

MANAGER'S REPORT.

I have practically stoped out all the large ore reserves that were blocked out above No. 5 level. I am still stoping out smaller streaks above this level with profitable results. There is a large block of ground above No. 5 level, between raise No. 2 and chute 35, which I am now prospecting, and from present indications I believe it will produce considerable ore. Have extended Nos. 4 and 5 levels to the main fault.

I have done very little prospecting to locate the vein on the east side of this fault, but as soon as I get the winze connected with No. 8 will endeavor to locate it.

No. 5 level shows ore in the bottom in several places, and one continuous shoot, from six inches to two feet wide and about 200 feet long, which looks very encouraging for the future of the mine.

The stopes between Nos. 4 and 5 levels were not as good as there was reason to expect from indications shown in those levels. Have cut a station at chute No. 46, in No. 5 level, and started a winze to be connected with No. 8 winze, now down about 60 feet, and soon as it is sunk to a depth of 125 feet will start level No. 6. This winze has two compartments and is permanently timbered, and large enough to handle all output, materials and supplies necessary for the working of the property below No. 5 level.

Since assuming the management of the mine I have driven No. 8 tunnel 630 feet, making a total of 930 feet as a crosscut; thinking I might cut the vein that crops on the Thursday Fraction claim.

As I did not find it I believe I passed through a broken section of it, caused by a large fault we encountered about 700 feet in. After stoping No. 8 tunnel as a crosscut I started a level about 30 feet from the face of tunnel, the course being about the same as the strike of vein, and I expect to cut the vein on the turn of the fault as it shows in No. 5 level. I had about 230 feet to drive from crosscut, if the fault continued down on the same dip as it shows above No. 5 level. I have driven about 175 feet in this direction and have 55 feet yet to drive.

When I cut the vein I will then have to drive on it about 100 feet in a northerly direction, so as to be able to start an upraise to connect with the winze I am now sinking in No. 5 level. Will have to sink and upraise 329 feet more before winze is completed. Progress in tunnel No. 8 was very slow for many unavoidable causes, principally the large flow of water encountered in driving, the hardness of the rock, compressed air line freezing and danger from snowslides, making it very difficult to secure and keep good men at work.

I am now driving No. 8 tunnel by hand, on contract, owing to our pipe line giving out. I did not think it advisable to try and repair it at present, on account of the deep snow and danger from slides.

From my knowledge of the property and the indications showing as development progressed, I have every confidence that we will find large bodies of as valuable ore as has been produced in the past.

We are in a position where we must install some kind of power to operate below No. 5 level and it is very necessary to get it in as soon as possible. Owing to the rock becoming much harder below No. 4 level, we will have to change our method of mining from hand to mostly machine work to obtain better results and reduce our operating expenses. My experience during the past year proves this conclusively. I am confident I can reduce our expenses from 15 to 20 per cent. with a suitable plant. I have looked into the matter considerably and would recommend that we put in a water-power plant of 250-horse-power capacity, which will

furnish ample power to operate a compressor that will supply air for ten drills, run a 75-ton concentrator, operate the hoist in No. 5 level, and furnish power for an electric light plant suitable for our requirements.

From estimates made we have from 75,000 to 100,000 tons of fillings in the mine and on the dumps, which in my opinion will pay handsomely to have concentrated. Have had some of the fillings tested at Kaslo Sampling Works, but will make a further test of about 1,000 tons, and results from such test will approximately prove their worth and satisfy us whether it will justify us in putting in a concentrator at the present time or not.

FINANCIAL STATEMENT—ASSETS.

Mines, mineral claims and assets	\$2,607,004 92
Permanent equipment	16,044 14
Office furniture	556 74
Mine supplies and stores on hand, as per inventory	2,082 51
Accounts receivable	14,459 28
Cash on hand and in banks	116,897 41
	<u>\$2,757,015 00</u>

LIABILITIES.

Capital stock	\$3,000,000 00
Less in treasury	400,000 00
	<u>\$2,600,000 00</u>
Accounts payable	12,142 27
Profit and loss	144,872 73
	<u>\$2,757,015 00</u>

PROFIT AND LOSS.

To Cost of mining and developing	\$149,775 21
" Freight and treatment ..	209,225 05
" Tools, appliances, etc. .	2,102 54
" General expenses	3,817 52
" Montreal office expenses	1,800 71
" Ore tax	8,812 21
" Written off permanent equipment	1,844 52
" Repairs to b'd'gs tramway, etc.	1,159 53
" Directors' compensation	4,000 00
	<u>\$382,537 29</u>
" Dividends	234,000 00
" Balance	144,872 73
	<u>\$761,410 02</u>
By Balance brought forward	\$ 34,762 10
" Proceeds ore sales	717,056 07
" Miscellaneous receipts	9,591 85
	<u>\$761,410 02</u>

DUNCAN MINES.

An extraordinary general meeting of the members of the Duncan Mines, Ltd., was held on Monday at Winchester House, Old Broad Street, E.C., for the purpose of considering and, if deemed expedient, of passing the following extraordinary resolution:—"That it has been proved to the satisfaction of this meeting that the company cannot by reason of its liabilities continue its business, and that it is advisable to wind up the same, and that accordingly the company be wound up voluntarily, and that Mr. William McEwen, of Monument Square Chambers, E. C., chartered accountant, be and he is hereby appointed liquidator for the purposes of such winding up." Mr. A. McNab (the chairman of the company) presided.