

The unfortunate machinery troubles of the past year will soon be terminated by the installation of a new plant.

On resuming production I must advise that dividends be deferred until a suitable reserve is accumulated in the treasury. This is necessary to tide over the emergencies to which mining is always subject, such as accidents, temporary changes in the ore shoot, etc., etc.

The rate of production which the War Eagle ore shoot can maintain has a natural limit which is fixed by the size of the shoot and the rate at which it can be followed down. So far as now shown, the limit thus indicated is about 50,000 tons yearly, and I must for the present advise this rate of production.

In conclusion I must add that we have been fortunate in securing the aid of an unusually able and energetic staff, and I take pleasure in expressing my appreciation of their earnest co-operation. The chiefs of departments are Mr. Carl R. Davis, E.M., Mine Superintendent, Mr. Alfred C. Garde, M.E., Mechanical Engineer in charge of construction and machinery, and Mr. Charles V. Jenkins, in charge of the accounting and purchasing.

Respectfully yours,

EDMUND B. KIRBY,

*Manager.*