullivan ore body to commercial account and also benefit those engaged in agricultural industry.

**Labor and Mine Supplies:**

Labor conditions were satisfactory at all properties, the supply being ample. Base wages remained unchanged at $3.50

per day for miners and $3.00 for muckers. The metal bonus averaged $1.20 per day and the cost of living bonus of 50 cents was also maintained.

The prices of powder, coal and drill steel were slightly reduced. Those of other mining supplies remained about the same.

Mining costs were not lowered, but increased development and improved facilities at the Sullivan should be reflected in the costs for 1926, even with wages remaining at present levels.

The following gentlemen were in charge of the various operations of the Company and performed their duties zealously and efficiently:

Mr. F. S. Peters, Supt. Rossland Mines
Mr. E. G. Montgomery, General Supt. Sullivan Mine
Mr. M. M. O'Brien, Ass't. General Supt. Sullivan Mine
Mr. Wm. Lindsay, Supt. Tunnel Mine Sullivan Mine
Mr. Frank Fortier, Supt. Upper Mine Sullivan Mine
Mr. L. W. Oughtred, Supt. Ainsworth properties
Mr. Dan Matheson, Supt. Rock Candy Mine
Mr. C. A. Seaton, Supt. Coast Copper Company
Mr. Geo. H. Kilburn, Supt. Sunloch Mines
Mr. R. B. Shelledy, Supt. Okanagan Exploration
Mr. R. M. Macaulay, Supt. Operations in Rouyn District

Messrs. Geo. H. Kilburn, J. K. Cram, D. C. McKechnie and P. F. Osler, as well as engineers regularly employed at various properties, were engaged in examination work.

Major A. B. Ritchie was a valuable and efficient operating assistant.

Yours respectfully,

W. M. ARCHIBALD,

Manager of Mines.

# Comptroller's Report

TRAIL, B.C., February 26th, 1926

To the General Manager.

Dear Sir:

Operations for 1925 show a net profit before provision for Income Taxes of $13,255,406.25 after charging to profit and loss $588,309.71 expended in mine development, writing off for plant depreciation $1,123,757.84, for mine depletion $521,432.27, for interest on bonds and premium on redemption $517,521.30, $234,679.17 to fire insurance reserve and $200,000 to provide for the accrued liability under our Employees' Pension Fund.

Prices for silver, lead and zinc were at a high level, considerably higher than in 1924, and the large increase in profit was due to these high prices combined with increased production.

Adequate provision has been made for both Dominion and Provincial Income Taxes. Though there has been a reduction in the Provincial Income Tax rate from 10% to 8%, 1925 Provincial taxes are about two and one-half times greater; the Dominion rate was unchanged. $2,474,769.27 was provided for Income and Mineral Taxes from profits, also there was appropriated to Capital Reserve $3,560,793.84, being the Capital Expenditure for 1925 and $1,000,000 for contingencies.

Interest paid on loans amounted to $142,486.17, against which however there is a credit for revenue from investments and sundry advances of $74,602.04, leaving the net debit on interest account $67,884.13. The Bank Loan was completely liquidated and the $504,351.01 advance from the West Kootenay Power and Light Company repaid. On the other hand we have invested in Dominion, Provincial and Municipal Bonds $5,021,511.52, and we have cash in Bank and on hand $1,152,382.38, against which of course there is the dividend payable January 15th of $2,915,319.00.

All surplus shipments of lead bullion and concentrates which were exported were taken into account, the Tadanac Plant in the latter part of the year treating the entire tonnage.

The increase in metal stocks to $5,009,939.47 is due to the increase in the zinc and lead operations and to the starting up of the copper operation. The item is not abnormal when operating at the present rate.

The fire insurance reserve was increased in the year from $74,151.22 to $306,330.39. We continued the process of assuming more of our own fire risk during the year. It will be noted that part of our investments in bonds is held against this reserve.

There was a considerable increase in customs ore business in the year, from $1,699,827.15 to $2,208,182.85. Part of this is due to resumption of copper concentrate shipments from the Allenby Copper Company, but there has also been an increase in other directions. The most notable development has been the shipment of ores from properties without milling facilities to our Tadanac mill for concentration prior to treatment in our lead and zinc plants. Mines with moderate quantities of milling ore are provided with funds for development, and with valuable information from large sized tests in the event of large enough tonnages developing to warrant the construction of mills nearer the point of production.

A considerable number of employees at Trail have availed themselves of the facilities provided by the Company to build substantial homes for themselves. The scheme is popular and if continued will result ultimately in the greater proportion of the employees owning their own homes.

Following is the metal production and the tonnage treated, at the Kimberley and Tadanac plants together, from 1894 to date, and for the year 1925:

| | Tons Ore Treated | Gold Produced Ounces | Silver Produced Ounces |
|---|---|---|---|
| 1894 to date | 9,829,757 | 2,084,851 | 47,331,950 |
| 1925 | 1,210,698 | 20,516 | 4,704,635 |

| | Lead Produced Pounds | Copper Produced Pounds | Zinc Produced Pounds |
|---|---|---|---|
| 1894 to date | 1,216,050,344 | 102,948,288 | 427,744,710 |
| 1925 | 236,079,266 | 366,439 | 97,910,147 |

Average metal quotations for the present as compared with the previous fiscal year, are as follows:

| | 1924 | 1925 |
|---|---|---|
| London Lead | £34.421 | £36.429 |
| New York Silver | 66.781c | 69.065c |
| New York Electrolytic Copper | 13.024c | 14.042c |
| London Zinc | £33.728 | £36.624 |

Respectfully submitted,

T. W. Bingay,

Comptroller.

# Sales Manager's Report

To the President
and Managing Director.

Dear Sir:

The year 1925 was most satisfactory for the sale of our metals. World production of Lead and Zinc, our principal products, was the greatest in the history of the trade; but there was, almost throughout the year, a stringency for immediate supplies, and it is not surprising, therefore, that prices should have averaged higher than those of last year. At certain periods they seemed to be top-heavy, but the peaks were not long maintained, so that no industry can be said to have seriously suffered through what may be termed abnormal prices. No large stocks were accumulated in producers' hands at any time during the year, and the closing stocks were average for Lead and less than normal for Zinc.

We opened the year with light stocks and closed in a well sold position.

The prospects for 1926 are favourable, and while the same high average level as for 1925 may not be maintained, there is nothing in sight to justify the belief that a good average price will not obtain.

Canadian consumption for both Lead and Zinc was well sustained, reaching somewhat higher figures than for the preceding year.

The demand in the Orient for Zinc was not equal to 1924, but this was more than balanced by increased demand throughout Europe; and, sales of Lead in the East, were the greatest in our history. I wish to take this opportunity of expressing full satisfaction for the able manner in which these sales were handled by our China and Japan representatives—Messrs. A. Cameron & Co. Ltd., Kobe, Yokohama and Shanghai.

Our European sales were in record volume, and great credit is due to Messrs. Henry Gardner & Co. Ltd., of London, England, who handled this large business in a most satisfactory manner.

Our offices in Montreal, Toronto and Vancouver were most efficient, and much credit is due the Staff in general for a very successful year.

Sales for 1925 were as follows:

| | | Pounds |
|---|---|---|
| Lead, refined | 201,708,000 | |
| Lead, in bullion | 16,672,000 | |
| Lead, in concentrates | 13,335,000 | |
| | | 231,715,000 |
| Zinc, refined | 76,356,000 | |
| Zinc, in concentrates | 20,840,000 | |
| | | 97,196,000 |
| Copper, refined | | 132,000 |

Respectfully submitted,

W. S. Rugh,

Manager of Sales.

Montreal, February 15, 1926.

# The
# West Kootenay Power and Light Company
# Limited

## Annual Report and Statement
**for Twelve Months Ending**
**December 31st, 1925**

# The West Kootenay Power and Light Company, Limited

---

## TWENTY-EIGHTH ANNUAL REPORT OF GENERAL MANAGER

### For the 12 Months' Period Ending December 31st, 1925

---

ROSSLAND, B.C., Feb. 15th, 1926.

To the President and Directors,
West Kootenay Power & Light Company, Ltd.

Gentlemen:

The Company's gross consolidated revenue for the year ending December 31st, 1925, was $1,041,125.68.

The revenue producing load for the 12 months ending December 31st, 1924, was 29,889.2, and for the year ending December 31st, 1925, 39,230.1, showing an increase over the year 1924 of 9,340.9. This increase was brought about by No. 1 Plant being put in operation on the 30th day of June, 1925.

### Penticton, Kelowna and Southern Okanagan Extensions

The improved conditions as shown during the last few months of 1924 continued during the year 1925, and our revenue from the above territory showed an increase of 9½ per cent, and it looks as if there would be a gradual improvement throughout this territory.

### Copper Mountain Extension

The Allenby Copper Company operated by the Granby Consolidated Mining, Smelting and Power Company, resumed operations at Copper Mountain and Allenby on August 16th, 1925, and, although not operating up to the full capacity of their mill, I am led to believe their operations came up to their expectations, and when the mill is operating up to full capacity there should be shown a considerable increase in our power revenue for the year 1926, provided copper prices remain the same as during the year 1925.

**Bonnington No. 1 Extension**

As set forth in my report for year 1924 the date of putting No. 1 Plant in operation was lived up to, and No. 1 Generator was put on the line delivering power to Tadanac on June 30th, 1925, and No. 2 Generator August 18th, 1925. The Consolidated Mining and Smelting Company having their extensions ready to receive power was the means of greatly increasing our revenue for 1925.

I am very pleased to report that the development at No. 1 Lower Bonnington turned out as expected and the operations since starting have been to our entire satisfaction.

Your other operating plants and all distributing lines have been maintained in their usual high operating condition.

The operating staff has been efficient throughout the year, thereby enabling us to maintain service to the satisfaction of all our customers.

LORNE A. CAMPBELL,
Vice-President and General Manager.

# The West Kootenay Po

## Consolidated Profit and Loss Ac
## Amalgamating Accounts of West Kootenay I
## Companies, viz.: Cascade Water, Po
## Company, Rossland Water & Ligh
## Northport Po

| | |
|---|---|
| To Operating Expenses | $344,772.62 |
| " Interest on Bonds | 172,751.26 |
| " Bad Debts Written Off | 311.87 |
| " Depreciation | 364,863.90 |
| " Interest | 23,206.81 |
| " Balance | 135,219.22 |
| | $1,041,125.68 |

## Balance Sh

### LIABILITIES

| | | | |
|---|---|---|---|
| Share Capital $5,500,000.00 | | | |
| Issued 38,120 Common Shares at $100 each | | $3,812,000.00 | |
| Issued 5,000 Preferred Shares at $100 each | | 500,000.00 | $4,312,000.00 |
| Bonds Issued | | $3,550,000.00 | |
| Less redeemed | | 670,232.92 | 2,879,767.08 |
| Accounts Payable | | | 219,334.47 |
| Accrued Liabilities | | | 72,357.46 |
| Amount reserved for Bond Interest, Sinking Funds, Preferred Dividends and Premium on Bonds | | | |
| Reserve Account | | | 558,090.54 |
| Profit and Loss Account | | | 16,609.07 |
| Balance Dec. 31st, 1924 | | $11,374.54 | |
| Profit for Year | | 135,219.22 | |
| Adjustment on Provincial Property Tax 1923 | | 870.00 | |
| | | $147,463.76 | |
| Contribution to Sinking Fund | $95,854.69 | | |
| Dividends (Preferred) | 35,000.00 | 130,854.69 | |
| | | | $8,058,158.62 |

# ight Company, Limited

## ear Ending December 31, 1925
## ht Company, Limited, with its Subsidiary
## Co. Ltd., South Kootenay Water Power
## gan Water Power Company, and
## Company

| | |
|---|---|
| By Gross Revenue | $1,041,125.68 |
| | $1,041,125.68 |

# t December, 1925

## ASSETS

| | |
|---|---|
| Plants, Transmission Lines, Buildings & Real Estate | $7,473,859.35 |
| Autos, Mdse, Meters, Instruments, Furniture & Fixtures | 195,923.79 |
| Cash on Hand | 75,108.62 |
| Accounts Receivable | 19,077.78 |
| Accounts Receivable Suspense Account | 225,000.00 |
| Prepaid Operating Charges & Expense | 58,703.24 |
| Sundry Investments | 1,460.55 |
| Trustees Sinking Fund Account | 9,025.29 |

I have audited the books and accounts of the West Kootenay Power & Light Company Limited, and Subsidiary Companies for the year ending December 31st, 1925, and have obtained all the information and explanations I have required and certify that the above Balance Sheet and Profit & Loss Account present in my opinion a true and correct view of the Companies' affairs at the said date as shown by the books of the Companies. Inventories have been certified to by the Accountant of the Companies.

THOS. S. GILMOUR, C.A.,
Auditor

Rossland, B.C., Feb. 15, 1925

| | |
|---|---|
| | $8,058,158.62 |