

of the shaft, is now 46 feet above the level. It is in pay ore throughout, showing a width of 5 feet and a smelter's gross assay value of \$20.00.

In the level west on the north branch the ore for 100 feet averages 5 feet in width, with a smelter's gross assay value of \$13.80. From the 100 foot point to the end of the level there is no pay ore. At the 45 foot point, raise No. 686 connects with the stope above. This raise connects with the main stope at a height of 60 feet. Throughout its length, however, it is in unprofitable ground. On the south branch the 40 feet east averages 8 feet wide at \$14.40, smelter's gross assay value. The 30 feet of west drift averages 6 feet wide, at \$10.45, smelter's gross assay value.

THE PRESENT SITUATION.

For the reasons set forth in the following letters, it has been necessary to suspend production and cease dividends until the exhausted development is caught up and the mine and equipment are put in proper condition for economical work:

ROSSLAND, B.C., January 16th, 1900.

*The War Eagle Consolidated Mining & Development Co., Limited,
Toronto, Ont.*

GENTLEMEN,—

You are familiar with the details of our long struggle with delayed, inefficient and broken-down machinery. During all this time we have managed with difficulty to maintain the minimum ore supply required by the smelter, and have thus avoided the consequences of a shut-down.

The evils which could not be avoided, however, were the falling behind with our development work and very excessive costs of mining.

During the past year we have stoped nearly twice as much ore but have run about half as much development work as during the preceding year. Hence, instead of gaining with development, as you originally planned to do, we have entirely exhausted it.

The shortage of hoisting capacity and of air for the machine drills made it impossible to maintain the tonnage, and at the same time to keep up the necessary shafts, upraises and headings.

We have for months been running from hand to mouth.

We cannot apply an economical system of stoping because the ground is not properly opened out in advance. Moreover, the machine