

profitable for a time. The quantity of zinc that could have been produced would have been less than if such a plant had been established at the coast, because the ores available are of a lower grade than the Australian ores, are more difficult to treat and are limited in quantity.

6. There is a notable lack of co-operation among the independent zinc producers. The organization of a Zinc Producers' Association to supervise all matters of common interest, and to enable the various producers to co-operate more closely with each other, would tend to improve conditions in the zinc industry.

7. The majority of the coal producers in the west do not appear at any time to have been willing to make any serious effort to assist in the establishment of a zinc smelting industry. The prices quoted, so far as they have come under my observation, with one exception are higher than are usually demanded in other fields for products of a similar grade. When one considers that there is a considerable quantity of material, now a waste product, that could be utilized by a zinc smelter, it would seem that more encouragement might have been given.

8. The establishment of the new electrolytic plant at Trail, and the proposed establishment of the plant at Nelson by the French Complex Ore Reduction Company have materially altered the situation with respect to a market for British Columbia zinc ores. The process being used at Trail is still undergoing development, and the Consolidated Mining and Smelting Company is not in the market to purchase zinc ores, having an ample supply of their own. As soon, however, as the initial difficulties are overcome, it is their intention to purchase ores suitable for treatment in their plant, and subject to the market demands for spelter. The capacity of the plant will be such that they should be able to treat a large percentage of the zinc output of the Kootenays.

9. The establishment of a zinc smelting plant in British Columbia at the present time does not appear feasible for the following reasons:

(a) Inadequate supply of suitable ores.

(b) Inadequate supply of suitable labor.
(c) Lack of knowledge of suitability of local clays for retort purposes.

(d) High cost of structural materials, including fire brick.

(e) The retorting process is not especially adapted to treat the complex silver-lead-zinc ores which comprise the bulk of the British Columbia output, whereas developments now going on in electrolytic processes give promise of a solution of this problem.

(f) The electrolytic processes also give promise of a greater adaptability in the peculiar needs of British Columbia ores. If these processes are successful it may prove to be possible to treat some ores locally in plants of smaller unit size than are practicable in smelting by retort process.

In the first 11 months of operation, net earnings from the 100-ton mill of the Galena Mining & Milling company, controlled by Patrick Clark estate, Spokane, have been approximately \$200,000, according to an official. In this period the \$100,000 bond on the property, a mile from Silverton, B. C., has been liquidated; development of mine and construction of mill has been financed, while there is now a substantial balance in the treasury. The bond was for \$100,000, construction and development expense being \$80,000.

A deal was closed in Merritt recently whereby J. W. Macfarlain, a mining man of Vancouver, secured a bond on the Hunter group of copper-gold claims on Mill creek above Nicola. Mr. Macfarlain undertakes to commence development work within 30 days and prosecute it vigorously during the life of the bond. The Hunter group is owned by Thomas Hunter of Nicola, and is located on Mill creek. Mr. Hunter has done considerable prospecting and development work and has a very promising prospect. The lead is said to be large and well-defined and to contain some exceptionally high grade ore.

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DEPARTMENT OF FINANCE, OTTAWA
OCTOBER 7th, 1916.