

upon whose reports the enterprise was commenced. Our contemporary, the *Financial News*, in a preface to its recent articles on the "Mining Expert," very justly remarks that "in fairness to the mining expert it should be added that he is only in a limited sense responsible for the career of the company after its flotation," and in this we heartily agree. Over and over again we have called attention to various mining adventures which have proved unsuccessful, not because the mines were intrinsically valueless, but because the management was left in totally unskilled hands, the direction being entrusted to a board not only ignorant of local conditions, but without even administrative experience. For failures of this class the expert is certainly not responsible. There is, moreover, another class of failure with which he has nothing to do—viz., that which results from manipulation of the shares, causing an inflation above their intrinsic value, and a subsequent but certain depression below it. We are here face to face with a grave danger to mining operations, and one which is constantly bringing them into discredit. The industry which, with the exception of agriculture, is the only one which deals with the production of the raw material upon which the wealth, not only of individuals but of nations depends, has surely enough inherent risks to deal with without the addition of others of a purely speculative and financial nature. There are geological risks, for lodes and mineral deposits are extremely erratic in their occurrence, and call for all the skill and knowledge of the expert; water risks, caused by either too much or too little of that essential element; risks of fire, transport, labour and supplies, and others too numerous to mention, all of which the skilled manager is prepared to encounter, and has been trained to face. But he is not capable, nor should he be expected to struggle with the financial problems caused by operations in Throgmorton Street. From these both he and the expert upon whose report the company was floated should be judged free. Unfortunately, however, the average shareholder displays an almost criminal carelessness as to the disposition of his money. As a rule he speculates for a rise. If this does not come off, then, regardless of the intrinsic value of the property, he is strongly tempted to say unpleasant things with regard to the expert. There is still another point of view which should not be lost sight of. For every property which a skilled and competent expert sees his way to recommend, there are at least a dozen others which he has unhesitatingly condemned. For thus saving the useless expenditure of capital he obtains no credit whatever: indeed it sometimes happens that the disappointed vendors are in a position to do him great damage for having conscientiously performed his duty. It would, therefore, only be fair, although legal consequences might render it impracticable, when preparing a list of the properties with which an expert has allowed his name to be associated, to prepare another of those with which he has not deemed it advisable to be connected, or as regards which he has not advised the expenditure of capital. The position of a mining expert is not a pleasant one. It is one of very great responsibility. If he, in the exercise of professional skill, condemns a property, which is by far his most common experience, he obtains no credit, but is sometimes made to suffer for his truthfulness. If on the other hand, he approves of a property, and the subsequent development be left in incompetent hands, he is again blamed and his reputation ruined if once his name become unfavourably known to the investing public. It is difficult to point out a remedy. Care should be taken to choose a really competent man and to pay him a good fee, which will place him beyond the reach of temptation. We can record an unhesitating conviction that, as a rule, an expert's report is really his honest opinion based upon his knowledge and experience. When his report is received his suggestions should be followed implicitly: should he himself be unable to superintend the subsequent operations great care must be exercised in appointing a competent manager, and also in electing a board which in fact as well as in name is a board of directors. Let them direct and let the manager

manage. If in spite of good direction and skilled management the business is a failure, then, indeed, the views of the expert may be questioned and his opinions challenged, but until the success or failure of a mine as a producer of saleable mineral has been demonstrated, independently of all financial, commercial or administrative interests, it is unjust to lay the whole burden of failure on the shoulders of the "mining expert."

The Annual Report of the Centre Star Company.

The REVIEW has received the Third Annual Report of the Directors of the Centre Star Mining Company, Limited, submitted to its shareholders on November 26th. This year the shareholders have not been favored with the opinions of the directorate, which occupied two or three pages of the text of the second annual report, nor have Mr. Wayne Darlington's opinions and boom telegrams been introduced; in fact the distinguished consulting engineer's opinions are conspicuous by their absence.

The report shows that the cost of production has been somewhat, and the cost of development very much, reduced which is greatly to the credit of Manager Kirby. At the same time the text of the General Manager's report does not give shareholders any substantial reason to believe that the value of the property has increased in any degree. In fact, from an examination of the report, it is evident that development work during the last twelve months has failed to reveal any considerable body of payable ore, and it confirms the opinion which the REVIEW expressed last year that the Centre Star Mine is a property of very small present real value.

Development work during the year has opened up the fifth level, which failed to show any ore (on the level) higher than \$9.37 smelters' gross assay value or \$3.37 net value, from which sum the costs of production and maintenance must be met. In a raise from this level we are told there are some fifty feet in length of pay ore assaying \$14.25 smelters' gross value which is about the average of last year. This small body is found in the first fifty feet below the fourth level but it does not run down to the fifth. The work on the sixth level (some 200 to 300 feet) has shown no values as yet, and the seventh level was not started at the time of the annual report. There is, therefore, a very small tonnage of payable ore in sight, which the manager estimates at 4,000 tons of about the same average value as the ore which has been sold during the past year.

For the year ending September 30th there were mined 72,645 tons, at an average cost for mining and development of \$3.53 per ton; nearly 8,000 tons were sold from the dumps, storage, etc., which cost 29 cents per ton for handling, making the total ore shipments for the year 80,419 tons, and reducing thereby the mining cost per ton from \$3.53 to \$3.21. The gross assay value of the ore shipped was \$14.64, the cost of freight and treatment was \$6.00, the cost of production (mine costs included) was \$3.90, the charge per ton necessary to redeem existing indebtedness, was \$2.26, leaving \$2.48 per ton as the margin for profit for the 80,419 tons sold:—

Smelters gross assay value, 80,419 tons.....	\$14.64 per ton.
Cost of freight and treatment per ton...	\$6.00
Cost of production (mine cost \$3.53) per ton	3.90
Cost of redemption of debt per ton.....	2.26
	12.16 per ton.
Margin per ton.....	\$2.48

Those who saw our analysis of the second annual report may remember that the REVIEW figured the actual future costs of extraction, shipping and smelting at about \$9.22; the amounts given in this report show that that cost has been pretty closely approximated, as