General Manager's Report.

The Directors beg to submit herewith the report of the General Manager, received by them to-day. They desire particularly to draw attention to the condition of the mine as set forth in the report, and to say that whatever disappointments have been met since the last annual meeting in the curtailment of the tonnage and profits below what was expected, they are due rather to the difficulties already sufficiently referred to than to any deficiency either in tonnage or values in the mine itself.

In view of the persistent rumors which have been circulated to the effect that the War Eagle Mine has been worked out, and that the closing down is simply a blind to hide this fact, the Directors have much pleasure in submitting extracts from an independent report made with the Company's permission during the present month by Mr. Wayne Darlington, the eminent American Mining Engineer, on behalf of certain large shareholders, and also from the report of Mr. J. B. Hastings, the Company's Local Director and Consulting Engineer, made on the 10th November last.

Extracts from report of Mr. Wayne Darlington, dated 10th Feb'y, 1900:

(*a*) The 750 foot level (the lowest opened so far) has shown increased values over all intermediate levels up to the 250 foot level. . . . The average for the month of December last, when ore from this level predominated in the shipments, was $13.64 net for the whole mine, which means probably $26.00 ore for the whole of the large ore body (on this level). This 750 foot stope, considering its size and value, is a very encouraging feature of the ore body. The ore body is very wide, 20 feet in places, and the grade the highest since the 250 foot stopes. The limits of the ore body to the eastward have not been reached, and the ore is still about 18 feet wide in the east drift. It shows also in the floor of the level, and will probably extend downward toward the 875 foot level.

(*b*) In addition to the main ore body on this level, a spur of the vein was discovered extending along the foot wall from the wide portion of the ore, and to carry good width and values.

(*c*) A similar spur was found on the 625 foot level, on the hanging wall side; this also carries good values, but is not so wide, being only about 5 feet.

(*d*) The mine has been a producer for over six years, and during that period has shipped to smelters 129,000 tons of ore of a gross value of $25.50 per ton gross for the whole amount shipped. Smelting charges have varied from year to year, steadily declining up to the present, and have kept pace in a measure with the increased cost of mining from the deeper levels.

A review of the past records will assist to a clearer idea of what the mine may be expected to produce in the future.