

Annual Meeting of Slocan Star Mines, Limited

Directors' Report, Balance Sheet and Proposed Bond Issue.

SLOCAN STAR MINES, LTD.

(NON-PERSONAL LIABILITY)

DIRECTORS' REPORT.

To the Shareholders of the Slocan Star Mines, Limited
(Non-Personal Liability)

Gentlemen:

Your Directors herewith submit the Fourth Annual Report of the operations of the Company, Financial Statement of Accounts and Balance Sheet, together with the Auditors' Report thereon, for the year ending October 31st, A.D. 1915.

The year under review opened at a time when metal markets were uncertain and lead products could not be marketed. It was therefore decided to develop during the winter with a small crew until conditions improved. In the spring the force was increased and the concentrator commenced operating on May 1st, 1915, and has been continuously operating two shifts, except during the dry season.

Shipments of crude ore from development for the year were as follows:

204 dry tons of lead ore, assaying 88.94 ozs. Silver, 59.86% Lead, and 6.94% Zinc, of a gross value of \$20,502.11, and 43.40 dry tons of Zinc ore, assaying 12 015 ozs. Silver and 43.65% Zinc, of a gross value of \$1,434.77, or a total of \$21,936.88.

Shipments of concentrates consisted of 17,837 dry tons, from which was produced 665 tons of Lead Concentrates, assaying 66.55 ozs. Silver, 58.33% Lead, and 8.15% Zinc, having a gross value of \$60,775.31, and conservatively 1,400 dry tons of Zinc Concentrates, which remain unsold for the reason hereinafter stated.

Prior to the outbreak of war, your Directors had arranged a favorable zinc contract with an American concern, which did not expire until August, 1915. Shipments were made under it, but when the price of Spelter advanced abnormally, the purchaser gave notice

that it would be unable to receive any more of this product, and as it was impossible to market this elsewhere, it has been stored at the Mine awaiting sale at a satisfactory price. At least 700 tons of this should have been taken by the purchaser under terms of the contract, and would have netted the Company \$38,390.99 but for the breach of contract; however, your Directors have since disposed of 500 tons of this product, and, as soon as this trial lot has been tested by the purchaser, an offer will be received for the balance of the accumulation, and the purchaser has indicated a desire to enter into a contract for the entire zinc output of the Mine (including crude ore as well as concentrates), for a period of years. If satisfactory terms can be arranged mining will be resumed in the upper levels for zinc, which was left standing as unprofitable under former market conditions.

During the year development continued within the income from the property, and without providing any fresh capital, totaling 1,309.9 feet.

Your Directors are now pleased to record striking the main ore shoot on the ninth level, and development is progressing as rapidly as possible.

Substantial improvements to the equipment have been added during the year, including a Compressor, and other appliances for economical mining.

With the improved marketing facilities, metal quotations and the proposed developments in contemplation, it can confidently be expected that the present year will be productive of satisfactory results to the Shareholders.

Respectfully submitted,

R. S. LENNIE, President.

Vancouver, B. C., December 10th, 1915.

BALANCE SHEET AS AT OCTOBER 31st, 1915.

(NON-PERSONAL LIABILITY)

LIABILITIES		ASSETS	
Capital Stock—		Mining Claims, Machinery and Buildings—	
Authorized, 2,500,000 shares of \$1 each	\$2,500,000.00	Cost of Property	\$1,998,012.05
Issued, 2,125,028 shares of \$1 each.....	\$2,125,028.00	Additions since Purchase	2,785.28
Current Liabilities—			\$2,000,797.33
Quebec Bank, Demand Loan.....	\$ 11,375.85	Mine Exploration and Development.....	99,213.89
Accounts Payable	14,384.32	Office Furniture	115.95
Bills Payable, Loans	33,189.14	Current Assets—	
Bills Payable, General	1,380.70	Bank of Montreal, New Denver, Current Account	\$ 1,263.12
	60,330.01	Deferred Ore Settlements	6,276.82
		Materials and Supplies	1,226.40
			8,766.34
		Deferred Charges to Profit and Loss—	
		Commission on Sale of Stock.....	\$ 11,705.50
		Discount on Shares Issued	62,903.30
		Preliminary and Incorporation Expenses	1,855.70
			74,464.50
			\$2,185,353.01
	\$2,185,358.01		

We have audited the Books and Accounts of the Slocan Star Mines, Limited (Non-Personal Liability), for the year ended October 31, 1915. We report to the Shareholders that we have obtained 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, according to the best of our information and the explanations given us, and as shown by the Books of the Company at October 31, 1915.

Vancouver, B. C., December 6, 1915.

HELLIWELL, MOORE & MACLACHLAN,
Chartered Accountants.

SLOCAN STAR MINES, LTD.

(NON-PERSONAL LIABILITY)

Dear Sir:—

As a result of careful consideration of the reports submitted by the Engineers and Superintendent at the Annual General Meeting of the Company, the Directors have decided to issue Debentures to the value of \$100,000.00.

The reports disclose a large tonnage of zinc ore in the upper levels of the mine, which it is recommended should be immediately produced and marketed.

To successfully accomplish this, it will be necessary to re-model the plant and equipment so as to increase the value of the zinc product, and enable the mill to be kept in continuous operation.

For this purpose it will be necessary to instal a power plant at Sandon, a tramway between the mill and the railway track, and a

fine grinder and extra tables in the mill, necessitating a capital outlay of approximately \$50,000.00.

You will be pleased to know that we have disposed of our zinc accumulation, and we have concluded a zinc contract for the total output of the mine for a period of years. The development on the ninth level is gratifying, and the Directors believe that with this additional capital, and the above improvements, they will shortly be able to provide for the payment of the debentures and facilitate the payment of dividends.

Yours truly,

R. S. LENNIE, President.

To the Shareholders,
Slocan Star Mines, Limited (Non-Personal Liability).