Report of the Directors

of

The Consolidated Mining and Smelting Company

of Canada

Limited

For twelve months ending December 31, 1928

BOARD OF DIRECTORS

JAMES J. WARREN, Montreal - -	*President*
E. W. BEATTY, K.C. - -	Montreal
W. A. BLACK - - -	Montreal
S. G. BLAYLOCK - - -	Trail, B.C.
J. C. HODGSON - - -	Montreal
SIR HERBERT HOLT - -	Montreal
HENRY JOSEPH - - -	Montreal
W. L. MATTHEWS - - -	Toronto
F. GORDON OSLER - -	Toronto

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 twenty-third Financial Statement with the reports of the General Manager, the Manager of Mines, the Comptroller and the Manager of Sales.

The report of the General Manager of the West Kootenay Power and Light Company, Limited, and the Financial Statement of that Company is included.

After providing for current development, depreciation of plant, depletion of property, adding $97,188.44 to the Fire Insurance Reserve and $14,578.05 to the Employees' Pension Fund Reserve, the net profits were $10,341,162.45, as compared with $13,139,957.92 in 1927.

Capital Expenditure during the year amounting to $1,768,079.63 was added to the reserve for Additions to Property through Profit and Loss—as compared with $3,590,506.77, in 1927.

Your Directors have decided to increase the Contingent Reserve by another $1,000,000.

After deducting these sums and Federal and Provincial taxes (amounting to $1,158,332.74) and paying Dividends Numbers 48 and 49, the remainder, $48,156.33, was added to the Profit and Loss Account.

During the year there was a further decline in the prices of base metals, excepting copper.

This accounts entirely for the reduction in profits, as operating results were better and production higher.

Prices have improved since the turn of the year. It seems probable that the improvement will be maintained, if not bettered, during the rest of the year.

Excepting the Rossland properties your mines are developing satisfactorily. Though the extraction of ore is heavy, your reserves are well maintained and are sufficient for many years of profitable operations.

Many properties were optioned during the year and a great deal of exploratory work done on them. Your Company's policy being to undertake the development of any promising mineral properties which can be secured on reasonable terms in any accessible part of Canada, your mining operations are expanding rapidly, and with good prospects of further successes.

Your various plants are in excellent condition. They are being enlarged from time to time to take care of your increasing activities. All changes and extensions are of the permanent character warranted by and suitable for a long time operation.

Your Research Department is proving a valuable accessory. The staff is being increased and will continue to grow.

Many problems have been solved, but many more remain.

On the whole, last season's experiments with triple superphosphate on the Prairie were satisfactory. Further tests will be made during the coming summer.

With the completion of the first unit of the contact sulphuric acid plant, production on a commercial scale of acid phosphate can begin, and gradually expand as the market develops.

A good deal of consideration has been given to the production of Ammonia (NH_3), which, combined with sulphuric acid, makes ammonia sulphate a well-known fertilizer, much used in the Orient and elsewhere. It can be combined too, with phosphate rock and sulphuric acid, making a fertilizer carrying both nitrogen and phosphorous, for which there is a good market.

It is likely, therefore, that in the near future your Company will be a large producer of synthetic fertilizers. In addition to the commercial aspects, this should eliminate largely, if not entirely, any real damage from sulphur dioxide.

The report of Mr. L. A. Campbell, General Manager of the West Kootenay Power and Light Company, Limited, shows very satisfactory operations under his control. It is fortunate that Number Three plant was proceeded with, and that Numbers 1 and 2 units thereof became available on December 1st last, otherwise, your operations would have been much curtailed owing to low water and severe weather conditions during the present winter.

The Power Company has made application for further water rights on the Pend O'Reille River in British Columbia, some seven miles from its mouth.

Investigation of the site is being made and if satisfactory results are obtained, another large development will be proceeded with to provide the electrical energy required for fertilizer production.

For some time your Directors have had under consideration the construction of a copper refinery and a zinc reduction works to treat the blister copper and zinc concentrates produced in Eastern Canada. Recently an arrangement has been made with Ventures Limited (known as the Lindsley Group) which controls large quantities of both blister copper and zinc concentrates. Undoubtedly, further quantities of these products will be available both from your Eastern operations and from other Eastern properties.

Plans are therefore under way for the construction of the necessary plants. A separate Company or separate companies may be formed. It is possible, too, that others than Ventures Limited may be associated with your Company in the enterprise.

Similarly, your Directors have been considering the erection of a copper smelter and refinery on the Pacific Coast. They are prepared to proceed with this as soon as there is sufficient ore and blister copper available to warrant the large expenditure involved.

Development of your copper properties tributary to Pacific tide water will ultimately provide sufficient material. Possibly it will be necessary to wait until then as the present large copper producers on the British Columbia Coast have unexpired contracts with United States smelters for the treatment of their products.

Capital Expenditure amounted to \$3,695,614.20, of which \$2,388,012.67 was spent on Property Account and \$1,307,601.53 on Plant Account.

The large items were:—

PROPERTY:

Purchase of shares of West Kootenay Power and Light Company, Limited	\$1,500,000.00
Advances to Coast Copper Company	198,125.73
Advances to Buena Vista Company (This Company owns the Big Missouri Group)	167,907.21
Advances to the Solar Development Company (This Company operates mostly in the United States)	61,501.63

PLANT:

Hunter V. Mine equipment	\$10,710.12
Sullivan Mine and Mill additions	278,677.55
St. Eugene Mill	25,162.96
Smelter Extensions	1,001,029.81

Of the Property Expenditure, all of the above specified amounts were added to your Capital assets. The remainder of the Property Expenditure and all of the Plant Expenditure were charged to your operating revenue and added to your "Additions to Property through Profit and Loss."

Dividends of 10% and bonuses aggregating \$10.00 a share were paid in the year. These amounted to \$6,366,593.75, compared with \$6,358,875 in 1927.

The relations between the employees and the management continue to be cordial.

Your executive and operating staffs performed their duties with zeal and efficiency.

Notwithstanding falling metal prices and erratic marketing conditions your selling representatives disposed of your output to good advantage.

During the year your Directors accepted with regret the resignation from the Board of Mr. J. K. L. Ross.

The Company sustained a severe loss through the death of Sir Vincent Meredith, Bart., a valued member of the Board. He took a keen interest in your affairs and his passing is deeply regretted by his colleagues on the Board.

On behalf of the Board,

JAMES J. WARREN,
President.

Montreal, P.Q.,
March 14, 1929.

The Consolidated Mining and Smelting

Balance Sheet as at

LIABILITIES

CAPITAL:		
Authorized:		
600,000 shares at $25 each.............	$15,000,000.00	
Issued and fully paid:		
As at December 31, 1927..............	$12,721,575.00	
Allotted during 1928:		
To employees: as bonus.............	15,000.00	$12,736,575.00
PREMIUM ON SHARES ISSUED:		2,294,520.00
SUNDRY CREDITORS:		
Accounts Payable.......................	$1,692,198.48	
Reserve for Dominion and Provincial Taxes	1,097,008.22	2,789,206.70
DIVIDENDS:		
Payable January 15, 1929................	$3,184,143.75	
Dividend cheques outstanding............	3,262.75	3,187,406.50
RESERVES:		
Fire Insurance..........................	$657,793.64	
Employees' Pension Fund................	306,139.05	
Contingent Reserve.....................	4,000,000.00	
Additions to Property through Profit and Loss..............................	11,194,151.90	16,158,084.59
CONTINGENT LIABILITY:		
As Guarantor of Principal and Interest of West Kootenay Power & Light Company, Limited, Twenty-year Six Per Cent. Bonds of a par value of...............$	1,508,000.00	
Bills of Exchange discounted............	£100,967 11s. 11d.	
PROFIT AND LOSS ACCOUNT:		
Balance December 31, 1927..............	$13,199,695.93	
Profit for year ended December 31, 1928...	10,341,162.45	
	$23,540,858.38	
LESS: Income and Mineral Taxes paid and reserved for in 1928..................	1,158,332.74	
	$22,382,525.64	
LESS: Appropriations:		
For Dividends Nos. 48 and 49......................$6,366,593.75		
For Additions to Property through Profit and Loss.. 1,768,079.63		
For Contingent Reserve..... 1,000,000.00	9,134,673.38	13,247,852.26
		$50,413,645.05

Auditors'

We certify that we have audited the Accounts of The Consolidated Mining and Smelting
Smelter Accounts maintained at the offices at Kimberley, Trail, Moyie, Rossland and Vancouver.
Inventories of Stores and Materials and of Ore and Smelter Products are as certified by the
market quotations of that date less estimated cost of refining, and the refined Lead and Zinc
going, we report to the Shareholders that the above Balance Sheet is, in our opinion, properly
the best of our information and the explanations given to us, and as shown by the Books of the
Edwards, Morgan & Co., as at the date of the closing of the Accounts, December 31, 1928.

VANCOUVER, B.C., March 11, 1929.

ompany of Canada, Limited

ecember 31, 1928

ASSETS

MINES, MINERAL CLAIMS AND SHARES IN OTHER COMPANIES:		
Balance December 31, 1927..............	$10,844,370.51	
Expenditure for year ended December 31, 1928................................	2,388,012.67	
	$13,232,383.18	
LESS: Provision in 1928 for Depletion of Mineral Properties....................	650,799.46	$12,581,583.72
MINING, SMELTING, CONCENTRATING AND REFINING PLANTS:		
Balance December 31, 1927..............	$13,024,850.41	
Expenditure for year ended December 31, 1928................................	1,307,601.53	
	$14,332,451.94	
LESS: Provision in 1928 for Depreciation...	1,745,948.30	12,586,503.64
ORES, METALS AND SMELTER PRODUCTS ON HAND AND IN TRANSIT:		5,130,329.39
MINES AND SMELTER STORES AND MATERIAL		3,408,736.08
ACCOUNTS RECEIVABLE:		1,885,912.84
DOMINION, PROVINCIAL, MUNICIPAL AND INDUSTRIAL BONDS:		
At cost, including Securities held for Fire Insurance and Employees' Pension Fund Reserves.............................		13,629,130.17
CASH IN BANK AND ON HAND:		
Montreal, Toronto, Vancouver and Trail..	$1,165,281.98	
Sundry Cash Accounts..................	2,174.00	1,167,455.98
DEFERRED CHARGES TO OPERATIONS........		23,993.23
		$50,413,645.05

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npany of Canada, Limited, for the year ended December 31, 1928, including the Mines and
., and that we have received all the information and explanations we have required. The
npany's Officials; the values of Gold, Silver and Copper contents have been corrected to
old at December 31, 1928, have been included at the cost of production. Subject to the fore-
wn up so as to exhibit a correct view of the financial position of the Company according to
npany in British Columbia and the accounts of the Montreal Office, as audited by Messrs.

HELLIWELL, MACLACHLAN & Co.,

Chartered Accountants.

The Consolidated Mining and Smelting

Profit and Loss Account for the

To Ores, Metals and Smelter Product on Hand and in Transit at December 31, 1927	$4,309,160.58
" Customs Ore and Bullion Purchased	3,698,691.35
" Freight and Insurance on Ores from Company's Mines	913,064.68
" Mining, Smelting and General Expense	12,893,719.94
" Development Expense	597,943.27
" Depreciation of Plant and Equipment	1,745,948.30
" Provision for Depletion of Mineral Properties	650,799.46
" Interest, Bank and General	23,536.61
" Directors' Fees	6,340.00
" Fire Insurance Reserve	97,188.44
" Employées' Pension Fund	14,578.05
" Sundry Items Written Off	1,178.81
" Balance, Profit before Provision for Dominion and Provincial Income Taxes	10,341,162.45
	$35,293,311.94

Company of Canada, Limited

Year Ended December 31, 1928

By Sales of Smelter Products, Ore, Etc................	$29,296,520.37
" Ores, Metals and Smelter Product on Hand and in Transit at December 31, 1928......................	5,130,329.39
" Revenue from Investments and Sundry Advances....	819,563.62
" Rents, Royalties and Sundry Revenue..............	46,898.56
	$35,293,311.94

General Manager's Report

TRAIL, B.C., January 16, 1929.

To the President,
The Consolidated Mining & Smelting Company
of Canada, Limited.

Dear Sir:

I beg to submit the following report of the Company's operations during 1928 including the reports of the Manager of Mines and the Comptroller.

Tonnages and metallurgical recoveries have again been excellent in every sphere of action excepting copper.

Operating costs are approximately the same as those in 1927. While in many cases unit costs have been reduced, in others they are somewhat higher. This comparison, however, does not give a correct impression of the year's work. Had it not been for the fact that a great many extensive repairs were made during the year and also that for over four months the production of the Zinc Plant was curtailed approximately 15% through shortage of power with little or no chance to curtail operating expenses, 1928 would undoubtedly have broken all previous cost records.

The following construction was completed during the year: a plant for the recovery of refined cadmium; a plant to recover metallic bismuth; a boiler plant in connection with the Zinc Plant; a pipe fitters' shop; a new research building; a 100,000 gallon fuel oil storage tank; a 400,000 gallon acid storage for the Zinc Plant; a 3,000 gallon per minute extension to the Columbia River pumping station; a new rotary converter conversion station for the trolley systems; a change house, dining and wash rooms for the Zinc Roaster plant; doubling up the acid proof filter installation at the Zinc Plant; the completion of the extension of the Zinc Plant from 200 to 300 tons daily capacity; installation of the Dracco system for collecting flue dust at the Smelter; an electrical substation at the east side of the Smelting Plant; an extension to the Lead Drossing Plant; the completion of the coarse crushing plants at the Trail concentrator and Moyie; a fire proof warehouse at Kimberley; and several additions to the equipment in the various shops.

Of the important construction under way—the contact sulphuric acid plant is expected to commence operation in January; the enlargement of the Sullivan concentrator from 4,000 to 6,000 tons daily capacity, the enlargement of the Zinc Plant from 300 to 400 tons daily, the electric steel foundry and the further enlargement of the cadmium plant are all well under way.

The Sullivan Mine:

The excellent progress made at the Sullivan Mine in 1927 was continued in 1928. Further reductions were made in the cost per ton mined, besides which the general condition of the mine shows further improvement. The tonnage of ore mined was increased from 1,272,217 to 1,502,348 tons. The grade of ore was somewhat lower due mainly to carrying on more work in some of the poorer sections of the mine. It was, however, at least, as high as is consistent with the grade of the total ore reserves.

In order to keep up the present production and at the same time to allow mining all the ore of sufficient grade to make a profit, the concentrator capacity is being enlarged to 6,000 tons daily.

One of the old mine dumps containing 70,000 tons has been cleaned up and milled at Trail.

The Kimberley Concentrator:

Concentrated 1,484,487 tons as against 1,248,500 tons in 1927. There was a very satisfactory reduction in the concentrator costs and also a slight improvement in the recoveries—the latter in spite of the fact that the concentrator was working on lower grade ore and treating a larger tonnage. It has been frequently demonstrated that the metallurgical recoveries can be materially improved by lowering the tonnage rate; consequently, a further improvement is expected when the new extensions are in operation.

The St. Eugene Concentrator:

219,339 tons of tailings were pumped up from the lake bottom and re-concentrated during the year at a fair profit. The falling off in the metal contents of the last dumps treated together with the drop in the price of lead and zinc greatly reduced the margin of profit. There are still some 60,000 tons of tailings to recover. By the time this is reclaimed sufficient metal will have been produced to reimburse the total expenditure on this work and to make approximately one half million dollars profit.

The Tadanac Concentrator:

Milled about 73,000 tons, mainly from the Sullivan dumps. These Sullivan dumps cannot be mixed with the current Sullivan ore owing to oxidation; consequently, they will be concentrated in the Moyie and Tadanac mills, both of which are adaptable to this work.

Much of the crushing for the Smelter is now done in the Tadanac coarse crushing plant at a reduced cost.

The Lead Smelting Plant:

The high record of recoveries made in 1927 has been maintained in 1928, with a slight reduction in smelting cost.

The lead in bullion produced was 159,416 tons against 145,521 tons in 1927.

The Lead Refinery:

This plant produced 147,243 tons of refined lead against 143,891 tons in 1927.

The cost per pound of refining lead was higher than in 1927, owing partly to purchasing sulphuric acid, but largely to higher overhead charges generally.

A great deal of research work has been carried on in connection with this plant, some of the benefits of which were beginning to show by the end of the year. It is expected that these will result in higher capacity, purer lead and lower costs.

Metals of the platinum and palladium groups have formerly been included in the gold shipments and paid for as such. During the year these metals have been separated electrolytically resulting in our being able to obtain slightly higher prices for our pure gold, and also in the small production of Palladium and Platinum.

A bismuth separation plant has been installed and December saw the first production of metallic bismuth. This metal, which formerly has been very objectionable, will now constitute a valuable by-product.

The Copper Smelter and Refinery:

With the shutting down of the Rossland Mines and the diverting of the Canada Copper concentrates elsewhere, the ore supply, which has latterly been insufficient, has been reduced to such an extent that copper operations will be curtailed to intermittent runs.

The copper smelter has been shut down and the refinery will be shut down early in the year.

Any copper ores offered will be purchased and smelted when sufficient ore is on hand to start a furnace campaign.

The Zinc Plant:

The Zinc Plant has again set new records both in tons produced and in metallurgical recoveries: 81,765 tons of bar zinc were produced in 1928 against 73,527 tons in 1927. This tonnage would have been far greater but for serious power shortages during June, July, August and September. A plentiful supply of power was available with the starting of the Number 3 Bonnington plant, before schedule, early in December, enabling the zinc cathode production to reach 300 tons for the last few days of the month.

The costs in this plant were higher than in 1927 due in part to heavy repair costs and to the low production during the shortage of power.

The Cadmium Plant:

Cadmium occurs in the Sullivan zinc concentrates in small percentages and can be extracted as a by-product of the Zinc Plant.

A plant capable of producing three quarters of a ton of Cadmium daily was put into commission early in the year and 246 tons of bars and pencils of high grade cadmium were produced in 1928. The entire world's production of cadmium was less than this amount four years ago and is still less than 1,000 tons per year.

The market for this metal, which was so limited three or four years ago that plants already constructed were forced to curtail operations, has expanded so rapidly that the price has practically doubled in 1928. These conditions warrant an extension to the Cadmium Plant.

The Research Department:

A well equipped research laboratory building was constructed during the year.

The importance of this department is increasing steadily. Many important problems have been studied in this department and as a result platinum, palladium, cadmium and bismuth have been added to the metals already produced at Tadanac.

There are still a great many problems facing the research staff, not only in connection with the metal industry but in the chemical and fertilizer fields as well.

During the year comprehensive tests were made with triple superphosphate covering a large part of the three Prairie Provinces. While some of these tests were negative, taken as a whole they were decidedly encouraging. A most notable and unexpected result was that many of the best returns were obtained on comparatively new land of high fertility.

In order to help the Agricultural Departments of the Provinces and to insure the greatest possible benefit from future tests, this Company will have expert agricultural chemists and agronomists in the field this year. Ammonia and potash salts will also be experimented with; some of last year's work indicating that phosphate alone was not sufficient for some of the more depleted soils.

You will see from the Manager of Mines' report that "Canadian Exploration" has been carried on on a much more extensive scale than ever attempted before. General results in Central Canada during the last few years would indicate that Canada offers one of the best fields for new discoveries. It would seem advisable, therefore, to extend this work to even greater proportions.

Wages and the cost of supplies remained about the same as those ruling in 1927; while the price received for metals was much lower.

During the year, the employment system and safety first system were completely remodelled with gratifying results. The labor turnover has been reduced to a fraction of one per cent.

per month. As there are so many applicants for each vacancy, it is possible to select men of a high standard both physically and mentally.

The Safety Department:

A great deal more interest is taken in safety work and time lost due to accidents has been materially decreased. In the case of lead poisoning the time lost in 1928 has been less than one half as much as in 1927 and only approximately one quarter of that in 1926.

The hospitals, both at Kimberley and Trail, continue to be models of efficiency and reflect great credit on the nursing staffs.

The Co-operative Committees:

These committees have again demonstrated the ability of the men to give great assistance, when invited to co-operate with the Management, and do much to maintain mutual confidence.

The increased efficiency and the large number of reduced costs are a guarantee of the good will and excellent service of the Employees.

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

General Offices....	T. W. Bingay, Comptroller; R. C. Crowe, Solicitor; A. G. Cameron, Ass't Solicitor; H. B. Fuller, Chief Accountant; W. R. Baxendale, Purchasing Agent; G. A. Wallinger, Asst. Chief Accountant; N. W. Burdett, Accountant at Kimberley.
Mines............	W. M. Archibald, Manager of Mines and Staff.
Concentration....	R. W. Diamond, Superintendent; C. T. Oughtred, Asst. Superintendent; R. G. Anderson; H. R. Banks, S. Grey, W. H. Poole and T. V. Lord.
Smelter..........	J. 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 and Graham Cruickshank, Departmental Superintendents.
Lead Refinery ...	J. J. Fingland, Superintendent; P. F. McIntyre, Asst. Superintendent.
Copper Refinery..	T. R. Pickard, Superintendent.
Engineering......	E. M. Stiles, Chief Engineer; G. F. Chapman, Mechanical Superintendent; H. F. Tiedje and G. H. McKay, Construction Engineers.
Research.........	F. E. Lee, A. L. McCallum, W. H. Hannay, R. Lepsoe and C. H. Wright.
Assay Offices.....	Kurt Raht, Chief Chemist.

Yours respectfully,

S. G. Blaylock,
General Manager.

Manager of Mines Report

TRAIL, B.C., January 29, 1929.

To the General Manager:

Dear Sir:

I beg to submit the following report covering the development and operations of the Company's Mines and exploratory work for the year ending December 31, 1928:

Ore Production

		12 Months 1928 (Tons)	1894 To Date (Tons)
Sullivan Mine	Milling ore	1,483,137	8,219,519
" "	2nd Class Milling ore	69,583	
" "	Lead ore	19,211	
" "	Pyrites	—	
St. Eugene	Lead ore	—	1,026,435
"	Zinc ore	—	
"	Tailings	219,339	471,620
Molly Gibson	Silver Lead ore	—	9,389
Highland	Lead Silver ore	—	12,862
"	Milling ore	—	8,359
Lucky Thought	Silver Lead ore	—	120
" "	Silver Lead Concs	—	205
" "	Silver Zinc ore	—	1,284
" "	Silver Zinc Concs	—	634
" "	Milling ore	65	65
Richmond Eureka	Silver Lead ore	—	19,498
Number One	Silver ore	—	25,009
Ottawa	Silver ore	—	1,729
Ottawa	Silver Concs	—	164
Rossland Mines, including Josie and dumps	Gold Copper ore		
" "	Smelting ore	13,886	5,439,821
" "	Concentrating ore	—	364,938
White Bear	Gold Copper ore	—	5,928
Silver King	Silver Copper ore	—	17,238
Emma	Copper ore	—	262,560
Phoenix Amalgamated	Copper ore	—	2,493
Number Seven	Silicious Gold ore	—	7,403
San Poil	Silicious Gold ore	—	18,470
Hunter V	Gold Silver Fluxing ore	10,474	20,609
Rock Candy	Fluorspar Crude	—	4,173
"	" Concs	—	19,741
Oliver	Silica	342	932
Phosphate Claims	Phosphate Rock	570	1,456

Development—Feet

	Drifting	Cross-cutting	Raising	Sinking	Cutting Stations	Total	Diamond Drilling
Sullivan Mine....	4,969.0	1,420.5	2,527.5	108.0	—	9,025.0	9,777.0
Hunter V........	—	—	150.0	—	—	150.0	—
Coast Copper....	3,404.0	252.5	—	—	31.5	3,688.0	3,224.0
Rossland Mines..	—	—	—	—	—	—	3,799.0
Big Missouri.....	444.0	2,187.5	—	—	—	2,631.5	5,119.0
George Copper...	—	—	—	—	—	—	4,495.0
Richmond Eureka	504	—	—	—	—	504	—
Properties under option.........	1,995.5	1,341.0	319.0	278.0	—	3,933.5	19,085.5

making a total to December 31, 1928, of:—

	Feet	Miles
Sullivan..	97,274.5	18.04
Hunter V..	980.0	.18
Coast Copper....................................	20,463.0	3.87
Rossland Mines.................................	431,241.5	81.67
Molly Gibson....................................	12,705.0	2.39
Highland..	21,145.0	4.00
Lucky Thought..................................	3,675.0	.69
Richmond Eureka..............................	10,803.0	1.95

Sullivan:

Production was maintained on a 4,000 ton a day basis throughout the year.

Shipments of crude lead ore to Tadanac amounted to 19,211 tons, of which 1,017 tons came direct from stopes in the north ore zone, the balance, 18,195 tons from the picking belt in the coarse crushing plant.

The concentrator treated 1,484,487 tons of lead-zinc ore and produced 199,999 tons of lead concentrates and 190,556 tons of zinc concentrates, all of which were shipped to the Company's plant at Tadanac.

In addition to the above, 69,583 tons of second class dump were shipped to the Tadanac concentrator, resulting in the production of 4,658.5 tons of lead concentrates and 7,454 tons of zinc concentrates.

The development program was continued and new sections of the vein made ready for ore extraction. The north limits of the south orc zone were further extended into the Pyrite or High Iron zone and some additional tonnages made available.

The development in the north ore zone, while not materially extending its north boundary, made available substantial tonnages for immediate extraction.

Geological work on the surface and in the north section of the mine has suggested favorable possibilities beyond the stoping area now well defined.

South ore zone stopes produced 549,920 tons of ore, again about 37% of the concentrating ore shipped. The balance of 933,217 tons and all the crude lead ore came from stopes in the north ore zone.

A feature of the year's production was the comparatively large tonnage won from the old stopes in the upper mine, and the high percentage of extraction in those areas.

Underground transportation facilities were improved through replacements of more light rails with 70 lb. steel, by the installation of a new 300 K.W.D.C. generator and the better arrangement of others to meet the needs of expanding workings.

Additional air lift chute doors were installed, where heavy tonnages were being handled which greatly facilitated loading operations.

Ventilation in the north zone stopes was greatly improved by connections with the 4400 and 4600 levels and by a raise to the surface.

Connections were made so that power for the coarse crushing plant could be obtained from our own Steam Turbo installation at the concentrator in the event of an interruption in the supply from the East Kootenay Power Company.

Steam radiators were installed in the coarse crushing plant and a dust collector placed between the gyratory crushers, greatly improving working conditions there.

Mining costs were further reduced during the year, the total reduction to ball mills being 10 cents per ton.

In general mining operations were carried on 16 hours per day 6 days per week and maintained a regular supply of ore to the concentrator, the grade of which was more constant than last year, the day to day variation seldom exceeding 1% combined metals. This was partly due to better regulation in drawing from stopes and somewhat to the greater number of available working faces.

Milling operations continued at a high state of efficiency costs being reduced and grades of concentrates and recoveries improved.

A new brick, concrete and steel combination warehouse and office building of two stories and full basement was erected at the tunnel to accommodate the underground superintendent, engineering staff, shift bosses and time-keeping department and provide storage for current mine supplies.

Also a new brick, concrete and steel carpenter shop was erected to replace the wooden shop destroyed by fire.

Electrical and machine shop equipment was augmented during the year to keep pace with the expanding operation.

An addition to the hospital at McDougall was completed, practically doubling its capacity, and additional modern equipment installed, making the complete unit one of the best in the province.

Rossland Mines and Miscellaneous Properties:

A small amount of unproductive development work was performed in the Rossland Mines and in the Rossland-Kootenay properties from Centre Star workings.

Mining operations were confined to pillars around the Le Roi shaft and cleaning up former productive stopes, principally in the Le Roi west ground. These resulted in the production of 13,886 tons of smelting ore.

Salvage of underground equipment was about completed at the end of the year and the workings are being permitted to fill with water.

There are still some possibilities for development and ore extraction from the surface, which can be more economically tested with small equipment and when relieved of the large overhead necessary to the present equipment and recent operation.

The Hunter V. Mine, Ymir, was operated throughout the year and produced 10,474 tons of fluxing ore with low silver values, all of which were shipped to Tadanac.

The Gypo, or silica, property at Oliver, was operated to meet the requirements of the acid plant and 342 tons of lump silica shipped.

A lease on the Lucky Thought Mine, Silverton, resulted in the shipment of 65 tons of milling ore.

Leases which were in effect on the No. One, Ottawa, Richmond Eureka, were unproductive.

The June Group, at Alice Lake, Quatsino Mining Division, about 8 miles from the Coast Copper and 6 miles from the southeast arm of Quatsino Sound, was purchased during the year.

Development recently undertaken by diamond drilling has given promise of a fairly large tonnage of low grade copper ore, which would naturally be tributary to the Coast Copper Concentrator, when available.

Work was continued on the Group of Claims located on Bower Creek, Finlay River, B.C., last year and camps established. This district looks rather promising and work is being carried on throughout the winter. The snowfall is light and general operating conditions favorable, although the property is a long way from transportation. Values are in lead, zinc and copper and are found over large areas.

The Rock Candy Mine, fluorspar property, Grand Forks, the Highland Mine, Ainsworth, the Molly Group, Lost Creek, and the Silver King Mine, Nelson, were not operated.

Phosphate:

No particular development work was performed on the phosphate holdings during the year. Titles were perfected and some 600 tons from a surface outcrop were shipped to Tadanac for the manufacture of superphosphate.

Controlled Properties:

At the Coast Copper, development by drifting, cross-cutting and diamond drilling on the 1200 and 1000 foot levels was continued with fairly satisfactory results. Work on these levels north of the main winze failed to indicate the downward continuation of the north ore shoot on the 800 level, although the possibilities in that direction have not been entirely exhausted.

The south drifts on both levels as well as diamond drilling from them, indicated commercial ore shoots, which, however, cannot be connected with the ore on the 800 level without further development. Similarity in mineralization and general indications point to continuity and the outlook in general seems favorable.

Transportation facilities were further improved through the construction of a road between Kathleen Lake and the mine.

The flume and power house at the Raging River power plant were enlarged and foundation placed for a 150 K.W., 2200 volt generator, delivery of which was made after the end of the year.

A new double drum electrically driven hoist is now being installed preparatory to sinking and deeper development.

Electrical haulage equipment is being transferred from Rossland.

Two small houses for employees were erected and general camp improvements made.

At the Sunloch Mine, Jordan River, a limited amount of prospecting was done, but no new ore was discovered.

Development at the Big Missouri Mine was continued and consisted of the extension of the Province tunnel 2,155.5 feet, with 476 feet of drifting and crosscutting from it and 5,119 feet of diamond drilling.

The main tunnel and diamond drilling has indicated a sheared zone some 500 feet wide, carrying a large amount of quartz and calcite stringers with a variety of disseminated mineralization in iron, lead, zinc and copper sulphides with occasional free gold.

A prominent stringer with a fair average, but very variable gold values, was encountered approximately 1,700 feet from the portal. Drifting both north and south showed the same mineralization and while some very spectacular free gold specimens, as well as high assays, were obtained, no well defined ore shoot was opened.

Free gold has been found in several sections of the crosscut between footages 1630 and 1809 and further geometrical development is necessary before tonnages and grade can be estimated.

Surface exploration by open cuts on the Province claim indicated commercial ore in several places, but it seems impossible as yet to correlate these results with the discoveries in the tunnel. Much further work will be necessary to satisfactorily define the outlook of the property and suggest the type and capacity of equipment required.

At the George Copper, development by diamond drilling was resumed in July; holes started last season were deepened, but did not encounter ore which could be considered as the downward continuation of the main surface showings.

Two holes started this year from a new station showed copper values with no gold over mineable widths within 200 feet of the collars. Next season it is hoped to trace this vein further down the mountain in the hope that an underground operation may be possible, when the exploration of the main vein would be more feasible. At present the outlook is rather obscure and extensive underground operations not justified.

The hydraulic operation on Boulder Creek, Atlin District, at the end of the season indicated the approach of the heading to the pay gravel and contact with bedrock, so that prospects of a profitable operation in 1929 are fair.

Some placer leases on Slate and Manson Creeks were taken over early in the year and have been under development ever since. The old channel has been located about 30 feet above the present creek bed and good values found in a 6 foot width above the bedrock. The testing of this channel as well as some portions of the present creek bed is proceeding during the winter and it is hoped that sufficient information will be obtained to enable a proper decision as to extraction equipment during the coming year.

Exploration of placer properties in the Cariboo did not produce very encouraging results, although further drilling of our Swamp River leases will be undertaken next season.

Properties under Option:

In British Columbia, options were taken on the Banker, Albion and adjoining claims in the Ainsworth Camp, on the Eclipse and Ettie, and Glacier Creek Claims in the Lardeau, on the Bismark, South Fork of Kaslo Creek, on the Phoenix and Fletcher, Lyle Creek near Retallack, on the Drumlummon and adjoining Claims at Green City and the Caron property on Beaver Creek between Erie and Fruitvale.

Substantial development was done on all of these and with the exception of the Phoenix and Fletcher, operations have been suspended and the options abandoned.

The Phoenix and Fletcher have shown irregular, but occasionally important gold values and at present a tunnel is being driven to get under the principal surface showing.

Work was continued on the Estella Group, Tracey Creek, East Kootenay, and consisted principally of diamond drilling in an endeavor to trace the vein further down the mountain. The program was not completed at the end of the season and results were rather disappointing, although hole No. 4 showed 10 feet of vein, assaying 1.9 ozs. in silver, 6.15% lead, 12.3% zinc.

Camps were established at the Baldwin claims, Whitewater District, and surface exploration undertaken. No quantity of commercial ore was indicated and it was considered advisable to abandon the options, in view of the great distance from transportation and rather unfavorable outlook.

Development of the Emerald Group on Sibola Mountain, Emerald Lake, was undertaken in July and vigorously maintained until October, when a severe snowstorm forced a suspension of operations for the season. Work was continued in the Cronin tunnel and ore encountered within 5 feet. This continued throughout the advance of 160 feet. A crosscut at the face showed at least 11 feet of vein without defining the walls. The ore, as exposed by the tunnel, varied considerably in ratio of lead to zinc and apparently there are two well-defined sections of the vein, the footwall one with zinc values predominating and a hanging wall section with fair lead values and lower zinc. Copper values occur in places with the lead and zinc. The ratio of silver to lead is .8 ozs. to 1%.

Surface trenching located the vein, approximately 400 feet below the Cronin tunnel, on which a new tunnel was started and advanced 40 feet. This property, notwithstanding its distance from transportation, has rather a favorable outlook.

In the Yukon Territory, a small amount of work was done on the Bussey Erickson property in preparation of the diamond drilling campaign which will be undertaken in 1929, the outfit being now on the way to the property.

On the Hill-Tivey property, East Clearwater Lake, Patricia Mining District, Ontario, the shaft was sunk and vein crosscut at the 150 and 250 foot levels and 700 feet of drifting was done on the 250 foot level, which showed the same persistent narrow vein and values as prevailed at the surface.

Diamond drilling in exploration of the vein to a depth of 500 feet failed to show any definite improvement in width or values, and as a large amount of surface trenching and sampling did not suggest other commercial outcrops, an extension on the substantial payments due in November was requested, and upon refusal, the option was abandoned.

As we had considerable equipment and supplies in the district, an option was taken on the adjoining property, known as the Picard or Macaulay-Davis areas. Operations had been suspended here with their development program incomplete through lack of funds. The workings were unwatered and underground development continued, also a diamond drill placed in operation. Results to date have rather indicated that the ore is below commercial grade, although development possibilities have been increased by the discovery of a second vein by diamond drilling.

Early in the year options were taken on properties owned by John S. Beattie, R. Fred Philp and O. D. Wylde in Duparquet Township, Quebec, and some adjoining ground staked by the Company. Values were in gold in breaks or shears in the porphyry and at the contact of the porphyry and greenstone.

Surface trenching showed these to be fairly continuous for a considerable distance, with values generally below a commercial grade, but with an occasional good assay.

Diamond drilling showed a like condition to a depth of approximately 250 feet. As an extension was granted on important payments, some deeper drilling will be undertaken and a decision made from the results of this work.

Options were taken on a number of properties tributary to the Grand Trunk Pacific of the Canadian National in British Columbia. They comprise the Harvey Group, Smithers, M. and K. Group, Pacific, and Duchess and Contention Groups, south of Telkwa, all of which carry ores of copper with irregular values in gold and silver.

Development work was proceeded with and the options are being continued, but no definite results have been obtained to date.

The Fitzsimmons Group, on the P.G.E., was reoptioned and further surface work and diamond drilling undertaken. Results were not encouraging and the option was given up. Some low grade zinc ore was shown in the drill holes, but included waste would prevent a profitable mining operation. Copper values, which were predominant in surface showings, were not maintained. Since the abandonment of the option, the owners have suggested a continuance of development without payments on account of purchase price and the matter will be reviewed again in the spring.

Options were also taken on the Millington Group, west arm of Quatsino Sound, and on the Blue Ox Group on Elk River, about 6 miles south of the Coast Copper. Values were principally in copper. Diamond drilling on each property failed to indicate any quantity of commercial ore, although a rather continuous vein was shown on the Blue Ox Group.

Arrangements were made with the Hall-Whitmore Syndicate and with the Lac La Ronge Mining Company for the development of their properties at Rotten Stone Lake and Lac La Ronge in northern Saskatchewan. Camps were constructed and gasoline diamond drill outfits and supplies moved to the Rotten Stone Lake property by aeroplane in December.

Steam drill outfits and supplies for Lac La Ronge were taken to Montreal Lake for transportation, over the ice.

An option was also taken on a 90% interest in the Mayville Group of the Devlin Mining Company, located near Bear River, Manitoba, and not far from the power line from Great Falls. Ores are copper-nickel and surface outcrops indicate possible tonnages. Diamond drilling will be undertaken to determine grade and quantity.

Options were taken on a copper property at Goshen and a copper-zinc property at New Ireland, both near Petticodiac, New Brunswick. Diamond drilling, however, failed to show ore in commercial quantities in either and the options were abandoned.

Our large staff of examining engineers were very busy in arranging and keeping in touch with prospecting parties and in examining new properties. Owing to the general popularity of mining stocks and remarkable interest being taken by financial houses, prices of promising prospects seem unreasonably high to a legitimate operating company and negotiations are difficult to complete on a fair valuation. Negotiations, however, are still being carried on, for the privilege of developing and defining the outlook of properties of seeming merit.

An exploratory party spent the season in the Chibougamau District in a closer investigation of properties in which the Company became interested last year. Work generally produced disappointing results, although certain showings justify additional work if transportation facilities should be improved.

Prospecting:

Prospecting parties were active throughout the year in nearly all Provinces of the Dominion and in Newfoundland.

Discoveries of gold ores of apparent commercial importance and locations were made on the Albany River, west of Port Hope in Ontario, and at Island Lake, near the boundary between Manitoba and Ontario. A small crew is at work on the former, and the result of the surface trenching already performed indicates that some underground development is justified.

A copper discovery was made in Township 168 Ontario, about 24 miles north of Dean Lake on the Soo Line and 18 claims located. Preliminary work has been encouraging.

A copper discovery was also made in the Upper Bridge River country, Clinton Mining District, B.C., and some 9 claims located. Values in gold and silver are negligible and, with copper as the predominant mineral, its commercial importance is rather doubtful so far from transportation, although these conditions may be shortly improved.

An arrangement was made with two prospectors, who reported important mineral in the Howser Lake section of the Nass District, Portland Canal Mining Division, whereby some 54 claims were located on behalf of the Company, the prospectors retaining a 10% interest. These holdings cannot be investigated until the summer and their value at present is unknown.

Labor and Mine Supplies:

There was an abundant supply of labor for all definite operations. Hand steel men, however, are undoubtedly becoming scarcer. This, however, is not a serious situation on account of the development of the portable compressor and other sectional equipment.

Wages were maintained at practically the same level as last year and the labor turnover was practically negligible, due no doubt in part to the generous policy of the Company regarding shares and bonuses.

Prices of explosives and all general mine supplies showed a slight reduction over 1927.

Staff:

I cannot commend too highly the whole-hearted co-operation and the zealous and efficient performance of all members of the staff of the mining department.

The following engineers were in charge of the various operations of the Company:—

Major A. B. Ritchie, Assistant Manager of Mines.
Mr. E. G. Montgomery, General Superintendent of Sullivan Mine.
Mr. Wm. Lindsay, Underground Superintendent of Sullivan Mine.
Mr. F. A. Fortier, Chief Engineer of Sullivan Mine.
Mr. F. S. Peters, Superintendent of Rossland Properties, and in charge of exploration work in the Rossland-Trail District.
Mr. L. W. Oughtred, in charge of Ainsworth and Nelson Districts.
Mr. Dan Matheson, Superintendent of Hunter V. Mine.
Mr. C. A. Seaton, Superintendent of the Coast Copper Co. and June Mine.
Mr. M. M. O'Brien, Superintendent in charge of operation of Coast Properties, with
Mr. D. K. Knowles and
Mr. W. E. Aitcheson in charge of the Big Missouri.
Mr. E. H. Hughes in charge of the Emerald Group.
Mr. McLeod White, in charge of Boulder Creek Placer.
Mr. W. M. Ogilvie, in charge of Slate and Manson Creek Placer.

The exploration and examination work was in charge of the following engineers, who also controlled certain development operations in their several districts:

Mr. Geo. H. Kilburn, Coast Section of B.C. and Alaska, assisted by

Mr. D. C. McKechnie.
Mr. J. K. Cram, Yukon and Atlin District.
Mr. R. B. Shelledy, States of Washington and Idaho.
Mr. G. M. Warren, Okanagan and Cariboo District.
Mr. Emil Bronlund, Peace River District.
Mr. E. H. Nagle and Mr. Walter Jewitt, Great Slave Lake and Northern Alberta exploration.
Mr. P. F. Osler, Manitoba, Saskatchewan and Western Ontario.
Mr. H. O. Dyer, Ontario.
Mr. R. M. Macaulay, Quebec, assisted by
Mr. C. D. Stevenson.
Mr. J. Wightman, Maritime Provinces and Newfoundland.

Respectfully submitted,

W. M. Archibald,
Manager of Mines.

Comptroller's Report

TRAIL, B.C., February 14, 1929.

To the General Manager:

Dear Sir:

Operations for 1928 show a net profit, before provision for income taxes, of $10,341,162.45, after charging to Profit and Loss $597,943.27 expended in mine development, writing off for plant depreciation $1,745,948.30, and for mine depletion $650,799.46 and also providing for additions of $97,188.44 to fire insurance reserve and $14,578.05 to employees' pension fund reserve.

The market price for silver was somewhat higher than in 1928, but lead and zinc prices were considerably lower. The lower profits are just about accounted for by these recessions.

Adequate reserves have been made from profits for both Dominion and Provincial Income Taxes. The 1928 appropriation for this purpose is $1,158,332.74.

A further appropriation to Capital Reserve of $1,768,079.63 was made, this being the amount of Capital Expenditure in 1928, excluding certain investments in the stock of subsidiary companies. Another $1,000,000 was added to the Contingent Reserve.

The net credit for interest and dividends in 1928 rose from $674,586.12 in 1927 to $796,027.01 in 1928. Investments in Bonds increased from $13,575,501.34 to $13,629,130.17 in the year. These investments are carried at cost, which is somewhat below their present market value. At the close of the year we had $1,167,455.98 cash in the bank, which gives a total of $14,796,586.15 in cash items. Against these items is the dividend of $3,184,143.75 payable on January 15, 1929.

There was a small quantity of surplus lead bullion exported during the year. Except for this, production was all from the Tadanac Plant and our product was practically all sold at December 31. The higher metal inventory is due to larger quantities in process or in metal in transit for delivery against sales.

The fire insurance reserve continues to grow. Practically the entire risk has now been assumed. Losses were $12,439.79

in the year. A great deal of work has been done to reduce the fire risk including a very complete survey of our plants, further pipe lines and hydrants, a chemical fire engine each for Tadanac and Kimberley has been ordered and a great many other improvements made. Our own inspection has been found considerably more efficient than that available heretofore.

Our pension scheme is operating smoothly and about forty of our old employees have availed themselves of its provisions.

The increased activity in mining in the district is reflected in the increased purchases of customs ores. This increase would have been greater except for the diversion of the Allenby copper concentrates to the Tacoma Smelter late in the year.

Both lead and zinc ore rates to customs shippers were again revised in favor of the shippers toward the end of the year.

The retail stores at Kimberley and Trail have operated efficiently during the year with benefit to our employees while in no way providing destructive competition for merchants in either place.

The shortage of houses has been very considerably relieved by our housing scheme and every year an increasing number of employees are living in their own houses.

Following is the metal production and the tonnage treated at the Kimberley and Tadanac plants together, from 1894 to date and for 1928:

	Tons Ore Treated	Gold Produced Ounces	Silver Produced Ounces
1894 to Date	14,256,036	2,188,039	69,364,136
1928	1,665,586	23,623	7,673,762

	Lead Produced Pounds	Copper Produced Pounds	Zinc Produced Pounds
1894 to Date	2,088,030,473	160,541,324	873,422,877
1928	318,831,578	17,806,306	163,530,890

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

	1927	1928
London Lead	£24.192	£21.060
New York Silver	56.370c	58.176c
New York Electrolytic Copper	12.920c	14.570c
London Zinc	£28.513	£25.284

Yours truly,

T. W. Bingay,

Comptroller.

Sales Manager's Report

To the President:

Dear Sir:

Consumption of Lead and Zinc was well maintained over the year, and Copper was in exceptionally strong demand. Lead prices show little change in 1928, while Zinc, after a slight recession in the late summer and early fall closed strong, with the highest market quotations on December 31. Copper also reached its highest price at the close of the year.

The World production of Lead, Zinc and Copper during 1928 compares with 1927 as follows:—

	1927	1928
Lead	1,856,000	1,821,000
Zinc	1,465,000	1,567,000
Copper	1,675,000	1,916,000
	Tons of 2,000#	

Our sales for 1928 were as follows:

		Pounds
Lead:		
Refined	290,936,000	
In bullion	24,346,000	315,282,000
Zinc		166,936,000
Copper		17,936,000

Unfilled Lead and Zinc orders on our books at the end of the year were substantially in excess of metal in warehouse and in transit. We had no unsold Copper.

The production of Cadmium metal was commenced at our plant during the year and we found a ready market at satisfactory prices for the output.

Since the beginning of 1929, Copper has advanced steadily, and the top still seems some distance off. Zinc is holding well, and as production is under some restraint, the average for 1929 should be higher than for 1928. Lead is in a sound statistical position and better average prices will probably prevail.

Our foreign business continues to show satisfactory expansion under the able and efficient management of Messrs. Henry Gardner & Company Limited, London, Eng., who represent us in Europe; and Messrs. A. Cameron & Company Limited, in Kobe, Yokohama and Shanghai.

The Staff in Vancouver, Toronto and Montreal performed their duties loyally and efficiently.

Respectfully submitted,

W. S. Rugh,
Manager of Sales.

Montreal, March 1, 1929.

The West Kootenay Power and Light Company, Limited

THIRTY-FIRST ANNUAL REPORT OF GENERAL MANAGER

For the Twelve Months Ending December 31, 1928

ROSSLAND, B.C., Feb. 15, 1929.

To the President and Directors,
The West Kootenay Power & Light Company, Limited:

Gentlemen:

The Company's Gross Consolidated Revenue for the year ending December 31st, 1928, was $2,133,526.47.

The Revenue Producing Load for the 12 months ending December 31, 1927 was 72,992.5 H.P., and for the year ending December 31, 1928 was 78,971.5 H.P., showing an increase over the year of 1927 of 5,979.0 H.P. This increase was brought about due to increased consumption of the Consolidated Mining and Smelting Company of Canada Limited, at Tadanac.

Penticton, Kelowna & Southern Okanagan Extension:

The business in this section of the country, due to unfortunate marketing conditions of their fruit crop, was approximately the same as for the year ending December 31, 1927, and I regret to advise that our load conditions did not improve, as set forth in my report for the year ending December 31, 1927, due to the reasons as given above.

Copper Mountain Extension:

The Granby Consolidated Mining, Smelting & Power Company operated continuously throughout the year at Allenby. Due to concessions which were given to the above Company due to the low price of copper which existed practically throughout the year, the Company's revenue was approximately the same as for the year ending December 31, 1927. If the power consumed by this Company had been at the rate as set forth in contract, which expired September 1, 1928, our revenue from this source would have shown a slight increase.

No. 3 Plant, South Slocan:

I set forth in my report of December 31, 1927 that the work had progressed to a point that concrete work had been completed as far as the down and upstream structure of the power house was concerned. Due to unfortunate weather conditions, we were compelled to discontinue the pouring of concrete on the 20th January on the power house structure proper, and did not resume until the 20th March. However, from the 20th March on, we were able to speed up the work, and power house structure was completed, as well as the east and west gravity dam sections, and No. 1 and 2 units were put in operation on the 1st December. The work throughout came up to our expectations and everything was operating throughout December in a satisfactory manner. Work was started in December on the construction of coffer dam in order that a permanent concrete dam could be constructed between the head of the island and the west bank of the river, this dam being necessary in order to divert the minimum flow of the river from the west channel to the intake of No. 3 plant. It will also be necessary to remove considerable rock in order to equalize the head at No. 1 Lower Bonnington plant and also regulate the high water head at No. 3 plant, South Slocan. This work will be carried on during the coming winter and should be completed by April 15, 1929.

Operating:

Your No. 1 and 2 Generating Stations, and all local distributing lines have been maintained in their usual high operating condition. I have much pleasure in stating that the construction staff employed on the construction of your No. 3 plant have been most efficient, thus accounting for the rapid progress which was made in the completion of this plant. The operating staff of your existing plants have been most efficient and loyal and for this reason we have been able to put up the usual continuous service to the satisfaction of all our customers.

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

The West Kootenay Power

Consolidated Profit and Loss Account
Amalgamating Accounts of West Kootenay Power
Companies, viz.: Cascade Water, Power &
Company, Rossland Water & Light Co.,
Northport Power &

To Operating Expenses	$536,405.68
" Interest on Bonds	152,494.31
" Interest Account	16,593.80
" Depreciation	507,510.82
" Bad Debts Written off	209.00
" Balance	920,312.86
	$2,133,526.47

Balance Sheet as

LIABILITIES

Share Capital $15,000,000.00			
Issued 61,120 Common Shares at $100 each		$6,112,000.00	
Issued 5,000 Preferred Shares at $100 each		500,000.00	$6,612,000.00
Bonds Issued		$3,550,000.00	
Less redeemed		1,034,852.80	2,515,147.20
Accounts Payable			310,949.41
Accrued Liabilities			66,903.20
Amount reserved for Bond Interest, Sinking Fund and Preferred Dividend			
Reserve Account			875,323.51
Profit and Loss Account			1,844,906.81
Balance 31st December 1927		$1,045,417.76	
Profit for the year		920,312.86	
Adjustment Dom. Income Tax		26,667.53	
		$1,992,398.15	
Contribution to Sinking Funds	$112,491.34		
Dividends (Preferred)	35,000.00	147,491.34	
			$12,225,230.13

x Light Company, Limited

)r Year Ending December 31, 1928
: Light Company, Limited, with its Subsidiary
ight Co. Ltd., South Kootenay Water Power
kanagan Water Power Company, and
ight Company

By Gross Revenue	$2,133,526.47
	$2,133,526.47

t December 31, 1928

ASSETS

Plants, Transmission Lines, Buildings and Real Estate	$11,189,567.95	
Autos, Mdse., Meters, Instruments, Fixtures and Furniture	275,780.75	$11,465,348.70
Cash on Hand		479,350.86
Accounts Receivable	$102,084.90	
Accts. Receivable Suspense Acct	167,053.09	269,137.99
Prepaid Operating Charges		7,565.89
Sundry Investments		1,460.55
Trustees' Sinking Fund Accounts		2,366.14
		$12,225,230.13

I have audited the books and accounts of the West Kootenay Power & Light Company Limited, and Subsidiary Companies for the year ending December 31, 1928, and have obtained all the information and explanations I have required and certify that the above Balance Sheet and Profit and 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 Company.

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

Rossland, B.C., Feb. 15, 1929.

SOUTHAM PRESS MONTREAL LIMITED