

" The Reduction Works.

" In order to provide for the production of the Wellington Camp and Lone Star mines, as well as for ores purchased from the New Dominion Copper Company, it was decided in April to increase the capacity of the works. This was accomplished by lengthening two of the three blast furnaces each by 50 per cent, thereby acquiring an increased blast furnace capacity of one-third. Two electric locomotives were added to the equipment, one for the charging and the other for the slag railway, the converting department was enlarged by the extension of the building and the crane runway, as well as the addition of two more converter shells, and the capacity of the sampling mill was increased to 125 tons per hour. The total expenditure for enlarging the capacity of the works by one-third amounted to 5.3 per cent of the previous book value of the plant, and during the progress of construction, the works were constantly in operation. Material handled in operations, exclusive of coke, amounted to:—

British Columbia Copper Co.'s ore.	399,353 tons.
Custom ores.	36,575 "
Converter slag.	5,744 "
	—
	441,672 "

Included in the item of converter slag is 2,385 tons of custom ore and clay.
 " 7,199,034 pounds of blister copper was produced from the above material handled, containing:—

Fine copper.	7,143,456 lbs.
Gold.	24,962 ozs.
Silver.	84,180 ozs.

" Operating Costs.

" These have been adversely affected by the extensive construction in progress at different points and particularly at the reduction works, where the inconvenience of making changes while at the same time conducting a continuous process was most felt, and in addition the effect of the more expensive mining and freight of Wellington Camp ore is apparent.

" The yield in all three metals is higher than for the previous two years and the percentage of extraction has been greater, which has permitted of a material reduction in the cost per pound of copper produced, but the average price realized for copper shows a steady decline for the three years. As in the past, the operating costs bear all charges for development and renewals and the maintenance of the various plants in a high state of efficiency.