Growth and Development of Consolidated Smelter

Annual Report Shows Favorable Earning Statement with Large Amount of Development Work Completed—Completion of New Units at Trail.

The annual report of the Consolidated Mining and Smelting Company, whose properties, both mines and smelter, are located in British Columbia, has recently been made public. The report covers the year ending September 30, 1916.

Profits, after depreciation and allowances for capital expenditure, amounted to $996,496. This represents an increase over last year of $201,085, or 25.3 per cent. Earnings for the 12 months were at the rate of 17.1 per cent. on the capital employed compared with earnings at the rate of 13.7 per cent. in 1915, 8.16 per cent. in 1914, and 17.1 per cent. for the 15 months period of 1913.

It is stated that the net profits do not include the $83,333 in dividends from the West Kootenay Power and Light Company, which was absorbed during the year, nor the surplus earnings which that company made over and above dividend requirements.

During the year $598,745 was expended on capital account and $278,386 written off for Depreciation allowance; this comparing with a Depreciation allowance of $192,478 in 1915 and $193,150 in 1914.

The following tabulation gives the record of profits and surplus for the past eight years:—

Year ended June 30	Profits	P. & L. Surplus
1909	$329,904	$ 366,066
1910	309,945	671,011
1911	202,278	873,289
1912	310,346	1,183,635
*1913	998,367	1,717,650
1914	474,012	1,727,286
1915	795,411	2,058,299
1916	996,496	2,278,458

*15 months' period.

The increase in the company's bank loans from $669,085 in 1915 to $2,288,252 in 1916 is explained by the President, Mr. W. D. Matthews, as representing a stock of metals actually on hand at the close of the year. Mr. Matthews gives the assurance that this item will be speedily liquidated. The company, therefore, faces the year in an exceptionally strong position.

During the year the company launched its electrolytic zinc plant, and increased its copper production. It produced in all 3,088,000 pounds of zinc, all of this between March and September 30, and 4,446,000 pounds of copper. The five metals, gold, silver, lead, copper and zinc, produced in the year had a value of $7,892,000.

The president, in his report, says in part:—

The main increase in property account has been through the issue of $1,500,000 of stock at par for the $2,000,000 of common stock of the West Kootenay Power and Light Company, Limited. The reasons for this purchase were fully gone into at the special meeting held when the purchase was authorized.

The new issue (about $2,100,000) offered to the shareholders on the 1st of November, 1916, has been almost entirely subscribed for. The rights to shares not taken up are largely held abroad. Subscriptions no doubt will be received just as soon as the shareholders entitled have had time to reply to the circular.

Your operations at the smelter, refineries and mines are continually expanding, entailing increased responsibilities on your officials. Especially is this so when the demands for lead, copper and zinc for war purposes are so insistent. The output of these metals is sold for months ahead.

Notwithstanding the heavy shipments of ore from your different mines, the ore reserves have been well maintained. Nevertheless, it is the policy of your directors to acquire and develop other properties from time to time, so that if any particular mine should become exhausted, a successor would be ready to take its place. With such a large section of the main Rocky Mountain range tributary to your smelter, it should not be difficult to provide at least as large an ore tonnage as has been available in the past.

J. J. Warren, the managing director, in his report, says in part:—

The electrolytic zinc plant began operations in the month of March, 1916. Before it was completed, at the request of the Imperial Munitions Board, further contracts were entered into for an increased supply of zinc, which rendered necessary very large additions to the plant as originally designed. These are well under way, but delays in deliveries of electrical machinery will prevent much increased production before early in 1917. The original plant is now working satisfactorily.

In the beginning a number of difficulties were met with and had to be overcome. These were perhaps necessarily incidental to the standardization of the production in a large way of electrolytic zinc. Doubtless improvements in methods will be made as the operations proceed.

The completion of the copper refinery marks an epoch in the metallurgical history of Canada. During the war, both refined copper and zinc are readily saleable for munitions purposes; after it is over there is no reason why the entire output of these metals should not be absorbed by the Canadian metal trades and fabricated by Canadian workmen—a condition possible only because these metals will then be available in a refined state.

The production of lead for the year was slightly less than in the preceding years. This is attributable to the unusually severe weather conditions of last winter.

The production of gold and silver varies more from year to year than the production of the base metals, as the metal content in the gold and silver ores is not stable.

The addition of sulphuric and hydrofluosilicic acid plants makes the refineries independent—and at a time when a supply from outside sources is both unreliable and abnormally high in price.

While the prices of metals ruled high during most of the year, profits do not show a corresponding advance because of the greatly increased costs of operating the mines, the smelter and the refineries. Many supplies have doubled in price—all have appreciated very markedly. The workmen have had substantial advances in wages. Labor disturbances in the coal mines have curtailed the production of coke, which has forced us to restrict our activities and has affected operating costs injuriously.

Finally, the carrying on of heavy construction work while ordinary production was being maintained inevitably increased the cost of ordinary production. This condition will not be a serious factor from now on, as construction (except in the zinc plant) is almost completed.

There have been no extraordinary mining occurrences. The usual policy of keeping development well advanced has been followed. Shipments from the Rossland mines are being confined as much as possible to ores carrying as high a copper content as can be mined to advantage.

Speaking broadly, the Rossland mines are gold mines rather than copper mines. During the war the returns will not be as great as if there were a higher copper content; but after the war, and during normal conditions (which will ultimately prevail). These mines will show up to much better advantage.