

Edmund B Kirby

2ND
ANNUAL REPORT

OF

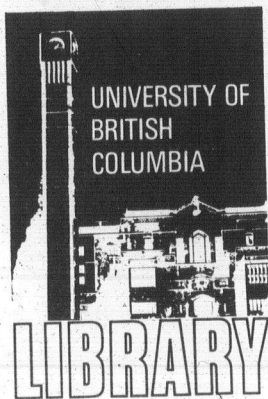
THE DIRECTORS OF

**The War Eagle
Consolidated
Mining and
Development Co.**

LIMITED

TO THE
SHAREHOLDERS' MEETING
HELD ON THE
15TH NOVEMBER, 1898

Orfukins



SECOND ANNUAL REPORT

OF THE

DIRECTORS

OF

The War Eagle Consolidated Mining and
Development Company, Limited

TO THE

SHAREHOLDERS' MEETING HELD ON THE 15TH NOVEMBER

1898



DIRECTORS :

George Gooderham, Toronto, President.

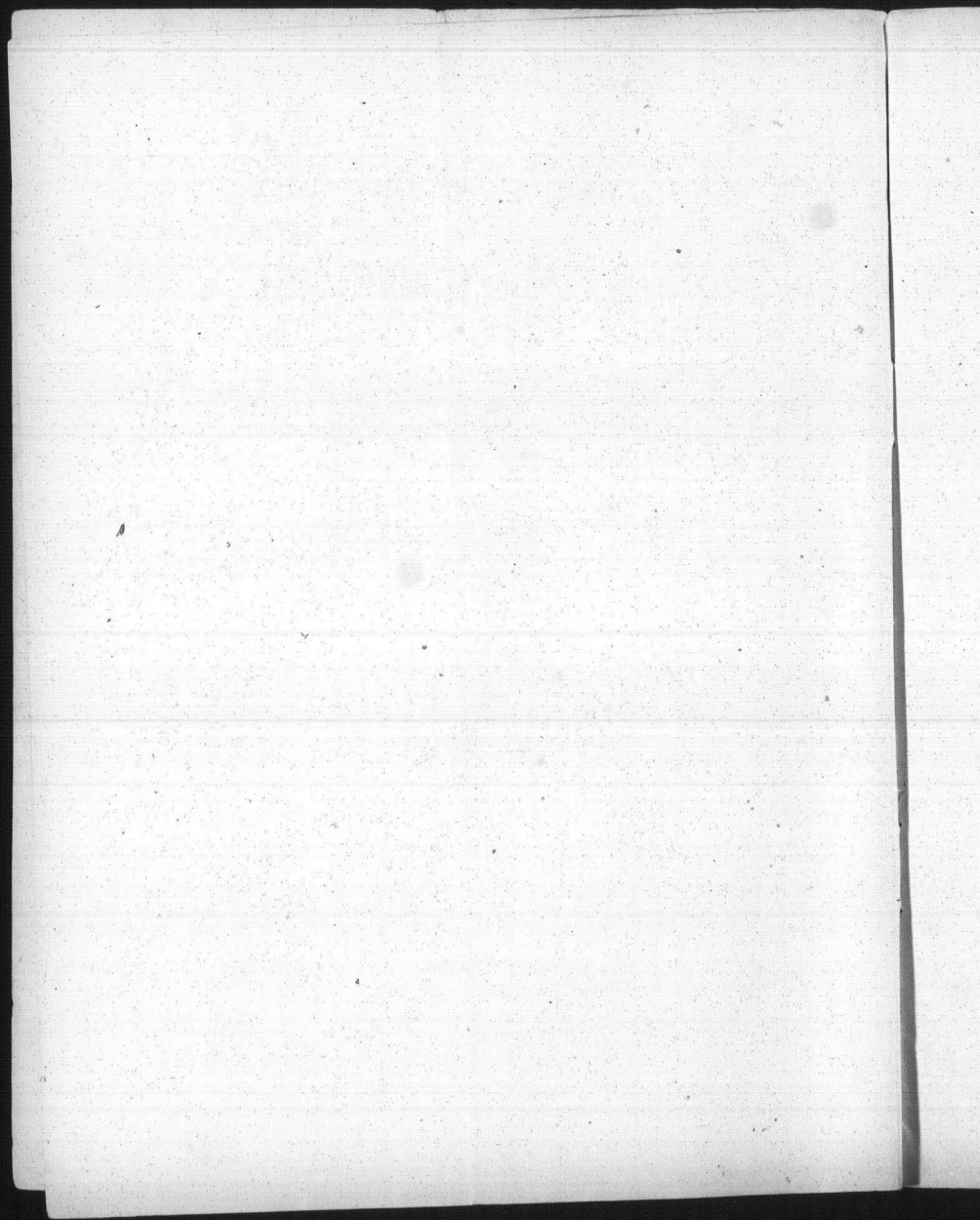
T. G. Blackstock, Toronto, Vice-President.

Hon. Geo. A. Cox, Toronto.

W. G. Gooderham, Toronto.

W. H. Beatty, Toronto.

A. E. Gooderham, Toronto.



SECOND ANNUAL MEETING

OF THE
SHAREHOLDERS
OF

The War Eagle Consolidated Mining & 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 second annual general meeting of the Company.

Submitted herewith is a statement of the accounts and a report on the mine, the former being brought down to the 30th of September, and the latter to the 31st October.

We trust that both will be found so complete as to call for little by way of comment or explanation.

FREIGHT AND TREATMENT OF ORES.

At the last annual meeting the Directors were compelled to announce that they

"having found it impossible under existing conditions to obtain any reduction in the cost of freight and treatment of the Company's ores, and feeling that the present rate could not be long maintained in the face of improving railway facilities and the competition likely to ensue thereon, determined in July last to stop shipping altogether, and to devote their energies to putting the mine in shape to ship freely when rates were satisfactory."

It is gratifying to be able to state that this policy of delay has been amply justified by a subsequent reduction in the rate of freight and treatment from a maximum charge of \$11.00 to \$7.50, with a further rebate of fifty cents per ton, provided the Company ship an average of 175 tons per day for six months continuously, which it has so far been able to do without difficulty, notwithstanding the limited capacity of its machinery.

In reference to the steel gallows frame, and the air compressing and hoisting plants, with their accompanying electric motors (to which the general manager, Mr. J. B. Hastings, has referred more particularly in his report), the Directors have to say, that while it may have appeared to the shareholders that some unnecessary delay has taken place in the installation of these plants, the Directors consider that the fact that this is

the first time Canadian workshops have been called upon to turn out so large a mining plant, ought in a measure to be accepted as a satisfactory explanation. In addition to this it has been found that the transportation facilities in a comparatively new camp like Rossland, were inadequate to the rapid handling of such massive pieces of machinery over a mountain road which had to be constructed for the purpose between the terminus of the railway and the top of the War Eagle hill.

The West Kootenay Power and Light Company having installed a plant capable of delivering in Rossland from five to fifteen thousand horse power, and being prepared not only to sell the same at a price below the cost of steam power, but to agree to make a further reduction as the price of coal came down, the Directors felt justified in adopting electricity as a motive power, especially in view of the fact that this form of power has been found to give good satisfaction in many mining camps throughout the United States. It is only fair, however, to say that so far as the Directors are advised, in no place have motors of such capacity been installed, and therefore, as regards the size and capacity of the motors, the undertaking is experimental. Every effort has been made by the Canadian General Electric Company and by the West Kootenay Power and Light Company, as well as by our own engineers to make this experiment a success.

Should it prove such, it will not only effect a material reduction in the cost of operating the mine, but will afford a stimulus to the development of other mines in the vicinity which are now awaiting the result of the experience of this Company before installing suitable mining plants.

EXPLORATION AND DEVELOPMENT.

As might be expected, the exploration and development work which had proceeded with great rapidity, and with the most gratifying results, from January 1897 down to May of the present year, could not be kept up at the same rate after the Company commenced shipping on a scale that taxed the capacity of its machinery. This, however, is unimportant, in view of the fact that the mine had already been developed in excess of its requirements, and that the amplitude of the new plant will enable the Company at all times hereafter to keep its exploration and development work well ahead of its requirements.

The Directors are fully alive to the necessity of making every effort to lower the cost of mining and reduction of ores in view of the fact that the production of the mine increases in inverse ratio to the cost. Whether the policy of the Canadian Pacific Ry. in operating its own smelters for the pur-

pose of securing the reduction of ores at cost, will procure ultimately for the miner as low a rate as would be secured by open competition, remains to be seen. In the meantime it is gratifying to know that it continues to be the policy of that Company to smelt at cost, and the Directors feel that it is in the interest of the War Eagle Company to give this experiment a full trial before considering the propriety of investing a large amount of capital in the construction and operation of a smelter.

It will be observed from the statement of accounts that the capital stock has been increased since the last meeting from \$1,650,000 to \$1,750,000, being an increase of \$100,000. This stock realized the handsome sum of \$270,000, which has enabled the directors to wipe off the obligations of the Company, including most of the cost of the new plant, leaving, with the surplus earnings, \$135,334.99 on hand.

In conclusion, the Directors can only again express their high appreciation of the judgment and untiring energy their manager, Mr. John B. Hastings, M.E., F.G.S.A., has continued to bring to the administration of the Company's affairs, in which he has been ably assisted at the mine, as will be seen from his report, by Mr. John Fitzwilliams and Mr. Chas. V. Jenkins.

At the Head Office Mr. E. J. Kingstone has discharged his duties in a faithful and efficient manner.

GEORGE GOODERHAM,

President.

Toronto, Ont., Nov. 15th, 1898.

FINANCIAL STATEMENT

FOR TWELVE MONTHS ENDING 30TH SEPTEMBER, 1898

ASSETS

Mines and Mineral Claims.....	\$1,650,000.00
Cash, on hand and in Banks—	
Bank of Montreal, Rossland.....	\$ 30,784.51 ✓
Bank of Toronto, Toronto.....	104,462.37
On hand.....	88.11
	\$135,334.99
Mines Supplies and Stores on hand as per Inventories ...	✓ 14,556.90 ✓
Permanent Improvements.....	6,536.25 ✓
Hoist, Compressor, and other plant.....	40,049.04 ✓
Furniture of Offices.....	669.20 ✓
Invested in "War Eagle" Hotel.....	14,400.00 ✓
Debts receivable.....	450.85 ✓

\$1,861,997.23

FINANCIAL STATEMENT

FOR TWELVE MONTHS ENDING 30TH SEPTEMBER, 1898

LIABILITIES

Capital Stock paid up.....	\$1,750,000.00
Dividend No. 5, payable 15th October, 1898	26,250.00
Profit and Loss.....	85,747.23

\$1,861,997.23

PROFIT AND LOSS

To balance September 30th, 1897.....		\$40,779.64 ✓
" Cost of mining and developing.....		
War Eagle Mine,	\$210,813.63	
Crown Point Mine,	12,036.31 ✓	
" Richmond Group.....	503.91 ✓	
" Pender Damage Suit.....	1,301.48 ✓	
" Other Legal Expenses.....	3,798.56	
" Toronto Office Expenses.....	1,528.12	
" Travelling Expenses.....	737.50	
" General Expenses.....	2,894.55	
" Interest and Exchange.....	8,439.93	
" Directors' Compensation.....	10,000.00	
		252,053.99
" Indebtedness of The Crown Point Gold Mining Co. assumed,		20,013.14
" Dividends Nos. 1 to 5	125,250.00	
" Unappropriated profits.....	85,747.23	
		210,997.23

\$523,843.97

E. J. KINGSTONE,

Secretary.

Examined and found Correct,

CLARKSON, CROSS AND HELLIWELL, *Auditors*

PROFIT AND LOSS

By Net Proceeds of Ore Sales (five months only)..... \$353,269.52 ✓
 " Transfer Fees.... 574.45
 " Premium from Sale of 100,000 Shares of Capital Stock.. 170,000.00

353,843.97
 353,843.97
 353,843.97

\$523,843.97

GEO. GOODERHAM,

President.

T. G. BLACKSTOCK,

Vice-President.

WAR EAGLE MINE OFFICE,
ROSSLAND, B.C.,

NOVEMBER 1ST, 1898

To The Directors of

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

DEAR SIRS,—

The following is my report for the past year upon the Company's mining properties, the accounts and cost sheets till September 30th, and the condition of the mines till October 31st.

WAR EAGLE

Development for the Year. Since October 1st, 1897, date of my last annual report, up till October 1st, 1898, the following work has been done at the costs specified, exclusive of assaying and ore sorting, properly chargeable to ore production of headings :

3,480	feet of tunnelling,	average cost per foot,	\$21.15.
451	" raising,	" "	29.78.
185	" sinking,	" "	96.25.

4116 feet, Total.

From driving these headings, 2,316 tons of ore were produced and shipped.

Total Headings on the Mine. The work done during the past year, added to former headings, makes a total of :

Tunnelling.....	8,304	feet.
Raising.....	851	"
Sinking.....	665	"

Total, 9,820 feet.

This does not show 250 ft. of the Main working shaft timbered through the stopes, from the 250 ft. level to the surface.

Ore Extraction for the Year. As you know the smelting conditions were such that regular stoping in the mine and ore shipment was not begun during the year until May. Besides the ore just mentioned, there was produced and shipped from stopes 26,559 dry tons at an average cost per ton of \$3.24, the total shipments for the year aggregate 28,875 tons. Average gross value, \$20.01. Total Smelters' gross value, \$570,744.23.

The "Gross Market Value" per ton of the ore in metals was : gold, \$18.90 ; silver, \$1.15½ ; copper, \$3.46½ ; total, \$23.52.

Total Product of the Mine. The following table gives the total production of the Mine, the gross market value is the actual value of the

gold, silver and copper contained in the ore. The gold at \$20.60 per oz., silver at New York quotations, and copper at New York price for casting. The difference between this column and "Smelters' Gross Value" is really a smelting and marketing charge, and the amount is shown under the heading of "Indirect Smelting Charge."

PRODUCT OF THE WAR EAGLE MINE
CHARGES AND VALUES PER TON

Year	Net Value	Direct Smelting Charge	Smelters Gross Value	Smelting Charge Indirect	Actual Total Smelting Charge	Gross Market Value
1894	24 41	12 50	36 91	6 63	19 13	43 54
1895	29 05	10 87	39 92	7 41	18 26	47 33
1896	21 29	9 89	31 18	5 79	15 68	36 97
1897	13 35	9 96	23 31	4 33	14 29	27 64
1898	12 51	7 50	20 01	3 51	11 01	23 52

CHARGES AND VALUES PER ANNUM

Year.	Net Tonnage.	Net Value.	Direct Smelting Charges.	Smelters' Gross Values.
1894	46 93	\$1,145 55	\$586 62	\$1,732 17
1895	9,980 93	289,951 36	108,486 32	398,437 68
1896	8,920 29	189,944 38	88,222 41	278,166 79
1897	7,406 30	98,896 19	73,752 42	172,648 61
1898	28,523 00	356,843 98	213,900 25	570,744 23
	54,877 45	\$936,791 46	\$484,948 02	\$1,421,729 48

Year.	Indirect Smelting Charges.	Total Smelting Charges.	Gross Market Value.
1894	\$321 39	\$908 01	\$2,053 56
1895	73,925 83	182,412 15	472,363 51
1896	51,611 07	139,833 48	329,777 86
1897	32,034 22	105,786 64	204,682 83
1898	99,991 05	313,891 30	670,735 28
	\$257,883 56	\$742,831 58	\$1,679,613 04

No. 1 Raise Stopes. This stope fully justified my expectations, from the map it will be seen that it is not entirely gone, but the remaining areas are lower grade, the total net product of the stope during the year

was 9030 tons at \$21.34, smelters gross value, \$192,700.00, deducting transportation and treatment, net value \$124,975.00. As the area extracted including the No. 1 Raise, from which 170 tons were shipped, is 8,424 square feet, and the ore averages 9 cubic feet to the ton, the average width of the ore was 10 feet.

West Stope. The shipment for the year was 3,813 dry tons at \$20.45, \$77,974.85 gross value, deducting smelting and transportation charges, \$49,378.35 net value. The area extracted was 4,140 square feet, after deducting 530 tons from the year's product, as this amount was broken in the stope at the beginning of the year, at 9 cubic feet to the ton an average width of 7 feet is found. The value and width fairly represent the present condition of the stope.

West Raise Stopes. We only drew on the West Raise Stopes for 224 tons during the year and the work done was to break down about 1,000 tons of ore and leave it in the stope. The 224 tons averaged \$23.40, \$5,241.60 gross value, deducting transportation and treatment \$3,561.60 net value. My last year's report said they contained, as far as worked, 6 ft. of continuous ore. We are now shipping heavily from here, the October output being 1,100 tons, gross value, \$24,200.00.

375 East Stopes. This ground has materially improved during the year. The best showing before that period was 5 ft. of \$20.00 ore. The stopes shown on map, inclusive of the level, cover an area of 4,176 square feet, from which 4,513 tons have been shipped this year and 90 tons last year, indicating $9\frac{3}{4}$ ft. as the width of ore. This 4,513 tons averaged \$19.80, \$89,357.40 gross value, deducting transportation and smelting charges, \$55,509.90 net value.

Winze Stopes. The Winze Stopes are really a part of the 375 East, as their position on the map shows. The area stoped is 2,844 square feet, the production 3,418 tons, which at 9 feet to the ton gives 11 feet width of ore. The value per ton averaged \$24.35, \$83,228.30 gross value, deducting transportation and smelting charges \$57,593.30 net value.

375 West Stopes. This ground has yielded lower in value than the rest of the Mine, but there is such a large area left, and especially the rich ore along the bottom of No. 2 level, that I hope during the ensuing year the average value will greatly increase. The area stoped is 3,420 square feet, yielding 2,926 tons of shipping ore, at 9 feet per ton, giving width of 8 feet. The average value was \$13.80, \$40,378.80 gross value, deducting transportation and smelting charges, \$18,433.80 net value.

500 Foot Level. This tunnel has been continued 450 feet to the shaft and 250 feet further, making it at present writing $\frac{1}{2}$ mile long from

mouth to face. The tunnel was run on hanging wall without finding ore of value, so 200 feet east of the shaft, a cross-cut was put to foot wall, proving the vein was 42 feet wide, with 32 feet of mixed ore. A careful sample of the west side of this cross-cut in 5-foot sections gave 20 feet of \$10.00 ore and 12 feet of \$25.00 ore, total values. A Raise has been made from this crosscut to the 375 East level. The whole raise is in ore of varying value, it started in good ore, the first 140 tons shipped assayed \$19.88 gross value; the last 259 tons \$6.74. By special arrangement with smelter we were allowed \$1.74 per ton on this lot. As the head of the Raise comes out north of the good ore on the 375 East level, it is probable the main body of rich ore is south of the Raise. The tunnel west of the shaft has been in low grade ore; 158½ tons shipped as broken assayed \$13.18; giving, by special smelting terms, \$8.18 and 451½ tons shipped as broken from other portions, assayed \$16.40.

East Raise. This working did not discover any bodies of ore.

South Drift. Nothing has been done here for the year and the ore body 50 feet long, 30 in. wide, assaying \$20 gold per ton, with the same width and values in the face, remains intact. This drift was run 500 feet south and an ore body 40 feet long, 2 to 10 feet wide, encountered, which produced, when driving through it, 192 tons, assaying \$18.47, \$3,546.24 gross value and from stope above tunnel 326 tons assaying \$14.85, \$4,841.10 gross values. A total of 518 tons, averaging \$16.18, \$8,387.34 gross value, deducting cost of transportation and smelting, \$4,502.34 net value. There are yet 50 tons of the best ore piled in the tunnel. The ore body gave out going up, but is in bottom of tunnel.

625 East. In running this drift 90 ft. Easterly on the vein from the south cross-cut from the main shaft on the 625 foot level, 347 tons of rock broken in driving, shipped without sorting, assayed \$14.10, \$4,892.70 gross value. No drifting has been done west on the vein at point of intersection by the cross-cut, it averaged 6 feet wide, and \$25.00 in value.

Ore Reserves. There are large bodies of ore ready for extraction, of which the aggregate will run lower in value than the past product of the mine. I place it at 100,000 tons, smelters' gross value \$1,700,000.00; with the usual amount of development and shipping what could be conveniently stoped, I would again place the cost of extraction at \$3.25 per ton. The ore estimated as available is between the 250 ft. level and the bottom of the mine.

Surface Improvements. The present plant of compressor and hoist proved quite insufficient for our needs during the past year and the development has been slower than with a more complete plant. The new plant, con-

sisting of an electrically driven double drum hoist with capacity for lifting 16,000 lbs. at 750 feet per minute, a $24\frac{3}{4} \times 48$ so-called 40 drill compressor and a 20 horse power blower, will be in operation by the first of the year.

The new steel gallows frame, 100 ft. high from collar of shaft to centre of sheave, and iron shaft house 185 ft. long, 40 ft. wide, 120 ft. high, with large ore bin capacity, crusher and sorting belts, is practically completed.

A water and drainage system, containing 6,000 ft. of pipe, has been put in and wooden tanks built to hold a domestic and fire supply of 75,000 gallons, 45,000 with 140 to 250 ft. pressure above the buildings.

Commodious and substantial general offices, assay offices and stables have been built; the War Eagle Hotel Company has erected handsome board and bunk houses for our employees. Easy wagon roads have been built from the railroad and the timber to the main shaft.

Development for the Year. The following are the most important features: The making of a Main Incline Shaft of the No. 2 Winze by carrying the latter to the surface at an incline of 58° from the 250 ft. level upwards and downward in triple compartment, at 64°. The 375 East and West drifts have been extended and stulled for stoping, and raises made from them to the 250 ft. level. A raise No. 6 has also been made from the 500 ft. level to the 375 ft., and a raise No. 5 in the east end of the Mine from the 500 ft. level to the 250 ft. Large pockets have been put in on the 500 ft. and 625 ft. levels to load the skips from.

Crown Point. A fair amount of exploiting was done on the Mine above the Main Tunnel. The large surface ore body was found to gradually pinch out, and in view of the expenditures on the War Eagle, with your permission, I discontinued prospecting on the claim.

Richmond Group. The necessary assessment work has been done on the claims, and they have been surveyed and advertised for Crown Grant, which I believe, will be immediately issued. Acting on your instructions, the Company's holdings have been increased by purchase of $\frac{1}{4}$ of the "Summit," a contiguous claim, of which it now owns $\frac{3}{4}$; and the purchase of the whole of the "Mineral Hill" and "Eureka," also contiguous claims, these last having the Slocan Star vein for about 800 ft.

Costs of Mining. I believe these will be found to be minutely and comprehensively explained, as far as may be, in suitable compass by the tables forming part of this report.

Conclusion. Finally, I will again call the attention of the Board, as it was my pleasure to do last year, to the capable and energetic services of Mr. John Fitzwilliams, Foreman, and Mr. Charles V. Jenkins, Accountant. I am, dear sirs, yours truly,

JOHN B. HASTINGS.

WAR EAGLE MINE
COMPARATIVE STATEMENT OF COSTS

Showing average cost per foot of work, and extraction per ton of ore for period from October 1st, 1897, to September 30th, 1898, as compared with costs for period from January 20th to September 30th, 1897.

Nature of Work	Period	Work Accomplished	Cost per Foot
1. Tunnelling, Drifting, etc.	Oct. 1 to Sep. 30, '98	3,480 ft.	\$21 15
	Jan. 20 to Sep. 30, '97	2,303 1/2 ft.	20 11 3/4
2. Raising	Oct. 1, '97 to Sep. 30, '98	451 ft.	29 78
	Jan. 20 to Sep. 30, '97	421 ft.	30 33
3. Sinking	Oct. 1, '97 to Sep. 30, '98	185 ft.	96 25
	Jan. 20 to Sep. 30, '97	175 ft.	92 28 3/4
4. Ore Extraction	Oct. 1, '97 to Sep. 30, '98	26,559 tons	3 24
	Jan. 20 to Sep. 30, '97	4,810 3/4 tons	3 24 3/4

Exclusive of cost of assaying and ore sorting in tunnelling, drifting and sinking, which is properly chargeable to the ore produced from these headings.

NUMBER AND WAGES OF EMPLOYEES ON "WAR EAGLE"
AND "CROWN POINT" MINES.

These have averaged, at 358 days to the year, 144, exclusive of office force and boarding house employees, with daily wages of \$3.21 1/2. The list comprises the following:

Miners	74 1/2
Carmen and Shovellers	22 1/2
Timbermen	7
General Labor (Foreman, Engineers, Machinists, Blacksmiths and Helpers)	31 3/4
Surface Laborers	8 1/2

TABLE OF MINE COSTS

FOR TWELVE MONTHS, ENDING SEPTEMBER 30TH, 1898

	WORK ACCOMPLISHED			ORE EXTRACTION
	SINKING	RAISING	DRIFTING	
Total No. of Feet	185	451	3,480	
Tons of Ore Stoped				26,559
AVERAGE COST FOR				
Drilling	\$43 42	\$11 91	\$8 05	\$1 23
Tramming and Shovelling	3 22	3 10	2 83	46
Timbering	8 03	2 73	02	24
Hoisting	4 35	17	38	04 1/2
Smithing	5 41	1 43	1 11	13 1/4
Ore Sorting		40	14	02 3/4
General Labor	6 84	2 16	1 78	19
Air	6 52	1 89	1 48	17
Candles	97	37	28	03 1/2
Oil and Waste	27	09	06	01
Explosives	4 03	2 26	2 25	23 1/2
Drills and Machine Fittings	1 61	49	35	04 3/4
Mine Supplies	1 53	41	31	05
Stable Expense and Team'g	06	02	01	00 1/4
Assaying	01	25	25	06 1/4
Surveying	98	04	01	00 3/4
Salaries	3 73	1 22	97	13 1/4
Office Expense	42	12	11	01
Legal Expense	27	03	08	00 1/4
Lumber Expense	26	20	17	00 1/2
General Expense	95	30	25	04
Depreciation of Plant and Machinery	3 38	84	65	10
Total Cost per unit	\$96 26	\$30 43	\$21 54	\$3 24

