Third Annual Meeting

OF THE

SHAREHOLDERS

OF

The War Eagle Consolidated Mining and Development Co., Limited

---

DIRECTORS' REPORT

GENTLEMEN :—

The Directors have much pleasure in again meeting the Shareholders of The War Eagle Consolidated Mining and Development Company, Limited, at this the third annual general meeting of the Company.

Submitted herewith is a statement of the accounts and the report on the mine, the former brought down to the 30th September last, and the latter to the 1st February instant.

The plant and machinery installed at the beginning of the year worked so badly that development was retarded, the output of ore fell below what the mine could have afforded, and the operating expenses were relatively increased.

The sum chargeable to operating expenses in the accounts has been swelled by losses incurred through constant breakdown of the machinery, with the result that the force was rendered idle on the Company's time during some portion of almost every day, and by the fact that the air pressure fell uniformly below what was necessary for the economic working of the machine drills.

Nevertheless, the Company was able to pay its dividend, although the cash in hand at the beginning of the year available for the purpose of completing the installation of the plant and machinery had to be more heavily drawn upon than was anticipated. This arose from the fact that more had been spent upon some portions of the plant in an endeavor to make it efficient than its original cost involved; the Directors having