

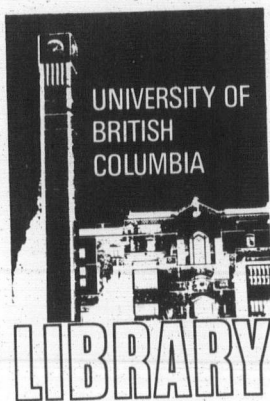
Edmund B Kirby

Third
Annual Report

of the
Directors
of
**The War Eagle
Consolidated
Mining and
Development Co.**
Limited



To the
Shareholders' Meeting
held on the
21st February, 1900



THIRD ANNUAL REPORT

OF THE

DIRECTORS

OF

The War Eagle Consolidated Mining and Development Company, Limited

TO THE

SHAREHOLDERS' MEETING HELD ON THE 21ST FEBRUARY

1900



DIRECTORS

GEORGE GOODERHAM, Toronto, President.

T. G. BLACKSTOCK, Toronto, Vice-President.

HON. GEO. A. COX, Toronto.

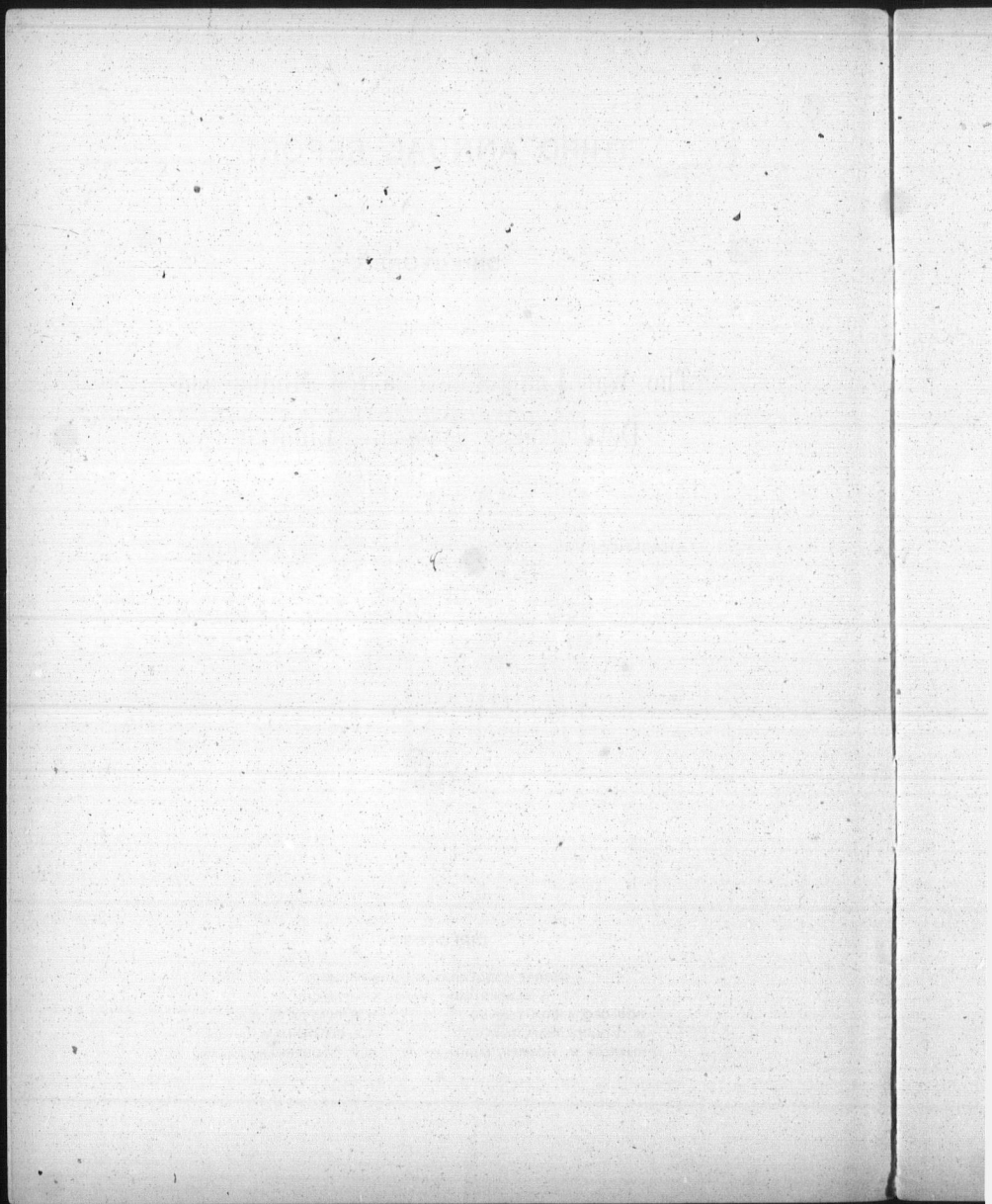
W. G. GOODERHAM, Toronto.

CHARLES R. HOSMER, Montreal.

W. H. BEATTY, Toronto.

A. E. GOODERHAM, Toronto.

C. H. GOODERHAM, Toronto.



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

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.

GENERAL MANAGER'S REPORT.

The Directors beg to submit herewith the report of the General Manager, received by them to-day. They desire particularly to draw attention to the condition of the mine as set forth in the report, and to say that whatever disappointments have been met since the last annual meeting in the curtailment of the tonnage and profits below what was expected, they are due rather to the difficulties already sufficiently referred to than to any deficiency either in tonnage or values in the mine itself.

In view of the persistent rumors which have been circulated to the effect that the War Eagle Mine has been worked out, and that the closing down is simply a blind to hide this fact, the Directors have much pleasure in submitting extracts from an independent report made with the Company's permission during the present month by Mr. Wayne Darlington, the eminent American Mining Engineer, on behalf of certain large shareholders, and also from the report of Mr. J. B. Hastings, the Company's Local Director and Consulting Engineer, made on the 10th November last.

Extracts from report of Mr. Wayne Darlington, dated 10th Feb'y, 1900:

(a) The 750 foot level (the lowest opened so far) has shown increased values over all intermediate levels up to the 250 foot level. The average for the month of December last, when ore from this level predominated in the shipments, was \$13.64 net for the whole mine, which means probably \$26.00 ore for the whole of the large ore body (on this level). This 750 foot stope, considering its size and value, is a very encouraging feature of the ore body. The ore body is very wide, 20 feet in places, and the grade the highest since the 250 foot stopes. The limits of the ore body to the eastward have not been reached, and the ore is still about 18 feet wide in the east drift. It shows also in the floor of the level, and will probably extend downward toward the 875 foot level.

(b) In addition to the main ore body on this level, a spur of the vein was discovered extending along the foot wall from the wide portion of the ore, and to carry good width and values.

(c) A similar spur was found on the 625 foot level, on the hanging wall side; this also carries good values, but is not so wide, being only about 5 feet.

(d) The mine has been a producer for over six years, and during that period has shipped to smelters 129,000 tons of ore of a gross value of \$25.50 per ton gross for the whole amount shipped. Smelting charges have varied from year to year, steadily declining up to the present, and have kept pace in a measure with the increased cost of mining from the deeper levels.

A review of the past records will assist to a clearer idea of what the mine may be expected to produce in the future.

Then follows a table showing quantity shipped from each level.

(c) The great increase in values in the ore shoot at the 750 foot level over the two levels above it is a very encouraging feature, and adds strength to the belief that the ore shoot will be found continuous in size and value for many hundred feet below.

Mr. Darlington, in referring to the low grade ores, said further :—

(f) The 500 foot level has so far produced less than the average quantity, owing to its lower grade preventing its economical handling, but there is a quantity of low grade ore on this level that will make the production of the level much above the average, if it can in the future be treated more cheaply.

(g) In addition to this (the high grade ores referred to) will be found a considerable quantity that will be taken out when smelting charges can be reduced. This quantity will increase in proportion to the reduction in charges, and cannot be readily estimated.

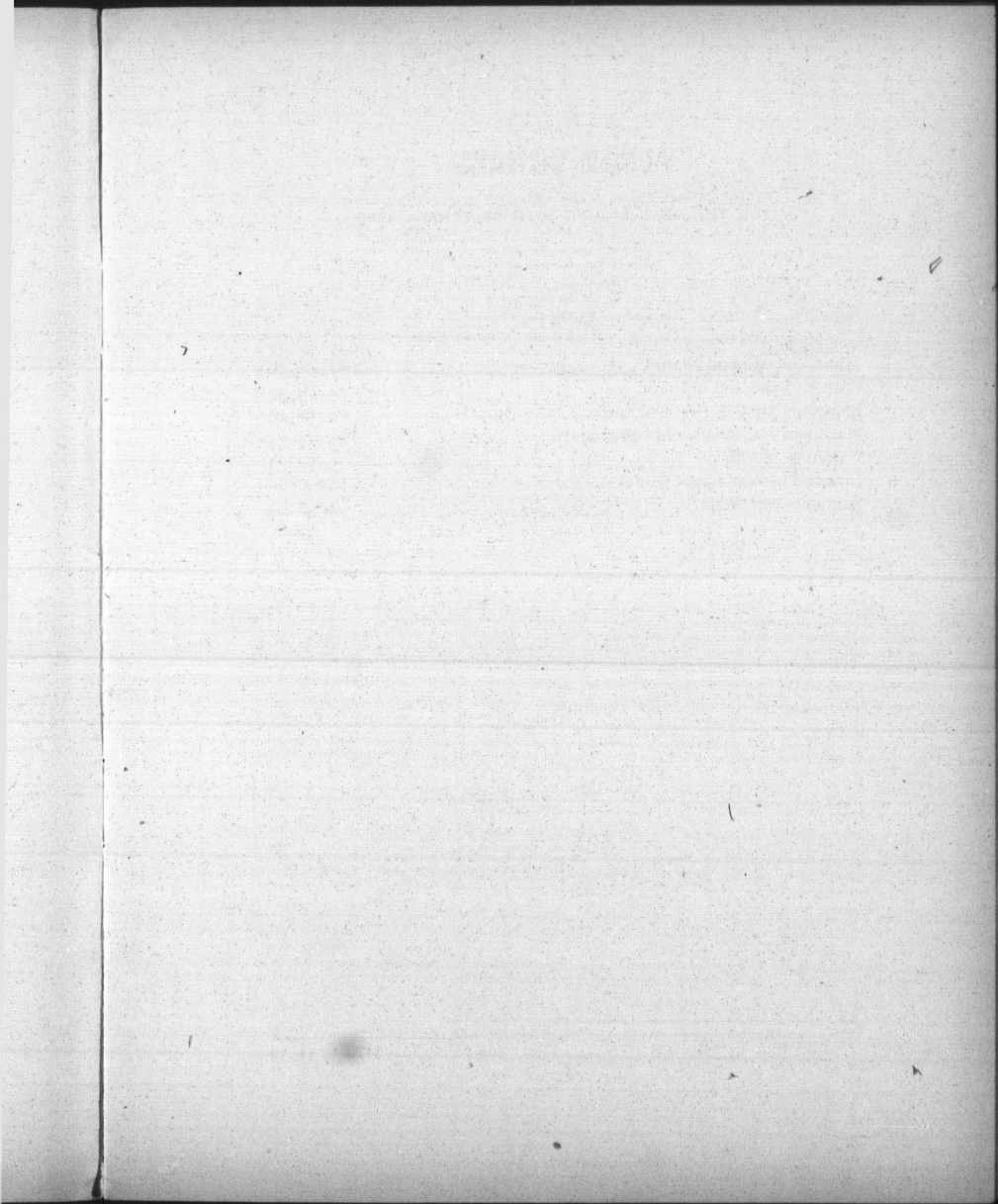
Extract from report of Mr. J. B. Hastings, dated 8th November, 1899 :

(a) *750 foot level.* When the main shaft reached this level ore was encountered averaging for six feet in width, \$25 to \$60 per ton gold. 281 tons extracted while cutting out the station, and 566 tons from a new stope started, was shipped during the fiscal year ; it is credited on our records with a gross market value per ton of \$22.64 and \$18.70 respectively, but the ore was produced in small lots and mixed with large output of the mine, and only credited with the general results, entirely too low. The average value of daily face samples from working, producing the 566 tons, was \$39.95 gold. The average value of mine samples from the same place since then for month of October was \$42, from streak about 6 feet wide.

(b) The persistent high grade of the ore in the stope above the 750 foot level is a most encouraging feature. Meeting the ore in the shaft at this level shows the continuity of the great ore shoot which has yielded the values of the mine.

GEORGE GOODERHAM,
President.

TORONTO, 21st February, 1900.



FINANCIAL STATEMENT

FOR THE YEAR ENDING 30TH SEPTEMBER, 1899

ASSETS

Mines and Mineral Claims.....	\$1,661,000 00
Cash on hand and in Bank.....	24,764 57
Stores on hand as per inventories.....	11,798 76
Machinery, buildings and equipment	146,218 74
Furniture of Offices.	1,252 32
Invested in War Eagle Hotel	12,000 00
Accounts receivable.....	4,698 93

\$1,861,733 32

FINANCIAL STATEMENT

FOR THE YEAR ENDING 30TH SEPTEMBER, 1899

LIABILITIES

Capital Stock.....	\$1,750,000 00
Dividend No. 17, payable 16th October, 1899.....	26,250 00
Accounts payable.....	78,883 73
Profit and Loss.....	6,599 59

\$1,861,733 32

PROFIT AND LOSS

To Cost of mining and developing

War Eagle Mine,	\$271,036 70	
" Crown Point Mine Expense.....	734 09	
" Richmond Group Expense.....	582 70	
" Toronto Office Expense.....	1,364 40	
" Travelling Expense.....	428 57	
" Legal Expense.....	4,298 18	
" Pender Damage Suit.....	1,189 85	
" Mine Accidents.....	3,261 56	
" Sundry Expense.....	1,342 47	
		\$284,238 52
" Dividends Nos. 6 to 17.....	315,000 00	
" Balance carried forward.....	6,599 59	
		321,599 59

\$605,838 11

E. J. KINGSTONE,
Secretary.

Examined and found correct,
CLARKSON, CROSS & HELLIWELL,
Auditors.

PROFIT AND LOSS

By Balance brought forward.....	\$85,747 23
" Net proceeds from Ore Sales.....	518,879 31
" Interest	568 32
" Transfer Fees.....	643 25

\$605,838 11

GEORGE GOODERHAM,
President.

T. G. BLACKSTOCK,
Vice-President.

**SUPPLEMENTARY
FINANCIAL STATEMENT**

FOR THREE MONTHS ENDING 30TH DECEMBER, 1899

ASSETS

Mines and Mineral Claims.....	\$1,661,000 00
Cash on hand and in Bank	75,358 43
Stores on hand	12,746,57
Machinery, Buildings and Equipment.....	163,638 11
Furniture of Offices.	4,623 38
Invested in War Eagle Hotel.....	12,000 00
Accounts Receivable.....	6,881 58
	\$1,933,248 07

LIABILITIES

Capital Stock.....	\$1,750,000 00
Dividend No. 20, payable 15th January, 1900	26,250 00
Accounts payable	82,008 98
Profit and Loss	74,989 09
	\$1,933,248 07

PROFIT AND LOSS

To Cost of mining and developing

War Eagle Mine,	\$118,604 94	
" Richmond Group	2 00	
" Diamond Drill Prospecting.....	658 00	
" Hoist and Compressor Litigation....	520 80	
" Pender Damage Suit.....	2,184 00	
" Sundry Legal Expenses	435 45	
" Auditors' Fees.....	550 00	
" Toronto Office Expense.....	522 13	
" Interest and Exchange.....	127 00	
" General Expenses.....	43 11	
" Dividends Nos. 18, 19 and 20.....	78,750 00	\$123,647 43
" Balance carried forward.....	74,989,09	
		153,739 09
		\$277,386 52

By Balance.....	6,599 59	
" Net proceeds from ore sales.....	270,697 18	
" Transfer Fees	89 75	
		\$277,386 52

GENERAL MANAGER'S REPORT

WAR EAGLE MINE OFFICE,

ROSSLAND, B.C., Feb. 13th, 1900.

To the Directors of

*The War Eagle Consolidated Mining & Development Co., Limited,
Toronto, Ont.*

GENTLEMEN,—

I herewith submit a Statement of the Accounts, Statistics of Production, Cost, etc., and my Report upon the Property. The Accounts are brought down to 30th December, 1899, and the Statistics and Report to 1st February, 1900.

Respectfully yours,

EDMUND B. KIRBY,

Manager.

PRODUCT OF THE WAR EAGLE MINE

STATEMENT SHOWING VALUES AND SMELTER CHARGES PER ANNUM TO FEBRUARY 1ST, 1900.

Year.	Net Tonnage.	Real or Full Assay Value Total metallic content tests at full N. Y. quotations.	Indirect Smelting Charge N. Y. quotations and smelter's prices for the material.	Direct Smelting Charge from the mine.	Total Smelting Charge indirect.	Smelter's Gross Assay Value After deducting indirect charges only.	Smelter's Net Value After deducting both the indirect and direct charges from the gross assay value (net value of ore l. o. h. cars at mine).
1894	47 93	\$2,053 56	\$321 39	\$-86 62	\$908 01	\$1,732 17	\$1,145 55
1895	9,681 93	472,303 86	73,925 83	108,486 32	182,412 15	398,737 68	289,024 35
1896	8,712 00	339,772 86	51,611 27	88,459 32	139,870 59	278,166 79	189,944 38
1897	7,466 00	306,682 83	31,611 27	73,752 42	105,363 69	172,648 61	98,866 19
1898	28,875 00	759,709 10	188,924 87	213,000 35	402,925 12	579,744 23	*356,843 98
"	51,243 00	1,067,310 19	332,436 27	336,320 85	558,757 16	834,882 92	598,562 03
1899	22,693 00	532,246 76	130,372 71	136,162 03	266,534 76	401,873 55	295,711 50
Oct. Nov, Dec.							
January	7,698 00	149,389 15	35,199 20	45,555 28	80,745 48	105,198 95	55,643 67
	136,863 00	\$3,508,541 46	\$744,856 56	\$992,986 24	\$1,737,842 80	\$2,763,684 90	\$1,770,698 66

*NOTE.—The values here shown are a correction of the published statement for year ending September 30th, 1898, which latter were in error owing to having calculated the real or full value of the copper contents of the ore at prices paid by Smelter, instead of at the New York market quotations for that metal.

PRODUCT OF THE WAR EAGLE MINE.

STATEMENT SHOWING VALUES AND CHARGES PER TON.

(To Feb. 1, 1900.)

Year.	Real or Full Assay Value. (Total metallic contents at full N. Y. market quotations.)	Indirect Smelting Charge. (Difference between N. Y. quotations and smelter's price for the metals)	Direct Smelting Charge. (Including freight from the mine.)	Total Smelting Charge. (Direct and Indirect.)	Smelter's "Gross Assay Value." (After deducting indirect charges only.)	Smelter's "Net Value" After deducting both direct and indirect charges from real or full assay value (net value of ore f. o. b. cars at the mine).
1894	\$43 54	\$6 63	\$12 50	\$19 13	\$36 91	\$24 41
1895	47 33	7 41	10 87	18 28	39 92	29 05
1896	36 97	5 79	9 99	15 68	31 18	21 29
1897	27 64	4 33	9 96	14 29	23 31	13 35
1898	26 63	6 62	7 50	14 12	20 01	12 51
1899	20 83	4 55	6 36	10 91	16 28	9 92
Oct. Nov. Dec. 1899	23 46	5 75	6 00	11 75	17 71	11 71
January 1900	18 24	4 49	6 00	10 49	13 75	7 75

TABLE SHOWING GRADE OF ORE SOLD EACH MONTH.

(Oct. 1, 1898, to Feb. 1, 1900.)

FROM MAIN ORE SHOOT ONLY.

MONTH OF	Smelter's Gross Assay Value per ton.	MONTH OF	Smelter's Gross Assay Value per ton.
October, 1898	\$18 50	June	\$14 53
November	18 05	July	11 93
December	22 95	August	14 09
January, 1899	17 95	September	15 94
February	18 07	October	15 41
March	25 53	November	15 31
April	18 60	December	19 44
May	15 12	January, 1900	13 75

MEMORANDUM.—Tonnage from smaller veins same period, 5,966 tons @ \$23.38.

THE WAR EAGLE MINE.

Almost the entire production of the War Eagle Mine has been derived from its "Main Vein" and from a single ore shoot in this vein. This shoot has a dimension of 300 to 450 feet along the vein, and has now been exposed to the sixth level, a depth of 755 feet measured on the vein. It is so located that its median line roughly coincides with the line of the main shaft. As usual, the vein area included within the shoot limits carries pay ore in irregular patches or masses, interspersed with barren material or ore too low in grade for profit. The different pay ore bodies vary in grade from thirty (\$30.00) dollars or forty (\$40.00) dollars down to the pay limit. The structure is somewhat complicated by numerous dykes and faults and by branching of the vein. Moreover, its width in places and the irregular distribution of the pay bodies increases the proportion of development work necessary.

About 640 feet east of the shaft the "main vein" is crossed at an angle of 55 degrees by a smaller vein. In it an excellent ore body, apparently another ore shoot, has recently been discovered. It has a dimension along the vein of 120 feet, an average width of 11.1 feet and has been stoped to the surface 50 feet above. This stope has yielded 5,966 tons, averaging \$23.38 per ton, smelter's gross assay value. A winze has been sunk 60 feet in ore, but the work has not yet gone far enough to prove the limits or continuity of the ore body.

THE MAIN ORE SHOOT.

The proportion of pay ground within the main ore shoot is approximately shown by the following table:

**TABLE SHOWING WIDTH OF STOPES AND PERCENTAGE OF
PAY AREA IN MAIN ORE SHOOT**

December 31st, 1899.

PORTION OF ORE SHOOT.	Area of Stopes. Square Feet.	Stoped Area in percentage of Shoot Area. Approximate.	Average Width of Stopes. Feet.
Block above Level, No. 1 . . .	37,850	78%	5.2
" " " " 2 . . .	45,000	66%	8.1
" " " " 3 . . .	38,480	56%	8.3
" " " " 4 . . .	17,500	42%	8.9
" " " " 5 . . .	12,270	37%	13.2
" " " " 6 . . .	9,280	19%	10.0

NOTE.—On Levels 5 and 6 the Stopes are still being extended. The first four Levels are about worked out, so that the percentages given show the total pay area.

The following table also shows the production and grade of ore from the main shoot :

TABLE SHOWING PRODUCTION AND GRADE OF ORE FROM EACH LEVEL

Up to December 31st, 1899.

FROM MAIN ORE SHOOT ONLY.

PORTION OF ORE SHOOT.	Net Tonnage Produced.	Smelter's Gross Assay Value, per Ton.
Block above Level, No. 1	19,601 Tons.	\$24 52
" " " " 2	30,299 "	26 69
" " " " 3	31,432 "	16 67
" " " " 4	15,066 "	14 12
" " " " 5	15,004 "	15 62
" " " " 6	5,279 "	17 19
Total	122,681 Tons.	\$20 48

So far as known, the first four levels are practically worked out. There are some small remnants, and future prospecting may add something to their tonnage, but there is no reason to expect any important additions.

The fifth level is but partly worked. It requires more development to prepare the discovered ore bodies for stoping and there is also a possibility of discovering others. Forty feet west of the shaft the main vein splits into north and south branches, both of which carry pay ore.

The sixth level also shows the north and south branches, both carrying pay ore. Their junction here lies east of the shaft. Between the levels the largest and richest ore mass is found along the line where the two branches join. The shoot on the sixth level is only partially developed. The developments are still opening up pay ground and it will be some time before the shoot is well exposed so as to define the pay ore and establish its quantity and grade. It is impossible to estimate this now with any degree of accuracy, because of this lack of development and also because of the exceptional shape and unusual variations in grade of the ore bodies in this block. It is evident, however, that the quantity of pay ore is large. There is so far nothing to indicate that the

shoot has decreased in size at this depth. The main shaft has now reached the seventh level at a depth of 880 feet measured on the vein. The cross-cuts to the veins will soon be under way.

GRADE OF ORE.

The grade of ore from the shoot is shown by the above tables, also by the accompanying statistics of yearly and monthly production. From all these data it is apparent that with depth the ore product has lowered in grade. It must be noted, however, that this change in product, considered only by itself, would not prove any change in the shoot. As the costs of mining and smelting decreased, the pay limit was lowered. The stopes were therefore extended to include ore of lower grade. By stopping less, the grade might have been kept higher.

Hence, the productiveness of the shoot at various levels is measured by the quantity as well as the grade of its product. As compared with the first three levels, the fourth level block now finished showed a sudden and great decrease in both the quantity and grade of its ore. The fifth level is also less productive, but an improvement on the fourth. The sixth level is not developed enough to show its contents. It promises, however, to be more productive than the fifth. A body of fine ore was stoped, averaging about \$28.00, smelter's gross assay value. Patches in this ran from \$40.00 to \$50.00, which is as high as anything in the three first levels. This proves that the conditions of ore deposition here were still such as to permit the occurrence of high grade bodies. The number to be encountered is of course a matter of luck. On the whole, the decrease in productiveness for two levels is no more than might be expected from the natural fluctuations of ore shoots. So far there is no reason to assume that the decrease is permanent. No conclusion can be drawn until the shoot is developed to greater depths.

The fact that development work is exhausted, as explained elsewhere, makes it impossible to present any accurate estimate of ore available above the sixth level. So far as estimates can go they indicate about 20,000 tons, with an average grade of about \$14.25, smelter's gross assay value.

DETAILS OF DEVELOPMENT ON 5TH AND 6TH LEVELS.

Fifth Level.—The fifth level east extends 180 feet east of the shaft cross-cut. On the level west the vein splits into a north and south branch at a point 40 feet west of the shaft cross-cut. On the main or south branch the level is extended to the distance of 296 feet from shaft

cross-cut. The level of the north branch is extended to a point 160 feet from the cross-cut.

The level east exposes pay ore for the first 40 feet and from there on is unproductive. At the 157 foot point, raise No. 552 extends 60 feet above the level. It exposes a 6 to 12 inch streak of sulphide ore of low grade.

On the level west the pay ore continues to a point 80 feet from the shaft cross-cut. This ore, together with the forty feet on the level east, constitutes a large body which has been stoped out above, nearly to the fourth level. This stope has an average width of 13 feet and has yielded 17,091 tons, average \$15.32, smelter's gross assay value. The stope has not yet been exhausted. From the above-mentioned 80 foot point to the 175 foot point along the south branch the vein shows ore in spots, but on the whole is too low grade for profit. From the 175 foot to the 245 foot point the vein is of better grade but still below the pay limit. The remaining 51 feet on the level is in barren ground. At the 150 foot point on this south branch, raise No. 590 extends 40 feet above the level. It is almost entirely in pay ore of the average width of 5 feet and a grade of \$16.00, smelter's gross assay values. The level on the north branch has exposed pay ore for 120 feet of its length. This is $4\frac{1}{2}$ feet wide and averages \$13.20, smelter's gross assay value.

Sixth Level.—The split in the vein strikes this level at a point probably 100 feet east of the shaft. On the north branch the level is extended 110 feet east of the shaft and 120 feet west of it. At a point 15 feet west a cross-cut, 60 feet long, gives access to the south branch. Drifting on this branch has extended 40 feet east and 30 feet west from the cross-cut.

In the level east on the north branch, the first 50 feet from the shaft is too low grade for consideration. From the 50 to the 90 foot point the ore is 5 feet in width, averaging \$12.60, smelter's gross assay value. From the 90 to the 110 foot point the ore is 20 feet in width, averaging \$16.00, smelter's gross assay values. At the 120 foot point the ore is cut off by a dyke and drifting has not yet extended farther. Raise No. 651 was started in the low grade material 40 feet east of the shaft. For the first 20 feet above the level the ore was only 6 inches wide and of little value. Above this point it rapidly widened out into a large body of high grade ore. The stope upon this body has so far produced about 8,000 tons of about \$28.00 per ton, smelter's gross assay value. The stope averages 11 feet in width. Raise No. 653, 75 feet east

of the shaft, is now 46 feet above the level. It is in pay ore throughout, showing a width of 5 feet and a smelter's gross assay value of \$20.00.

In the level west on the north branch the ore for 100 feet averages 5 feet in width, with a smelter's gross assay value of \$13.80. From the 100 foot point to the end of the level there is no pay ore. At the 45 foot point, raise No. 686 connects with the stope above. This raise connects with the main stope at a height of 60 feet. Throughout its length, however, it is in unprofitable ground. On the south branch the 40 feet east averages 8 feet wide at \$14.40, smelter's gross assay value. The 30 feet of west drift averages 6 feet wide, at \$10.45, smelter's gross assay value.

THE PRESENT SITUATION.

For the reasons set forth in the following letters, it has been necessary to suspend production and cease dividends until the exhausted development is caught up and the mine and equipment are put in proper condition for economical work:

ROSSLAND, B.C., January 16th, 1900.

*The War Eagle Consolidated Mining & Development Co., Limited,
Toronto, Ont.*

GENTLEMEN,—

You are familiar with the details of our long struggle with delayed, inefficient and broken-down machinery. During all this time we have managed with difficulty to maintain the minimum ore supply required by the smelter, and have thus avoided the consequences of a shut-down.

The evils which could not be avoided, however, were the falling behind with our development work and very excessive costs of mining.

During the past year we have stoped nearly twice as much ore but have run about half as much development work as during the preceding year. Hence, instead of gaining with development, as you originally planned to do, we have entirely exhausted it.

The shortage of hoisting capacity and of air for the machine drills made it impossible to maintain the tonnage, and at the same time to keep up the necessary shafts, upraises and headings.

We have for months been running from hand to mouth.

We cannot apply an economical system of stoping because the ground is not properly opened out in advance. Moreover, the machine

drills are so crowded together as to cause serious interference and loss of time. Ventilation and timbering cannot be properly maintained.

We have endured these evils so far in the hope that they would be only temporary, and that it might be possible to improve the situation gradually and avoid a stoppage of production. It is now evident that this is not possible. It will be several months before the new machinery is in place, and until then we cannot gain much with the development.

It will then be many months before this development is advanced far enough to permit economical mining. Meanwhile the present waste of money would continue.

Under the circumstances radical measures are necessary to secure relief. I am therefore compelled to advise that you immediately stop production and cease dividends. We can then devote a number of months to the sole work of getting the mine and its equipment into proper shape for economical work.

Respectfully yours,

EDMUND B. KIRBY,
Manager.

TORONTO, 5th February, 1900.

*To the Shareholders of
The War Eagle Consolidated Mining & 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.

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.

COMPARATIVE STATEMENT OF WORK DONE AND ITS COST PER FOOT OR TON TO DEC. 31ST, 1899.

	1897			1898		
	Jan. 20th to Sept. 30th		Oct. 1st, 1897 to Sept. 30th, 1898			
	Work Done. Feet or Tons.	Total Cost.	Cost Per Foot or Ton.	Work Done. Feet or Tons.	Total Cost.	Cost Per Foot or Ton.
DEVELOPMENT WORK						
General Work, Stations, Re-timbering, Etc.						
Drifting	2,303	\$3,770 18	\$20 11		\$18,249 34	
Raising	421	46,318 33	30 33	3,480	74,956 25	\$21 54
Sinking—Small Shafts or Winzes ..	175	12,768 93	92 29	431	13,726 95	30 43
Sinking—Main Shaft		16,150 31		185	17,808 99	96 26
Total Development Work	2,899	\$79,002 75		4,116	\$124,743 53	
ORE EXTRACTION						
Ore from Development Work	2,596			2,316		
Ore from Dumps, Storage, Etc.	4,810	\$15,634 94	3 24	26,559	\$86,070 10	\$3 24
Total Ore Sold	7,406	\$15,634 94	\$2 11	28,875	\$86,070 10	\$2 98
SUMMARY						
Cost of Development Per Ton of Ore Sold ..	7,406	\$79,002 75	\$10 67	28,875	\$124,743 53	\$4 32
Cost of Ore Extraction	7,406	15,634 94	2 11	28,875	86,070 10	2 98
Total Cost of Mining Per Ton of Ore Sold ..	7,406	\$94,637 69	\$12 78	28,875	\$210,813 63	\$7 30

COMPARATIVE STATEMENT OF WORK DONE AND ITS COST PER FOOT OR TON TO DEC. 31ST, 1899.

	1899					
	Oct. 1st, 1898 to Sept 30th, 1899		Oct. 1st, 1899 to Dec. 31st, 1899			
	Work Done. Feet or Tons.	Total Cost.	Cost Per Foot or Ton.	Work Done. Feet or Tons.	Total Cost.	Cost Per Foot or Ton.
DEVELOPMENT WORK						
General Work, Stations, Re-timbering, Etc.		\$11,830 26			\$1,897 27	
Drifting	1,884	42,927 28	\$22 78	837	21,850 64	\$26 10
Raising	417	16,169 89	38 77	253	8,495 12	33 51
Sinking—Small Shafts or Winzes.	7	349 95	49 99	42	1,826 93	43 50
Sinking—Main Shaft.	122	16,283 05	132 92	70	6,897 51	98 54
Total Development Work.	2,430	\$87,560 43		1,202	\$40,967 47	
ORE EXTRACTION						
Ore from Development Work..... Tons	1,670			1,894		
Ore from Dumps, Storage Etc.	3,763	\$25,226 00	\$6 60	721	\$63 29	\$8 78
Ore Stopped	45,810	181,224 01	3 95	20,079	77,074 18	3 84
Total Ore Sold	51,243	\$183,476 27	\$3 58	22,694	\$77,637 47	\$3 42
SUMMARY						
Cost of Development Per Ton of Ore Sold.....	51,243	\$87,560 43	\$1 71	22,694	\$40,967 47	\$1 80
Cost of Ore Extraction	51,243	183,476 27	3 58	22,694	77,637 47	3 42
Total Cost of Mining Per Ton of Ore Sold.	51,243	\$271,036 70	\$5 29	22,694	\$118,604 94	\$5 22

TABLE OF MINE COSTS

FOR TWELVE MONTHS ENDING SEPT. 30, 1899.

	DEVELOPMENT WORK.				ORE EXTRAC- TION.
	SINKING. Main Shaft.	SINKING. Small Shaft.	RAISING.	DRIFTING.	
Total advance, feet	122½	7	417	1884½	
Ore stoped, tons					45,810
COST PER FOOT.					COST PER TON.
Drilling	\$52 55	\$21 00	\$14 01	\$8 45	\$1 53
Tramming and Shoveling ..	4 22	5 00	4 06	3 10	53
Timbering	23 22	4 86	3 16	07	29
Hoisting	9 72	1 10	15	20	13
Smithing	5 18	2 11	1 88	1 21	15
Ore Sorting	74		14		01
General Labor	10 04	3 10	3 36	2 39	30
Air	7 32	2 44	2 76	1 55	21
Candles and Ill. Oil	95	54	40	27	03
Lubricating Oils and Waste	75	19	22	14	02
Explosives	5 25	3 49	3 22	1 87	25
Drills and Fittings	1 71	83	52	26	05
Mine Supplies	1 61	46	49	35	04
Lumber Expense	74	38	45	32	03
Stable and Teaming	1 19	45	42	28	04
Assaying	54	80	40	19	05
Surveying	90	09	28	18	02
Electric Lighting	74		40	28	03
Salaries	4 07	2 35	1 76	1 21	18
Office Expense	38	42	14	08	01
General Expense	1 10	38	56	38	05
Total	\$132 92	\$49 99	\$38 78	\$22 78	\$3 95

ORE SOLD.

Stoped	45,810 tons.
Dumps	3,762 "
Met in development	1,671 "
Total	51,243 tons.