

THE
CONSOLIDATED
MINING & SMELTING
COMPANY OF CANADA
LIMITED



THIRTY-EIGHTH ANNUAL REPORT
FOR THE TWELVE MONTHS ENDING
DECEMBER 31, 1943

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**THE CONSOLIDATED MINING AND SMELTING COMPANY
OF CANADA LIMITED**

HEAD OFFICE

215 St. James St., MONTREAL, CANADA

DIRECTORS

ARTHUR L. BISHOP	S. G. BLAYLOCK	L. A. CAMPBELL
D. C. COLEMAN	HON. C. A. DUNNING, P.C.	JOHN W. HOBBS
HENRY JOSEPH	THAYER LINDSLEY	R. S. McLAUGHLIN
R. H. McMASTER	F. GORDON OSLER	G. W. SPINNEY, C.M.G.
R. E. STAVERT	MORRIS W. WILSON, C.M.G.	

EXECUTIVE COMMITTEE

S. G. BLAYLOCK	D. C. COLEMAN	R. H. McMASTER
G. W. SPINNEY, C.M.G.		R. E. STAVERT

OFFICERS

S. G. BLAYLOCK CHAIRMAN AND PRESIDENT	R. E. STAVERT VICE-PRESIDENT	W. S. RUGH VICE-PRESIDENT IN CHARGE OF SALES
H. B. FULLER COMPTROLLER		J. E. RILEY SECRETARY
JAMES BUCHANAN GENERAL MANAGER, TRAIL, B.C.		R. W. DIAMOND ASSISTANT GENERAL MANAGER, TRAIL, B.C.

TRANSFER AGENTS

THE TORONTO GENERAL TRUSTS CORPORATION	TORONTO
THE ROYAL TRUST COMPANY	MONTREAL
THE ROYAL TRUST COMPANY	VANCOUVER
BANK OF MONTREAL TRUST COMPANY	NEW YORK

REGISTRARS

THE TRUSTS & GUARANTEE COMPANY, LIMITED	TORONTO
MONTREAL TRUST COMPANY	MONTREAL
MONTREAL TRUST COMPANY	VANCOUVER
CHEMICAL BANK & TRUST COMPANY	NEW YORK

Directors' Report

MONTREAL, P.Q., 10th April, 1944.

TO THE SHAREHOLDERS OF
THE CONSOLIDATED MINING AND SMELTING COMPANY
OF CANADA, LIMITED.

Your Directors submit herewith the financial statements and Auditors' Report for 1943, together with the annual report of the West Kootenay Power and Light Company, Limited.

FINANCIAL

After providing for Income, Excess Profits and Provincial Mineral Taxes, depreciation of plants and investments in subsidiary mining companies, mine development, exploration and abandoned development expenditures, the net profit for the year was \$9,096,958.62 which was carried to Unappropriated Surplus Account. This net profit was equivalent to \$2.78 per share, compared with \$3.72 per share in 1942. The distribution of \$8,189,568.75 to shareholders during the year was at the rate of \$1.00 per share as dividends and \$1.50 per share as bonuses, being the same as for 1942.

During 1943 provisions for normal and special war depreciation and the provision for depreciation of investments in subsidiary mining companies exceeded new investments in such assets; therefore, following the policy adopted in previous years, the sum of \$4,000,000.00 has been transferred from Appropriated Surplus to Unappropriated Surplus.

Following the policy of your Directors, the working capital of the Company was again strengthened in order to meet post-war eventualities. The sum of \$4,000,000.00 provided from Unappropriated Surplus, has been added to the Reserve for post-war Contingencies.

Due to increased hazards resulting from the exigencies of the war, your Directors considered that instead of the Company carrying all the risk it was advisable to insure the plants, through commercial companies, against loss by fire, explosion and sabotage.

SULLIVAN MINE AND CONCENTRATOR

In March, 1943, the production of ore from the Sullivan Mine reached a record high of 243,631 tons. The tonnage decreased steadily until October when the mine produced only 170,282 tons of ore. The production in November and December showed some increase, reaching 196,299 tons in the last month of the year. The decline in production was chiefly due to the shortage of labour. This shortage affected the rate of ore extraction and caused development work to lag behind production. The low production in October was caused partly by a cave late in September that made it advisable to close six stopes temporarily. The tonnage of Sullivan ore treated in the last five years was as follows:

1939.....	2,091,064
1940.....	2,484,354
1941.....	2,643,985
1942.....	2,697,434
1943.....	2,500,714

The grade of ore mined was again slightly lower than for the previous year. For the first time in some years development work was insufficient to maintain the ore reserves, 1,600,000 more tons of ore being mined than were actually developed during the year. The rate of backfilling was increased, but not as much as anticipated because of delays in obtaining the necessary mechanical equipment. This equipment is now installed and backfilling operations will be increased in the early summer. Milling operations were normal except for the effects of low tonnage in the autumn. Shipment of iron concentrates for the production of sulphuric acid at Trail commenced in September. The costs of both mining and milling were higher than for the previous year due to decreased tonnage, somewhat narrower stopes and the large proportion of inexperienced labour. For the same reason the accident record was unsatisfactory, the shifts lost per one thousand worked being 15.3 in the mine and 3.8 in the concentrator.

TRAIL AND WARFIELD PLANTS

Compared with 1942, the production of refined metal from the Trail plants showed a substantial reduction due to the falling off in ore receipts from the Sullivan mine. Production costs increased due to the lower output and the shortage of experienced men. For these reasons, metallurgical recoveries were slightly lower. The accident record showed some improvement over 1942, the shifts lost per one thousand worked being 5.7.

Production of refined lead was 224,493 tons, or about 19,000 tons less than in 1942. The zinc plant produced 152,299 tons of bar zinc, or about 13,000 tons less than in 1942. The antimony plant was closed from the first of the year until the middle of June due to shortage of labour; consequently the year's production of antimony was only 557 tons. The sulphur plant was closed in July as the maximum output of sulphuric acid was required for fertilizers. The production of sulphuric acid at 269,394 tons was 76,000 tons above the previous record in 1942. At the end of the year the sulphuric acid production was in excess of 1,000 tons per day.

The scale of operations in the Chemical and Fertilizer Department at Warfield was again at the highest level in its history. In connection with the war effort greatly increased supplies of fertilizers were considered essential, and strenuous efforts were made to increase capacity along lines laid down by the Combined Food Board. As a result, the production of ammonium phosphates and ammonium sulphate was greatly increased. This required conversion of roasting furnaces to treat iron tailings from the Sullivan mine for the production of additional quantities of sulphuric acid. Additions were made to the acid plants and various sections of the fertilizer plants. The successful results achieved both in output and costs reflect the splendid co-operation and effort of all personnel connected with the chemical and fertilizer operations, and special mention should be made of the foremen who had very difficult labour and other conditions to contend with in keeping production at a maximum during construction work. The output of fertilizers in 1943 amounted to 272,503 tons. Fertilizers were exported to the United Kingdom, Middle East, West Indies, Hawaii, Ceylon, Australia, New Zealand, Iceland, Western United States and many parts of Africa. Early in March, 1944, following the completion of the plant additions, fertilizer production was over 1,000 tons per day.

GOLD MINES

The Con mine in the Yellowknife District continued to operate profitably until about the end of August, and the limited development work done during that period yielded very satisfactory results. The shaft was deepened to the 1500 level, and ore and waste passes were driven. The operation was closed down to release men for other more important work, but a small crew of about 35 men is continuing development work on various levels down to the 1400.

The Thompson-Lundmark mine, also in the Yellowknife District, operated satisfactorily until it was considered advisable to shut down late in September due to shortage of labour. Very little development work was done on this property during the year, but the ore position is still satisfactory.

The small operation at the Caribou mine in Nova Scotia was carried on throughout the year without any change in the situation except that development work was restricted by the shortage of labour.

PINCHI LAKE MERCURY

Although labour was critically short during most of the year, the mercury property at Pinchi Lake, B.C., continued in profitable operation. It was necessary to restrict development work, but several rich stopes were opened and diamond drilling gave excellent results. The ore reserve position at the end of the year was favourable. Construction work included additional housing accommodation, a hospital, a school and certain recreation facilities. The demand for mercury declined late in the year, and the market price reflected the easier supply situation. However, it is hoped that the Pinchi Lake property will continue to be competitive at the lower market price.

RED ROSE TUNGSTEN

Early in the year the Government requested us to build another addition to the mill at the Red Rose tungsten property near Hazelton, B.C., and granted special depreciation on the capital expenditure. Before this addition was completed the tungsten situation became easier due to changes in the munitions program, and construction work was halted. As the market for tungsten concentrates practically disappeared, the property was closed at the end of October. Chiefly owing to its remote location, costs at the Red Rose property are comparatively high, and the prospects of the property under normal conditions are doubtful.

CONSTRUCTION AND CAPITAL EXPENDITURES

Construction work at the new Brilliant power plant on the Kootenay River was carried on throughout the year. In spite of early and protracted high-water and extreme, cold weather for one entire month which retarded progress, it is expected that power will be available from this new source in May, 1944.

In addition to the construction work in the sulphuric acid and fertilizer plants and at the Pinchi Lake and Red Rose tungsten properties, referred to elsewhere in this report, a start was made on a fire-protection program in Trail and Warfield. This program involves new water mains and automatic sprinklers, and was well under way by the end of the year. Other important construction work included a housing program at Kimberley which was completed. Late in the autumn construction was commenced on more small houses at Kimberley.

The larger expenditures on plant account during 1943 were as follows:

Brilliant Power Plant.....	\$4,280,563
Fertilizer Plants.....	432,151
Sulphuric Acid Plants.....	109,928
Pinchi Lake Mercury.....	377,087
Backfilling Equipment, Sullivan Mine.....	249,192
Fire-protection Program.....	123,457
	\$5,572,378

EXPLORATION

Exploration work was curtailed primarily because of shortage of man-power. The work done during the year promises to increase our mercury holdings substantially and has also indicated valuable extensions to our known gold reserves in the north central district, both in the old properties and in new areas. Exploration will be vigorously pursued as suitable prospectors are available, particular attention being given to the new fields in the north and north-west, and to those districts which have produced important mines.

INDUSTRIAL RELATIONS

Labour turnover, as during 1942, was very high. The supply at times was insufficient, and as a result numbers of women were hired. At the year end, the situation was satisfactory as to numbers. The figures of percentage turnover for recent years are as follows:

	1940	1941	1942	1943
Trail.....	17.7%	30.0%	55.2%	55.0%
Kimberley.....	12.1%	19.4%	40.1%	38.2%

The numbers of employees on the force at the ends of the past four years follow. These figures do not include those on our Military Rolls.

1940	1941	1942	1943
7,117	7,647	8,059	7,554

Of the 7,554 employees, 46.8% had been in the service five years or longer, 68.7% were married and 77.7% were born in Canada or other parts of the British Empire. 2,186 former employees were on our Military Rolls at the year end, seven men were prisoners of war, 12 had lost their lives and six were missing on active service. The Directors extend their sincere sympathy to the families and friends affected.

In 1943 the Company contributed \$819,323.00 to the Pension Fund Society, and at the end of the year the Pension Fund stood at over \$3,600,000. During the year 27 pensions were granted, the average monthly amount of these being \$54.28. The average age of those retired on pension in 1943 was 62.8 years. At the end of the year 204 pensions were in effect.

The housing loans are now being handled by the Pension Society in the interests of the Pension Fund. Since the inauguration of the housing scheme, \$4,919,000 has been loaned to help workmen secure their homes. At the end of 1943 all but \$1,500,000 of this money had been repaid. Housing is still insufficient and should constitute a main post-war activity. If the Pension Society does not wish to finance this additional work, it should be done by the Company. In all probability \$1,500,000 to \$1,750,000 will be required to provide all our workmen with proper accommodation.

Group assurance claims paid during the year amounted to \$98,100.00.

RESEARCH

The Research Department was very active during the year. The construction of additions to various plants and the conversion of others with the object of increasing production required special research work. Great progress was made in converting ammonium nitrate of explosive grade to a grade suitable for use as a fertilizer. As a means of increasing the production of sulphuric acid, the Trail suspension roasting process was adapted to the treatment of iron concentrates, a by-product of the tin separation plant at Kimberley. Work was also carried out in connection with magnesium and other products considered as having possibilities in the period after the war.

WAR ACTIVITIES

In the report for 1942 mention was made of the Company's special efforts in connection with the war. These efforts continued during 1943. The chemical plants built by the Company for the British and Dominion Governments continued in operation during the year with very satisfactory results. Output was increased and operating costs continued to improve. These plants assisted greatly in satisfying the fertilizer requirements of the Combined Food Board.

Early in 1940 the Company commenced the construction of an addition to its zinc plant at the special request of the British Government. This addition was completed in February, 1941, and accounts for the increased zinc production since that time. Several changes were made in the lead refinery which resulted in a large increase in capacity. All sulphuric acid plants were given special attention, and one of these with a capacity of 35 tons was reconditioned to produce 100 tons of acid per day operating on 100% sulphur dioxide and oxygen. Changes were made in the catalyst in other units which improved operation and increased the output. As a result, the capacity of the acid plants was increased from 600 to 1,100 tons of 100% acid per day.

During the year, in addition to a large number of smaller war contracts, the shops constructed 55 combination pumps for use on naval vessels and turned out gate hoists and large turbine castings for the new Brilliant power plant.

Acting for Wartime Metals Corporation, a Crown Company, we designed and built a mill with a capacity of 300 tons per day at the Emerald Tungsten mine near Salmo, B.C. Construction was started in February, and the mill was ready to operate at the end of June.

At the request of the Government, the Company opened up the Corbin coal deposits in the Crow's Nest district. The grade of coal produced was reasonably satisfactory, and operations are continuing.

STAFF CHANGES

Mr. B. A. Stimmel, who had been Superintendent of the Zinc Plant since 1917, retired and was succeeded by Mr. F. S. Willis, formerly Assistant Superintendent of the Zinc Plant. Mr. Stimmel joined the Company in 1908 and had been one of the staff of the Zinc Plant since its inception.

In June, 1943, Mr. W. S. Kirkpatrick, who had been Manager of the Government chemical plant near Calgary, was appointed Assistant to the General Manager at Trail, B.C. Mr. G. A. Wallinger, formerly Chief Accountant, was appointed Assistant Comptroller at Trail, and Mr. E. G. Randall succeeded him as Chief Accountant.

Mr. D. C. Coleman and the Honourable Charles A. Dunning, P.C., were elected to the Board to fill the vacancies caused by the deaths of Sir Edward Beatty, G.B.E., and Mr. W. N. Tilley, K.C. Mr. S. G. Blaylock was elected Chairman of the Company, succeeding the late Sir Edward Beatty, G.B.E., and Mr. D. C. Coleman was elected Chairman of the Executive Committee of the Board. Mr. G. W. Spinney, C.M.G., was elected a member of this Committee.

The operations of the Company have been carried on under very difficult conditions. Labour has been difficult to obtain, and many of the new employees are quite inexperienced. Staffs have been seriously depleted by men released for service with the Forces. It has been impossible to replace these men, and consequently much additional work has been thrown on the older employees and on the staff. The success of the Company's operations has been due to a large extent to the manner in which the older employees have carried the additional load and also to the way they have trained the new and inexperienced men. The Directors wish to convey their appreciation of the work done by the entire force under trying circumstances.

On behalf of the Board,

S. G. BLAYLOCK, *Chairman and President.*

The Consolidated Mining and Smelting Company of Canada, Limited

BALANCE SHEET AS AT DECEMBER 31, 1943

ASSETS			
PROPERTY, BUILDINGS AND EQUIPMENT:			
Mines, mineral claims and mining investments:			
At cost, including shares in other companies \$1,471,163.65	\$ 8,697,464.06		
Less reserve for depletion	7,699,635.66		
		\$ 997,828.40	
Land, buildings and equipment:			
At cost, less depreciation written off and sales at realized values	29,460,172.51		
Less reserve for depreciation	15,320,141.43		
		14,140,031.08	\$15,137,859.48
<i>Note</i> —The Company is committed to expend, at the request of the Dominion Government, approximately \$2,600,000.00.			
INVESTMENTS AND SUNDRY NON-CURRENT ASSETS:			
Subsidiary companies:			
Shares	7,521,972.11		
Bonds	730,131.47		
Advances	3,554,157.65		
	11,806,261.23		
Less reserve for depreciation of investments in subsidiary mining companies	2,171,490.61		
		9,634,770.62	
Shares in other companies		857,499.97	
Sundry loans and non-current accounts receivable:			
Estimated future refunds of excess profits taxes	231,000.00		
Shareholders	3,663.48		
Others	310,383.37		
		545,046.85	
			11,037,317.44
CURRENT ASSETS:			
Inventories of ores and products:			
In accordance with records and certified by company officials. Valued at cost or market, whichever is lower		4,818,631.23	
Stores and materials:			
In accordance with records periodically verified by physical inventories and certified by company officials. Valued at cost less depreciation		6,445,009.86	
Prepaid charges:			
On sales contracts	58,875.86		
Other	342,167.19		
		401,043.05	
Accounts receivable:			
Officers	470.84		
Shareholders	19,247.83		
Employees' Victory Loan subscriptions (including sundry shareholders)	316,913.72		
Customers and sundry and accrued revenue	8,200,084.30		
		8,536,716.69	
Dominion bonds and treasury bills and Municipal bonds (including securities held for the insurance reserve):			
At cost (market value \$13,760,076.36)		13,782,598.40	
Cash		7,182,725.77	
		41,166,725.00	
			<u>\$67,341,901.92</u>

STATEMENT AS TO SUBSIDIARY COMPANIES

A provision of \$1,170,554.28 (calculated on the same basis as last year) has been charged to profit and loss and credited to reserve for depreciation of investments in subsidiary mining companies. No other provision has been made for losses of subsidiary companies, and development and maintenance expenses of certain subsidiary mining companies which were not in production are carried forward in their accounts. Profits of subsidiary companies have not been taken into the accounts of the holding company. The holding company's proportion of such profits, together with the provision for depreciation of investments in subsidiary mining companies, exceeds its proportion of losses of subsidiary companies.

HELLIWELL, MACLACHLAN & CO.,
Chartered Accountants.

VANCOUVER, B.C., March 16, 1944.

LIABILITIES	
CAPITAL:	
Authorized:	
4,000,000 shares of \$5.00 each	\$20,000,000.00
Issued and fully paid:	
3,276,329 shares	\$16,381,645.00
PREMIUM ON SHARES ISSUED:	7,585,244.89
RESERVES:	
Insurance	2,411,214.18
Post-war contingencies	8,000,000.00
	<u>10,411,214.18</u>
CURRENT LIABILITIES:	
Accounts payable—sundry	5,358,951.22
Accounts payable—subsidiary companies	997,738.64
Reserve for taxes	1,689,500.11
Dividends payable (See note under "Property, buildings and equipment")	1,813,429.73
	<u>9,859,619.70</u>
EARNED SURPLUS:	
Appropriated surplus invested in the Company's undertakings	15,000,000.00
Deferred surplus: estimated future refunds of excess profits taxes	231,000.00
Unappropriated surplus	7,873,178.15
	<u>23,104,178.15</u>
CONTINGENT LIABILITIES:	
As guarantor of West Kootenay Power and Light Company Limited bonds due March 1, 1956:	
Total authorized \$20,000,000.00:	
Series "B", 3¾ per cent.:	
Outstanding \$1,892,000.00, redeemed \$608,000.00	
Contracts, commitments and claims \$152,796.39	
Sundry guarantees \$4,000.00 Canadian and \$5,000.00 U.S. funds.	
As guarantor of any unfulfilled obligations of Alberta Nitrogen Company Limited and of the obligations of Alberta Nitrogen Products Limited under contracts with the governments of the Dominion of Canada and of the United Kingdom.	
On behalf of the Board:	
S. G. BLAYLOCK,	}
R. E. STAVERT,	
<i>Directors.</i>	
<u>\$67,341,901.92</u>	

AUDITORS' REPORT

We have audited the accounts of The Consolidated Mining and Smelting Company of Canada Limited, for the year ended December 31, 1943, maintained at the offices at Trail, Kimberley, Warfield, Vancouver and Calgary, and during the year have made inspections of the accounts at other branch offices. We report to the shareholders that we have received all the information and explanations we have required, and that in our opinion the above balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs at December 31, 1943, according to the best of our information and the explanations given to us, and as shown by the books of the Company audited by us, and by the accounts of the Montreal office as audited by Messrs. Edwards, Morgan & Co.

HELLIWELL, MACLACHLAN & CO.,
Chartered Accountants.

VANCOUVER, B.C., March 16, 1944.

The Consolidated Mining and Smelting Company of Canada, Limited

FOR THE YEAR ENDED DECEMBER 31, 1943

STATEMENT OF INCOME AND EXPENDITURE

Sales of smelter, chemical and fertilizer products, etc.	\$56,678,174.53	
Sales of electrical energy by Con hydro power plant.....	63,046.54	
Royalties, rents and sundry revenue.....	153,213.80	
	\$56,894,434.87	
Ores, metals, smelter products and chemical and fertilizer products at December 31, 1942.....	\$ 7,633,223.26	
Mining, smelting, chemical and fertilizer and general expenses (including proportion of total remuneration of \$32,138.02 paid to legal advisers).....	26,427,229.07	
Development expense.....	870,180.60	
Freight on company ores.....	1,154,360.93	
Customs ore, bullion and fertilizer materials purchased.....	3,623,462.94	
Payment to Dominion Government in respect of their interest in plants used for production of fertilizer materials.....	170,609.86	
Executive officers' fees and remuneration.....	156,792.72	
Directors' fees and remuneration.....	32,195.00	
Interest and exchange.....	6,554.35	
Sundry items written off and reserved for.....	4,839.02	
	\$40,079,447.75	
<i>Deduct:</i>		
Ores, metals, smelter products and chemical and fertilizer products at December 31, 1943. (See Note below).....	4,818,631.23	
	35,260,816.52	
Net operating profit before provision for plant depreciation, depreciation of investments in subsidiary mining companies, income and excess profits taxes.....	21,633,618.35	
<i>Add:</i>		
Income from investments.....	200,330.46	
Profit on Treasury bills redeemed less loss on bonds sold.....	14,231.30	
	214,561.76	
	21,848,180.11	
<i>Deduct:</i>		
Provision for depreciation of plant and equipment:		
Normal.....	\$2,238,604.15	
Accelerated.....	4,642,063.06	
	6,880,667.21	
Provision for depreciation of investments in subsidiary mining companies.....	1,170,554.28	
Provision for income and excess profits taxes (No portion refundable).....	4,700,000.00	
	12,751,221.49	
NET PROFIT CARRIED TO UNAPPROPRIATED EARNED SURPLUS ACCOUNT.....	\$ 9,096,958.62	

Note—Portion of inventories under sales contracts previously included at net selling value has this year been valued at cost or market, whichever is the lower, which reduces total inventory valuation by approximately \$681,000.00.

STATEMENT OF EARNED SURPLUS

APPROPRIATED SURPLUS INVESTED IN THE COMPANY'S UNDERTAKINGS	
Balance December 31, 1942.....	\$19,000,000.00
<i>Deduct</i> transfer to unappropriated surplus.....	4,000,000.00
	\$15,000,000.00
BALANCE AT DECEMBER 31, 1943 PER BALANCE SHEET.....	
	\$15,000,000.00
DEFERRED SURPLUS	
Estimated future refunds of excess profits taxes.....	\$ 231,000.00
UNAPPROPRIATED SURPLUS	
Balance December 31, 1942.....	\$ 6,965,788.28
<i>Add</i> transfer from appropriated surplus.....	4,000,000.00
	\$10,965,788.28
<i>Add</i> net profit for the year ended December 31, 1943.....	9,096,958.62
	\$20,062,746.90
<i>Deduct</i> appropriations:	
For dividends Nos. 76 and 77.....	\$8,189,568.75
Provision for reserve for post-war contingencies.....	4,000,000.00
	12,189,568.75
BALANCE AT DECEMBER 31, 1943 PER BALANCE SHEET.....	\$ 7,873,178.15

SENIOR STAFF

GENERAL

E. M. STILES - - - - CHIEF ENGINEER - - - - TRAIL, B.C.
 W. S. KIRKPATRICK - - - ASSISTANT TO THE GENERAL MANAGER - - - do

OPERATING DEPARTMENTS

MINES DEPARTMENT:

General—

W. LINDSAY - - - - GEN. SUPT. Sullivan Operations - - - - KIMBERLEY, B.C.
 R. H. STEWART - - - - CONSULTING ENGINEER, Sullivan Mine - - - VANCOUVER, B.C.
 M. M. O'BRIEN - - - - CONSULTING ENGINEER, North Central and Western
 District - - - - TRAIL, B.C.
 L. W. OUGHTRED - - - - GEN. SUPT. Eastern District - - - - MONTREAL, QUE.
 W. G. JEWITT - - - - GEN. SUPT. North Central District - - - YELLOWKNIFE, N.W.T.
 F. A. FORTIER - - - - GEN. SUPT. Western District - - - - TRAIL, B.C.

Operation - - - - J. R. GIEGERICH, D. S. CAMPBELL, C. D. M. CHISHOLM, J. WIGHTMAN,
 P. T. BLOOMER, H. C. GIEGERICH, R. J. ARMSTRONG, R. B.
 SHELEDY.

Exploration - - - - L. TELFER, E. BRONLUND, D. C. McKECHNIE, W. E. AITCHISON,
 A. D. HUDSON.

GEOLOGICAL DEPARTMENT - - - DR. G. GILBERT, DR. L. V. BELL, DR. C. O. SWANSON, DR. H. C.
 GUNNING, DR. A. G. PENTLAND.

CONCENTRATION DEPARTMENT - H. R. BANKS, Supt. Sullivan Concentrator; S. GRAY, Supt. of Mills
 other than the Sullivan; H. W. POOLE, P. M. ELLIOTT.

METALLURGICAL DEPARTMENT - R. R. McNAUGHTON, Chief Metallurgist; A. D. TURNBULL, J. BRYDEN,
 D. S. WETMORE.

SMELTING DEPARTMENT - - - W. E. NEWTON, Superintendent; J. H. HARGRAVE, Assistant Superin-
 tendent; L. S. PIPER, L. M. P. DAYISON.

ZINC PLANT - - - - F. S. WILLIS, Superintendent; T. H. WELDON, Assistant Superinten-
 dent; K. D. McBEAN, J. D. HARTLEY, L. M. DELONG, Divisional
 Superintendents.

REFINERIES - - - - P. F. McINTYKE, Superintendent; R. D. PERRY, Assistant Superin-
 tendent.

SMOKE PLANTS - - - - R. K. BLOIS, Superintendent; H. DOYLE, Assistant Superintendent.

CHEMICAL AND FERTILIZER
 DEPARTMENT - - - - E. A. G. COLLS, General Superintendent; A. M. CHESSEY, Superin-
 tendent Warfield Chemical Plants; W. D. BURGESS, Superin-
 tendent Tadanac Chemical Plants; A. W. MOORE, J. ATWELL,
 J. B. THOMPSON, Divisional Superintendents.

RESEARCH AND DEVELOPMENT - F. E. LEE, W. H. HANNAY, A. L. MCCALLUM, R. LEPSOE, DR. B. P.
 SUTHERLAND, DR. C. H. WRIGHT, F. H. CHAPMAN, A. H. W. BUSBY.

ASSAY OFFICE AND
 INDUSTRIAL HYGIENE - - - KURT RAHT, Chief Chemist and Supervisor.

ENGINEERING DEPARTMENT

E. M. STILES - - - - CHIEF ENGINEER - - - - TRAIL, B.C.
H. F. TIEDJE - - - - CONSTRUCTION ENGINEER - - - - do
E. MASON - - - - ASSISTANT TO THE CHIEF ENGINEER - - - - do
G. H. MCKAY - - - - SUPERINTENDENT OF CONSTRUCTION AND
MAINTENANCE - - - - KIMBERLEY, B.C.
A. G. DICKINSON - - - - ELECTRICAL ENGINEER - - - - TRAIL, B.C.
H. CLARK - - - - MASTER MECHANIC - - - - do

INDUSTRIAL RELATIONS DEPARTMENT

C. W. GUILLAUME - - - - SUPERVISOR - - - - TRAIL, B.C.
E. W. CAMPBELL - - - - ASSISTANT - - - - do
G. W. WILSON - - - - ASSISTANT - - - - Kimberley, B.C.

LEGAL DEPARTMENT

A. L. JOHANNSON - - - - GENERAL SOLICITOR - - - - TRAIL, B.C.
C. H. B. FRERE - - - - SENIOR ASSISTANT SOLICITOR - - - - do

PURCHASING DEPARTMENT

W. R. BAXENDALE - - - - PURCHASING AGENT - - - - TRAIL, B.C.
R. G. ANDERSON - - - - ASSISTANT PURCHASING AGENT - - - - do

COMPTROLLER'S DEPARTMENT

H. B. FULLER - - - - COMPTROLLER - - - - TRAIL, B.C.
G. A. WALLINGER - - - - ASSISTANT COMPTROLLER - - - - do
F. L. HALLAM - - - - TAX AUDITOR - - - - do
L. G. TOMS - - - - INTERNAL AUDITOR - - - - do
E. G. RANDALL - - - - CHIEF ACCOUNTANT - - - - do
W. C. MACKENZIE - - - - PAYMASTER - - - - do
W. BROWN - - - - BRANCH ACCOUNTANT, Warfield - - - - do
N. G. RANDALL - - - - BRANCH ACCOUNTANT - - - - KIMBERLEY, B.C.
W. H. CARRUTBERS - - - - BRANCH ACCOUNTANT - - - - YELLOWKNIFE, N.W.T.
G. A. LAUDER - - - - BRANCH ACCOUNTANT - - - - PINCHI LAKE, B.C.
J. F. DEANE - - - - BRANCH ACCOUNTANT - - - - VANCOUVER, B.C.
D. S. DEWAR - - - - PRAIRIE SALES ACCOUNTANT - - - - CALGARY, ALTA.

SALES DEPARTMENT

W. S. RUGH - - - - VICE-PRESIDENT IN CHARGE OF SALES - - - - MONTREAL, QUE.
M. A. WOLFEILL - - - - ASSISTANT MANAGER OF METAL SALES - - - - do
H. G. McBOYLE - - - - ASSISTANT MANAGER OF METAL SALES - - - - do
R. RUICKBIE - - - - MANAGER FERTILIZER AND CHEMICAL SALES - - - - do
DR. T. H. MATHER - - - - ASSISTANT MANAGER FERTILIZER SALES - - - - VANCOUVER, B.C.
DR. R. E. NEIDIG - - - - FERTILIZER RESEARCH - - - - SAN FRANCISCO, CALIF.
BALFOUR GUTHRIE & Co. LTD.
SAN FRANCISCO, CALIF. - - - FERTILIZER SALES IN WASHINGTON, OREGON, CALIFORNIA AND
ARIZONA.
HENRY GARDNER & Co. LTD.
LONDON, ENGLAND - - - EUROPEAN REPRESENTATIVES.

ON LOAN TO GOVERNMENT-OWNED PLANT AT CALGARY

Alberta Nitrogen Products Limited

R. HENDRICKS - - - - MANAGER - - - - CALGARY, ALTA.
D. D. MORRIS - - - - GENERAL SUPERINTENDENT - - - - do
L. WILLIAMS - - - - SUPT. AMMONIA AND NITRATE DIVISIONS - - - - do
J. V. ROGERS - - - - PLANT ENGINEER - - - - do
J. R. MILLS - - - - CHEMICAL SUPERVISOR - - - - do
P. L. BARRON - - - - ACCOUNTANT - - - - do

PRODUCTS

of

THE CONSOLIDATED MINING AND SMELTING COMPANY
OF CANADA, LIMITED

REFINED METALS

“Tadanac Brand”

LEAD ZINC GOLD SILVER
 CADMIUM ANTIMONY
BISMUTH TIN MERCURY

CHEMICAL FERTILIZERS

“Elephant Brand”

AMMONIUM SULPHATE AMMONIUM PHOSPHATES
 SUPERPHOSPHATES

HEAVY CHEMICALS

ANHYDROUS AMMONIA SULPHURIC ACID (CONTACT)
 OLEUM

SUNDRY PRODUCTS

MAGNESIUM POWDER ZINC OXIDE
MONO CALCIUM PHOSPHATE SODIUM FLUOSILICATE
TUNGSTEN CONCENTRATES (72-74% WO₃)

PRODUCTION OF PRINCIPAL PRODUCTS FOR THE LAST TEN YEARS

	Lead Tons	Zinc Tons	Gold Ozs.	Silver Ozs.	Mercury 76-lb. Flasks	Cadmium Tons	Sulphuric Acid Tons	Sulphur and Fertilizer Tons
1894 to 1933	1,740,887	899,310	2,346,253	106,634,798	—	1,179	184,993	155,065
1934	157,674	110,978	35,328	7,316,231	—	147	95,434	82,497
1935	164,329	119,840	65,131	7,594,366	—	275	120,245	81,189
1936	182,541	125,693	69,330	8,615,795	—	263	126,578	101,523
1937	206,579	142,650	52,435	9,846,545	—	218	132,194	115,586
1938	201,574	149,071	56,951	9,815,434	—	255	134,469	170,728
1939	191,439	139,520	39,744	9,866,762	—	400	130,445	178,399
1940	220,602	146,259	36,785	9,871,444	2,019	389	148,478	188,564
1941	229,203	168,541	32,024	10,868,777	7,054	532	189,082	176,780
1942	245,800	176,443	21,829	9,464,892	13,621	479	193,341	206,090
1943	224,845	154,555	8,310	8,779,965	22,133	299	269,394	285,598
1894 to date	3,765,473	2,332,860	2,764,120	198,675,009	44,827	4,436	1,724,653	1,742,019

WEST KOOTENAY POWER
and LIGHT COMPANY
LIMITED

ANNUAL REPORT *and* STATEMENTS
FOR THE TWELVE MONTHS ENDED
DECEMBER 31, 1943

West Kootenay Power and Light Company Limited

HEAD OFFICE: TRAIL, B.C.

DIRECTORS

GEORGE F. BENSON

LORNE A. CAMPBELL

ROSS H. McMASTER

S. G. BLAYLOCK

ELWOOD B. HOSMER

R. E. STAVERT

E. M. STILES

OFFICERS

LORNE A. CAMPBELL
PRESIDENT AND MANAGING DIRECTOR

ROSS H. McMASTER
VICE-PRESIDENT

L. O. REID, SECRETARY-TREASURER
215 ST. JAMES STREET WEST, MONTREAL

FORTY-SIXTH ANNUAL REPORT AND STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1943

WEST KOOTENAY POWER *and* LIGHT COMPANY, LIMITED

DIRECTORS' REPORT

TO THE SHAREHOLDERS,
WEST KOOTENAY POWER AND LIGHT COMPANY, LIMITED

Your Directors submit herewith the Forty-sixth Annual Report, together with the usual Financial Statements for the year 1943.

After deducting amounts covering Operating Expenses, Interest on Bonds, setting up reserves for Income and Excess Profits Taxes and Depreciation, there is a surplus for the year of \$1,340,081.08. This amount has been carried to Earned Surplus Account. After payment of the regular quarterly dividends at the rate of 7% per annum on the Preferred Shares amounting to \$35,000.00, and writing off the expense, discount and premium on the 4% Bond Issue redeemed in 1943, \$480,851.64, there remains at credit of Earned Surplus Account as at December 31, 1943, an amount of \$6,771,970.29.

The Company's gross consolidated revenue for the year ended December 31, 1943, was \$4,421,756.98 and for the year ended December 31, 1942, \$4,762,730.73, showing a decrease in revenue for the year 1943 of \$340,973.75. This decrease was due chiefly to a prolonged high-water period which cut down the operating head of all our plants and to the fact that several of our customers were operating with decreased labour supply.

In our report for the year 1942 we drew to your attention that the Application of our Company to continue the two feet of additional storage in Kootenay Lake was granted by the International Joint Commission on October 23rd, 1942. As we stated in this report, the Order of Approval called for the Company to bear all expenses, including any extra pumping and construction of further drainage facilities made necessary by the additional two feet of storage, and all damage to lands or crops in the drainage districts or other areas adversely affected was to be reviewed. Certain payments have been made for damage caused in the State of Idaho, and there may possibly be some adjustments to be made, particularly in the area affected in Canada, for the year 1942. Up to the end of 1943 we did not have sufficient information as supplied by the Geological Survey to complete our study and arrive at a decision as to whether we are liable for any claims for 1943. However, as far as we have gone with our investigations we cannot see that there will be any claims for that year. Consequently, we have not provided any reserve for this purpose in our annual statements for 1943.

Your Directors completed the redemption of the issue of Series "A" 4% Bonds due March 1st, 1956, and the expense, discount and premium on this issue amounting to \$480,851.64 have been taken care of.

It is with deep regret that your Directors are called upon to record the death of our Chairman, Sir Edward Beatty, G.B.E., K.C., LL.D., in Montreal, on March 23rd, 1943. Sir Edward had been a Director on our Board from April, 1929, and was elected Chairman in 1939. The great interest he always took in our Power Company and his sound judgment assisted greatly in the success of our Company. His loss is keenly felt by your Directors. Mr. E. M. Stiles was elected a Director to fill the vacancy on the Board.

Your Directors wish to acknowledge the loyalty and efficiency of the staff and the employees throughout the Company's entire organization.

On behalf of the Board,

L. A. CAMPBELL,
President and Managing Director.

TRAIL, B.C., February 26, 1944.

West Kootenay Power and Light Company Limited and Subsidiaries

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1943

ASSETS

CURRENT:	
Cash on hand and in Banks.....	\$1,356,699.07
Dominion of Canada Bonds and Treasury Bills—Cost (Market Value \$1,220,771.61)....	1,224,513.50
 ACCOUNTS RECEIVABLE:	
The Consolidated Mining and Smelting Company of Canada Limited	533,976.50
Customers and Sundry.....	89,291.94
<i>Less:</i> Reserve for Doubtful Accounts.....	6,000.00
	83,291.94
	617,268.44
 INVENTORIES:	
Merchandise (In accordance with records and certified by company officials. Valued at cost).....	22,532.37
Stores and Materials (In accordance with records periodically verified by physical inventories and certified by company officials. Valued at cost less depreciation).....	361,820.35
	384,352.72
	3,582,833.73
 SUNDRY NON-CURRENT ASSETS:	
Housing Loans—Employees.....	7,070.36
Refundable portion of Excess Profits Taxes.....	60,084.49
	67,154.85
 FIXED:	
Property, Plant and Equipment—Cost.....	25,040,523.99
<i>Less:</i> Reserve for Depreciation.....	12,633,720.83
	12,406,803.16
 DEFERRED CHARGES:	
Prepaid Expenses and Deferred Charges.....	33,929.38
Debt Discount and Expense.....	5,200.90
	39,130.28
	\$16,095,922.02

LIABILITIES

CURRENT:	
Accounts Payable—Trade.....	\$ 50,237.22
Accrued Payrolls.....	11,248.61
Interest.....	23,670.00
Provision for Income and Excess Profits Taxes.....	658,947.76
(Sinking Fund Instalment due March 1, 1944, \$72,201.00)	744,103.59
 DEFERRED INCOME:	
Deposits received for power not yet delivered.....	763.65
 LONG TERM DEBT:	
Authorized.....	20,000,000.00
Issued, Series "B" 3¾% Bonds, due March 1, 1956.....	2,500,000.00
<i>Less:</i> Cancelled.....	608,000.00
	1,892,000.00
 RESERVE:	
Fire Insurance.....	15,000.00
 CAPITAL STOCK:	
Authorized:	
150,000 Shares of \$100.00 each.....	15,000,000.00
Issued:	
5,000 Shares of \$100.00 each 7% Cumulative Preferred Stock.....	500,000.00
61,120 Shares of \$100.00 each Common Stock.....	6,112,000.00
	6,612,000.00
EARNED SURPLUS	6,771,970.29
 DEFERRED SURPLUS:	
Refundable portion of Excess Profits Taxes.....	60,084.49
 No provision has been included in the accounts of the several companies for claims which may be received from the different reclaimed areas of the Kootenay Valley for alleged damages, if any, resulting from additional storage facilities granted to the West Kootenay Power and Light Company Limited in Kootenay Lake.	
 On behalf of the Board:	
L. A. CAMPBELL	} <i>Directors.</i>
R. H. McMASTER	
	\$16,095,922.02

AUDITOR'S REPORT

I certify that I have audited the accounts of the West Kootenay Power and Light Company Limited, and its Subsidiary Companies, for the year ended December 31, 1943, and that I have received all the information and explanations I have required. I report to the shareholders that the above Balance Sheet is, in my opinion, properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Company, and its Subsidiary Companies, according to the best of my information and the explanations given to me and as shown by the books of the several Companies at December 31, 1943.

TRAIL, B.C. February 10, 1944.

R. M. HOYLAND,
Chartered Accountant.

WEST KOOTENAY POWER *and* LIGHT COMPANY LIMITED
and Subsidiaries

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED DECEMBER 31, 1943

OPERATING REVENUES.....		\$4,392,369.30
OPERATING EXPENSES:		
Power Purchased.....	\$ 98,263.10	
Power Plant and Distributing Station Expenses.....	304,266.15	
Maintenance and Repairs.....	143,243.28	
Depreciation.....	734,256.12	
Water Fees.....	160,715.21	
Taxes (Other than Income Taxes).....	61,041.42	
Rents and Royalties.....	9,545.76	
Miscellaneous.....	96,161.86	
	\$1,607,492.90	
GENERAL EXPENSES:		
Selling and Administrative Expenses.....	150,810.75	
Provision for Doubtful Accounts.....	998.27	
Other General Expenses.....	29,145.63	
	180,954.65	
		1,788,447.55
		2,603,921.75
OTHER INCOME:		
Interest on Bonds.....	10,915.04	
Other Interest.....	6,865.22	
Profit on Bonds sold and Treasury Bills redeemed.....	670.45	
Rentals.....	10,936.97	
	29,387.68	
		2,633,309.43
INCOME DEDUCTIONS:		
Interest and Debt Discount and Expenses:		
Interest on Funded Debt.....	108,075.00	
Amortization of Debt Discount and Expenses.....	433.40	
	108,508.40	
Net Income before Provision for Income and Excess Profits Taxes....		2,524,801.03
Provision for Income and Excess Profits Taxes.....		1,184,719.95
Net Income transferred to Earned Surplus.....		\$1,340,081.08
<i>Carried Forward:</i>		

Brought Forward:

EARNED SURPLUS

Balance at December 31, 1942.....	\$5,923,605.86
Net Income from Profit and Loss Account.....	1,340,081.08

ADDITION TO SURPLUS:

Refund Overpayment of Income and Excess Profits Taxes prior years.....	24,134.99
	<hr/>
	7,287,821.93

CHARGES TO SURPLUS:

Expense, Discount and Premium 4% Bond Issue Redeemed.....	\$ 480,851.64	
Dividends:		
7% on Cumulative Preferred Shares.....	35,000.00	
	<hr/>	515,851.64

BALANCE AT DECEMBER 31, 1943 AS PER CONSOLIDATED BALANCE SHEET.....	<hr/> <hr/>
	\$6,771,970.29

