

determined to spare no expense in rendering the plant immediately workable, if possible, for the purpose of maintaining dividends.

MANAGEMENT.

As it was deemed advisable, for the purpose of economy, to operate the War Eagle and Centre Star Mines under one management, it became necessary to reorganize the staff, and on the first of August last the Directors were fortunate enough to secure the services of Mr. E. B. Kirby, of Denver, Colorado, a gentleman of wide experience in mining and in the installation of suitable mining machinery, as General Manager, while Mr. Hastings was appointed Local Director and Consulting Engineer.

Mr. Kirby, after infinite expense and trouble, got the existing machinery into temporary working order, and, in the meantime, ordered new plant to replace so much of the present as he regarded as permanently defective.

The contracts for the new machinery call for its installation at an early date, but the delays and difficulties in delivering and setting up machinery at Rossland are so great that the Directors hesitate to specify too closely when it ought to be in place and running.

In criticising the mistakes that have been made in connection with the machinery, it ought to be borne in mind that this is one of the largest plants attempted to be installed on the continent, and the first large one attempted in Canada, and that the whole enterprise was new to the owners, contractors and engineers.

CLOSING DOWN.

Mr. Kirby has, from the first, considered that great economies were possible and advisable in the operating of the mine, and on the second of February instant he advised the Directors that it was necessary to close down the mines temporarily, as it was impossible to accomplish the result desired while continuing shipments and development under the unsatisfactory conditions then existing.

Your Directors felt compelled to comply with this advice, and duly notified you to that effect.

SMELTING.

A contract has been made with the Canadian Pacific Railway to smelt 150,000 tons at the rate of \$6.00 per ton for freight and treatment, subject to the usual deductions.