

value. Three hundred and ninety-five feet west of the shaft raise No. 387 connects with the second level. The lower part of this is low grade, but the upper 25 feet exposes ore for its full width, averaging \$0.40, smelter's gross assay value.

The third level east extends to a point 630 feet from the shaft. At 80 feet east of the shaft, a crosscut shows the ore 25 feet wide, averaging \$4.50, smelter's gross assay. From 80 to 120 feet east, the ore exposed for the full width of the drift averages \$4.20, smelter's gross assay value. From 120 to 210 feet, no value. From 210 to 230 feet, \$4.70, smelter's gross assay value. From 230 to 285 feet, no value. From 285 to 375 feet the ore exposed for the width of the drift averages \$7.00, smelter's gross assay value. From 375 feet to 425 feet, no value. From 425 to 590 feet exposes ore for the full width of the level, averaging \$4.75, smelter's gross assay value. From 590 to 630 feet, vein barren. Five hundred and thirty-five feet east of the shaft, raise No. 353 connects with the second level. The lower 26 feet exposes 6 feet of ore, averaging \$4.10, smelter's gross assay value. The upper 74 feet exposes 6 feet of ore, averaging \$8.60, smelter's gross assay value.

Fourth Level.—431 feet in depth measured on the vein.

The fourth level west extends 460 feet from the shaft. The first 88 feet exposes ore 10 feet wide, averaging \$13.00, smelter's gross assay value. From 88 feet to 115 feet is barren. 115 feet to 140 feet exposes ore for the full width of level averaging \$9.40, smelter's gross assay value. At 140 feet, the vein is shifted by a fault. The level after passing through the faulted ground crosscuts the vein at a point 240 feet west of shaft, where it is found 21 feet wide, averaging \$11.50, smelter's gross assay value. 300 feet west of the shaft, the level encounters another fault, on the other side of which the ore has been exposed for 100 feet, averaging 12 feet in width, and \$11.50, smelter's gross assay value.

The fourth level east extends to a distance of 130 feet from shaft. The first 30 feet exposes ore 10 feet wide, averaging \$13.00, smelter's gross assay value. From 30 feet to 60 feet, vein barren. From 60 to 120 feet, the ore is 4½ feet wide, averaging \$4.40, smelter's gross assay value.

480 feet west of the shaft, an old shaft, extended by a winze, has a total depth of 700 feet from the surface.

Fifth Level.—609 feet in depth measured on the vein.

The shaft has nearly reached this level.

GENERAL REMARKS.

At the beginning of the fiscal year, the machinery equipment of the Centre Star mine consisted of a small compressor and hoist, intended for temporary use in maintaining development and a small ore production. A new steam hoist and compressor were ordered, and construction of the permanent plant and equipment was begun. On February 6th it became necessary to temporarily suspend shipments from the mine and cease dividends for the reasons explained in the following letters:

Rossland, B.C., Jan. 16th, 1900.

The Centre Star Mining Co., Limited, Toronto, Ont.

Gentlemen,—The stoppage of War Eagle shipments makes it necessary to also suspend shipments

from the Centre Star mine. As you are aware, the Centre Star hoisting equipment is only temporary, and was intended merely to bridge over the interval until the new machinery and headworks are in place. The minimum tonnage required by the smelter has been made up from the joint productions of the Centre Star and the War Eagle mines. The Centre Star equipment is sufficient to handle its present share of the tonnage, but it is not able to meet the requirements of the mine if a large production is attempted. The new machinery has been greatly delayed by the inability of manufacturers to get their materials on time. Moreover, our construction is being pressed in the dead of winter, in the face of unusual difficulties. It will therefore be several months before the new equipment is in place. Meanwhile we will be able to continue our development and to place it well in advance.

Respectfully yours,

EDMUND B. KIRBY, Manager.

Toronto, 5th February, 1900.

To the Shareholders of The War Eagle Consolidated Mining and Development Co., Limited, and the Centre Star Mining Co., Limited.

Dear Sir,—In accordance with the advice of the management at Rossland, as set forth in the accompanying letters, the Directors have decided to close down the mines for the present. We desire to add that we have every confidence in the future of the mines when the plant, etc., is in good working condition.

Yours truly,

GEORGE GOODERHAM, President.

It was decided to take advantage of the opportunity afforded by the stoppage to make a radical change in the method of employing labor. The costs of mining during the preceding year were very excessive, and it had long been apparent that the principal cause of this unusual expense was due to the inefficiency of wage labor under the conditions prevailing in Rossland. The quantity of work done per man for the wages paid was not satisfactory. Repeated efforts had shown that it was impossible to make any satisfactory improvement under the system, and it was therefore decided to introduce the contract system, whereby miners would be paid according to the quantity of work performed, instead of by the time spent in doing it. On March 12th this system was presented to the employees of the Centre Star, War Eagle and Le Roi mines. At first many of the miners opposed the change, fearing that it would be injurious to their interests. The issue remained unsettled for several weeks, during which the mines were closed. On April 5th the question was settled amicably with the miners, who decided in favor of adopting the new arrangement proposed. As the new system had to be inaugurated by degrees, it was some time before the development headings were fairly under way.

Under the contract system it was necessary to furnish contractors with a steady supply of compressed air for power. A large compressor, which was to ensure this air supply, had been contracted, under penalty, for shipment March 10th. Owing to unusual difficulties experienced by the manufacturers in securing their material, this shipment was unfortunately delayed until June 15th. It arrived at