

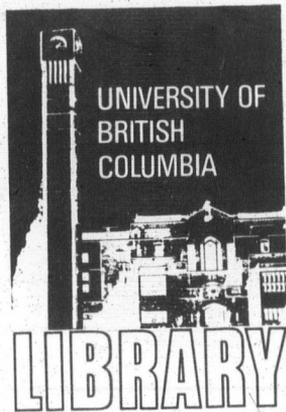
Edmund B Kirby

FIRST ANNUAL REPORT
OF
THE DIRECTORS OF
The
War Eagle Consolidated Mining
and Development Co.

Limited



TO THE SHAREHOLDERS' MEETING
HELD ON THE 23rd NOVEMBER, 1897



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FIRST ANNUAL REPORT

OF THE

DIRECTORS

OF

The War Eagle Consolidated Mining and
Development Company, Limited

TO THE

SHAREHOLDERS MEETING HELD ON THE 23RD NOVEMBER
... 1897 ...



DIRECTORS:

GEORGE GOODERHAM, Toronto, President.

T. G. BLACKSTOCK, " Vice-President.

W. G. GOODERHAM, Toronto. A. E. GOODERHAM, Toronto.

W. H. BEATTY, " GEO. A. GOX, "

FIRST ANNUAL MEETING

OF THE

SHAREHOLDERS

OF

The War Eagle Consolidated Mining and Development Company, Limited

ANNUAL REPORT OF THE DIRECTORS

GENTLEMEN:—

The Directors have much pleasure in meeting the Shareholders of The War Eagle Consolidated Mining & Development Company, Limited, at this their first annual general meeting.

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 of October.

These are so complete as to call for little by way of comment or explanation.

FREIGHT AND TREATMENT OF ORES.

The Directors 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 rates 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.

Up to that time the Company had been shipping about thirty tons a day, chiefly ore encountered in development.

This Policy of withholding the ores from shipment has been abundantly justified by the important announcement since made by the Canadian Pacific Railway, both to your Directors and to the public generally, that it will at once provide for the transportation and treatment of Rossland ores at cost for the purpose of stimulating the development of that camp.

What these rates, both for freight and treatment, will be, your Directors are at present unable to announce, but that they will be settled within the next month, and that they will be sufficiently below existing rates to justify the Company its policy of non-shipment is not open to doubt.

In view of the magnitude of the ore reserves on hand and the extent of the development of the War Eagle Mine it will be necessary as soon as possible to double the capacity of our compressor and hoisting plant in order to be prepared to handle our output and maintain our ore reserves.

In this connection it may be said that the West Kootenay Power & Light Company are installing an Electric Plant of five thousand horse power at Kootney Falls, and have promised power this winter at one half the cost of steam.

Altogether your Directors think the shareholders are to be congratulated on the continued improvement in the mine under systematic development and in the certain prospect of being able within the next few months to materially cheapen the cost of mining, transporting and treating the Company's ores.

In conclusion the Directors desire to express their keen appreciation of the skill, judgment and energy which our Manager, Mr. John B. Hastings, M.E.; F.G.S.A., has brought 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. Charles V. Jenkins.

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

GEORGE GOODERHAM,
President.

Toronto, Ontario, November 23rd, 1897.

FINANCIAL STATEMENT

OF THE

War Eagle Consolidated Mining and Development Company, Limited

FOR NINE MONTHS ENDING 30TH SEPTEMBER, 1897

ASSETS

Mines and Mineral Claims		\$1,670,013.14
Cash, on hand and in Banks—		
Bank of Montreal, Rossland	\$2,404.01	
Bank of Toronto, Toronto	994.55	
On hand	228.05	3,626.61
Mine Supplies, etc., on hand—		
Candles	\$ 51.20	
Powder	1,791.57	
Lumber	453.88	
Fuel	423.75	
Lubricating Oils	389.16	
Pipe and Fittings	630.37	
Drill and Machine Fittings	1,507.49	
Rolling Stock and Rail	803.84	6,051.26
Permanent Improvements	\$3,131.29	
Boarding House Improvement	25.00	3,156.29
Boarding House Supplies		1,525.95
Rossland Office Furniture and Fixtures		355.12
Toronto " "		301.30
B. C. Smelting and Refining Co., for exchange on ore settlements		3.59
Hall Mines Limited, for exchange on ore settlements		15
Profit and Loss		\$1,685,033.41
		40,779.61
		\$1,725,813.02

FINANCIAL STATEMENT

OF THE

War Eagle Consolidated Mining and Development Company, Limited

FOR NINE MONTHS ENDING 30TH SEPTEMBER, 1897.

LIABILITIES

Capital Stock paid up.....	\$1,650,000.00
George Gooderham.....	75,813.02

\$1,725,813.02

PROFIT AND LOSS ACCOUNT

To Cost of Mining, etc.

War Eagle Mine :

Mine Labor	\$60,894.22
Mine Supplies	14,216.78
Compressor Supplies	444.52
Compressor Labor	2,388.29
Fuel	4,002.74
Office Expense	821.76
Salaries	5,503.29
Assaying	1,409.28
General Expense	1,287.86
Legal Expense	250.45
Surveying Expense	429.25
Written off for depreciation in value of Permanent Improvements, Rolling Stock, Rail, Tools, Office Furniture, etc	2,989.25

\$94,637.69

Crown Point Mine :

Mine Labor	\$12,624.25
Mine Supplies	3,749.13
Compressor Labor	2,563.87
Salaries	980.24
Office Expense	3.75
Legal Expense	334.00
Compressor Supplies	90.26
General Expense	237.30
Assaying	37.75
Fuel	794.62

\$21,415.17

Richmond Group :

Assessment Work, etc	\$1,172.60
To Tiger and Uncle Sam	870.25
“ General Expenses	4,845.16
“ Toronto Office Expenses	860.10
“ Boarding House Labor	259.30
“ Interest	1,686.70
	\$125,746.97

WAR EAGLE MINE OFFICE,
ROSSLAND, B. C.,
OCTOBER 31ST, 1897.

To The Directors of

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

DEAR SIRS,—

The following is my report upon the War Eagle Mine, the accounts up till September 30th, and the condition of the mine to October 31st.

CROWN POINT

The main tunnel was run fifty feet ahead, passing through some stringers of copper ore without gold value. The drift at level of bottom of shaft, continued north by hand drills, is in the vein, but only a scattering of iron and copper, without value. The station for the underground hoist is being cut out under the raise.

WAR EAGLE

Since May 22nd, date of my semi-annual report, up till October 1st, 1,468½ feet of tunnelling, 135 feet of raising, and 115 feet of sinking has been done to prospect the veins, and with favorable results.

No. 1 Raise The finest body of ore discovered, was opened by the No. 1 Raise, in the ground lying between the old No. 2 and 3 Stopes, above No. 1 Tunnel. The virgin area is 120 feet long by 100 feet high. In making the raise, about 350 tons were taken out. A large portion of the ore extracted was shipped with the West Raise ore. 170 tons sold alone, netted \$14.34 per ton. The average of mine samples in this working gives a width of five feet and a value of \$24.50 gold. Some fifty tons are broken in the Raise ready for shipment. The top is ten feet from the surface. The Nos. 2 and 3 Chutes were always considered as disconnected above tunnel No. 1, but are now shown to be ends of a continuous ore chute, comprising old No. 2 Chute, No. 3 Chute, and the ground between. I have just started a prospecting drift east, half way between Tunnel No. 1 and surface, to see whether there is any ore between Nos. 1 and 2 Chutes. The No. 1 Raise ground is equivalent, above the No. 1 Tunnel, to the West Stope ground above the No. 2.

West Stope
West Raise
Stopes The West Stope and West Raise Stopes are fulfilling all the conditions I pointed out on May 22nd. They contain, as far as worked, a continuous body of ore six feet wide. Between May 22nd and October 1st, 1,342 tons were shipped, and 1,060 tons broken, ready for shipment. The value is fairly represented by the average value of the total ore shipped, \$23.00 per ton.

375 Foot Levels The 375 east and west have not done as well as expected. Both are driven on bodies of ore five to ten feet wide, assaying \$10.00 to \$16.00 gold. The 375 east for the past twenty feet has had a fine body of ore five feet wide, assaying \$16.00 gold, about \$20.00 total values, very heavy in iron, and looking as if it might make quite a strong chute. This ore is further east than the good showing on No. 2 tunnel. The 375 west is also improving. The faces of the two drifts are already 385 feet apart all in ore bearing ground. I expect the 375 west will continue for eighty-five feet, and the 375 east for fifty feet; if so, the ore chute on the 375 level will be 510 feet long. Ninety tons of ore have been shipped from these drifts; the rest is on the second class dumps.

500 Foot Tunnel On the 500 ft. level, at the winze, the vein has only been cross-cut. It is ten feet wide, and the portion that looks like the pay streak is five feet. The average values were too low to be called ore, going about \$4.00; hand samples went up to \$38.00. I have no doubt that in drifting, bodies of shipping value will be found. The winze is down 270 feet, twenty-eight feet below the 500 foot level; both it and the 500 foot levels east and west will be pushed.

The 500 foot level east from our extension of the Iron Mask tunnel is 140 feet long, and encountered a body of quartz ore, six feet wide, fifty feet long, and averaging \$15.00 per ton gold. The 500 foot level, westward from the extension of the Iron Mask, is 516 feet long, and has just entered a vein carrying a pay streak twelve inches wide, assaying \$75.00 gold. This working is now getting into favorable ground for ore, it is 450 feet further to the winze. A branch called the South 500 West, has been run southwesterly for 257 feet from this tunnel, to prospect a parallel vein without finding any ore.

East Raise Prospecting here has not resulted favorably. Some ore was found, but nothing to really add to the value of the mine. We will push the workings further.

South Drift This has been run north 63 feet from Tunnel No. 2, and passed into an ore body 50 feet long, 30 inches wide, assaying \$20.00 gold per ton. This amount of ore is still in the face. The drift has also been run south 341 feet, and just struck an ore body 18 inches wide, assaying \$26.00 gold.

Summary From the estimate of ore in sight, it will be seen that I am able to claim \$722,000 net; an advance of \$237,000 over May 22nd. Were it desired to ship ore, I would put machines stoping in the West Raise, West Stope, No. 1 Raise, 375 East and 375 West. Without any exertion, they would each produce twenty tons, or one hundred tons daily, while I have

no doubt various other openings in the mine would lend their quota.

Development It will be seen from the maps that the veins are opened 520 feet on their greatest depth, and 1,400 on their greatest length.

During the year, from January 20th to September 30th, the following work has been accomplished:—

2,354 feet of tunnelling and drifting at average cost per foot, \$20 12	
371 feet of raising, at average cost per foot.....	30 33
175 feet of sinking, at average cost per foot.....	92 29
4,810.75 tons of ore stoped, at average cost per ton.....	3 25
1,050 tons of ore broken in stopes, ready for shipment.....	2 80
600 tons produced from headings and shipped, not included in costs.....	
50 tons produced from headings, yet in chutes.....	

These costs are fully specified in the accompanying tables. The old headings, at the time this Company took over the mine, aggregated 2,825 feet, so by September 30th, the development was doubled. On November 23rd there will $1\frac{1}{4}$ miles of tunnels, drifts, raises and winzes.

Ore Shipments The following tables, "Product of the Mine," show amount of ore sold to smelters, its value, and their charges. As you know, the smelters do not pay market values, but arbitrary ones set by themselves. For instance, the actual average gross values contained in War Eagle ore, sold since January 20th, per ton, was:—

Gold at \$20.66 per oz.....	\$19,773
Silver at $60\frac{1}{2}$ per oz.....	1,981
Copper at $10\frac{3}{4}$ c. per lb.....	
(N. Y. price for casting).....	5,530

Average actual market value per ton.....	\$27,284
The average gross value per ton returned by the smelters, was.....	\$23,014

Difference, or indirect charge for smelting.....	\$ 4,270
The average direct smelting charge per ton.....	10.150

Total real smelting charge per ton.....\$14.425

The total gross value at market prices during period of shipment of 5,410.⁷⁴⁸/₁₀₀₀ tons, between January 20th and September 30th, 1897, was:

Gold, 5,178. ⁷³² / ₁₀₀₀ oz. at \$20.66.....	\$106,992.60
Silver, 17,808. ⁰⁰² / ₁₀₀₀ oz. at $60\frac{1}{2}$ c.....	10,720.72
Copper, 278,316 lbs. at $10\frac{3}{4}$ c.....	29,918.97

Total market value.....	\$147,632.29
Total smelters' gross value.....	125,526.62
Total smelters' net value.....	69,577.77

PRODUCT OF THE MINE

CHARGES AND VALUES PER TON

Year	Net Value	Direct Smelting Charge	Smelters Gross Value	Indirect Smelting Charge	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 28	47 33
1896....	21 29	9 89	31 18	5 79	15 68	36 97
1897....	14 69	9 42	24 11	4 48	13 90	28 59
1897....	12 86	10 15	23 01	4 27	14 42	27 28

CHARGES AND VALUES PER ANNUM

Year	Net Tonnage	Net Value	Direct Smelting Charge	Smelters' Gross Value
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....	1,995 55	29,318 42	18,803 57	48,121 99
1897....	5,410 75	69,577 77	54,948 85	124,526 62
	26,354 45	\$579,937 48	\$271,047 77	\$850,985 25

Year	Indirect Smelting Charges	Total Smelting Charge	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....	8,928 55	27,732 12	57,050 54
1897....	23,105 67	78,054 52	107,632 29
	\$157,892 51	\$428,940 28	\$1,008 877 76

Ore Reserves By a careful comparison of the areas now opened by the No. 1 Raise, No. 1 Tunnel, West Raise, No. 2 Tunnel, Winze, and 375 foot Levels, with those from which the past product of the mine has been extracted, and the output of the small stope in Josie North, the shaft at mouth of No. 2 Tunnel, and small ore chute in the 500 East, I consider that 38,000 tons smelters' gross value \$29.10 per ton, total \$1,108,000.00, a safe estimate of ore that may be called in sight. Probably in extraction a greater tonnage of lower value than this estimate will be produced, but the net results will be the same. The valuation and tonnage is based upon past product of the mine.

I do not mean to preclude the possibilities of the ground now opened yielding in excess of estimate. The mine is in an advantageous position for stoping, and while carrying on the present line of development, this ore could be placed on cars at foot of ore bins for \$3.25 per ton, and the total amount extracted in a year. The cost of extraction per ton, so far, has been \$3.25, an analysis of which is shown in the table of costs.

Thirty-eight thousand tons in sight at \$29.10 per ton may be considered a proportionately high value in comparison with five thousand four hundred and eleven tons shipped this year at \$23.01 per ton.

I believe the ore shipped was lower grade than the total of the ore blocked in the mine, because it came from West Raise on the west boundary of the ore chute, from the West Stope, all along the bottom of an ore chute where it passed into a barren zone; from the ragged edges of the old No. 2 Stopes, and from the 375 East and West, that are in a fairly poor level as far as run; the only heavy ore came from the No. 1 Raise.

The ore estimated in sight is along the No. 1 Raise and the shaft, and under the high grade body found on No. 2 Tunnel, and in the heart of the West Raise or No. 3 Chute.

I should judge that at least 10,000 tons of low grade ore would be mined with the 38,000 tons of high grade. With low general smelting rates, this would probably go direct to the smelter, otherwise to the second class dump. Six thousand tons of such ore is already on the dumps, and about the mine, extracted with the past high grade ore. I could not give any authoritative estimate of the values of this 10,000 tons,—probably \$10.00 per ton.

A careful analysis of all our vein samples in ore of quantity that would have been considered worth stoping shows the following percentage of values:

Gold Values	Per Cent.	Gold Values	Per Cent.	Gold Values	Per Cent.
1. \$ 1 00	0.34	\$14 00	6.32	\$30 00	0.86
2 00	1.20	16 00	12.13	32 00	3.08
3 00	1.54	18 00	5.13	34 00	0.68
4 00	5.13	20 00	4.61	36 00	0.85
6 00	8.20	22 00	1.71	38 00	0.17
8 00	16.07	24 00	3.59	40 50	2.31
10 00	10.94	26 00	3.56	50 60	1.37
12 00	8.88	28 00	1.71	80 90	0.68
				\$15 41	99 88%

This data is from 585 assays; their average value in gold is \$15.41. A rejection of the low grade ore to either the waste or the second-class dumps,

and hand-sorting, brings up the contents to shipping values. The percentages are not exactly fair, as I think the wider ore bodies were the richer. So far, there has not been any large bodies of lower grade ore than this discovered in the War Eagle. About the rest of the camp, I have not the requisite information to judge. They would occur in the:

Centre Star	Cliff	Cons. St. Elmo
Columbia & Kootenay	Monte Cristo	Great Western
Jumbo	Deer Park	Iron Horse

Future Working Following the present lines for the immediate future is the best. An enlargement of compressor plant and hoisting engine will be necessary. This will not be practicable until next spring, when the proposition of a vertical shaft can also be met.

Cost of Mining This is fully set forth in the monthly statements rendered, and others herewith attached. The driving expense is comparatively high, and the country rock, a dark augite porphyrite, as comparatively hard; the costs of ore extraction are not so bad.

Richmond Group Only the necessary assessment work has been done on these claims. They have also been surveyed, and application made for Crown grant.

In conclusion, I wish to call the attention of the Board to the cheerful and efficient services of Mr. John Fitzwilliams, the foreman, and Mr. Charles V. Jenkins, the accountant.

Yours truly,

JOHN B. HASTINGS.

COMPARATIVE STATEMENT OF COSTS

showing average cost per foot for period from January 20th to June 30th, 1897, as compared with costs for period from July 1st to September 30th, 1897, *not* including charge for depreciation in value of permanent tools, appliances, etc., etc.

Nature of Work	Period	Work Accomplished	Cost per Foot
1. Tunnelling, Drifting, etc.	Jan. 20 to June 30	1,270 ft.	\$19 42
	July 1 to Sept. 30	1,033½ ft.	19 52
2. Raising	Jan. 20 to June 30	288½ ft.	29 17½
	July 1 to Sept. 30	132½ ft.	29 84
3. Sinking	Jan. 20 to June 30	98½ ft.	95 05½
	July 1 to Sept. 30	76½ ft.	81 74

NUMBER OF EMPLOYEES

On "War Eagle" and "Crown Point" Mines

These have averaged one hundred and seven, including boarding houses, nine, and office, two.

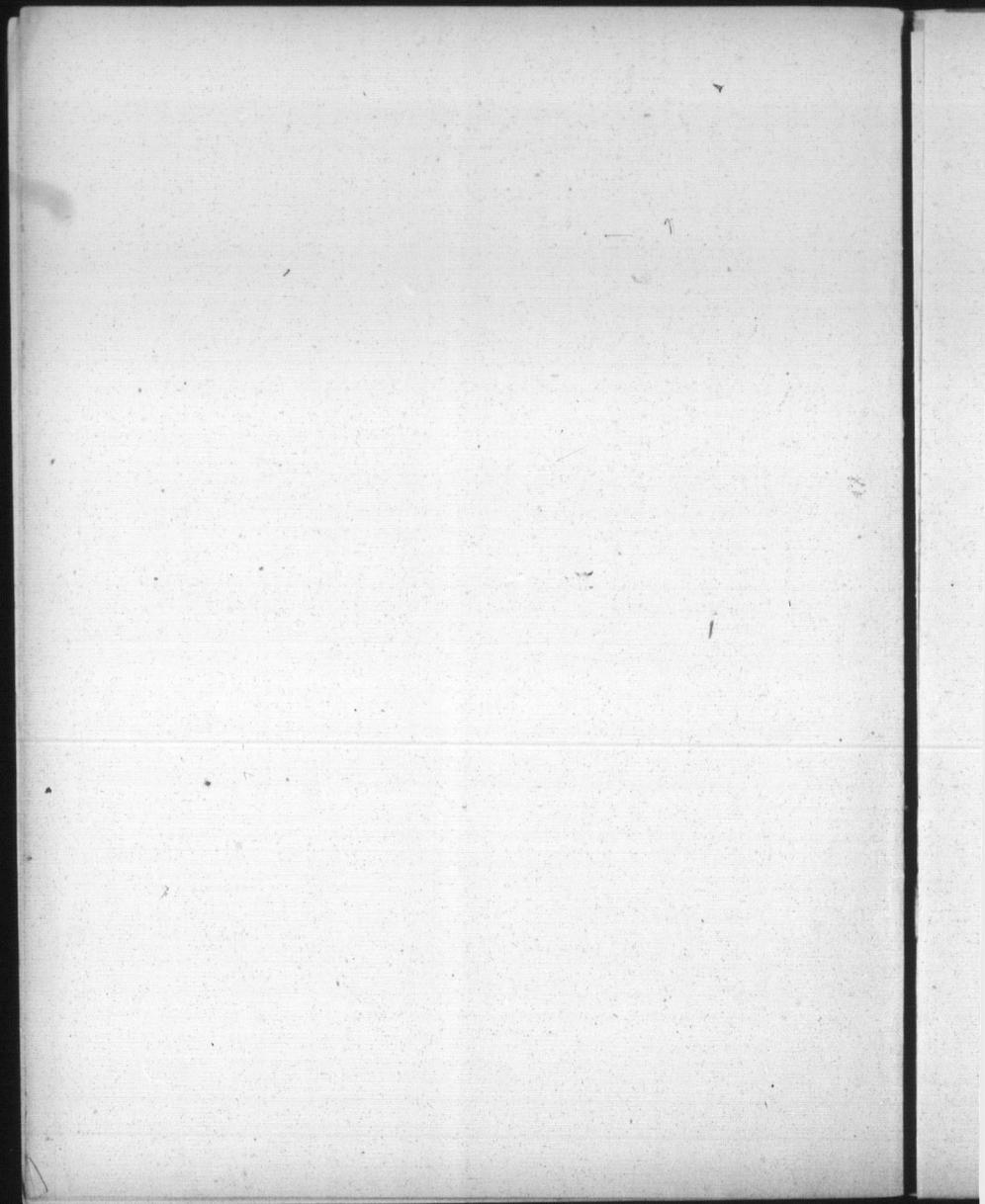
TABLE OF MINE COSTS
January 20th to September 30th, 1897

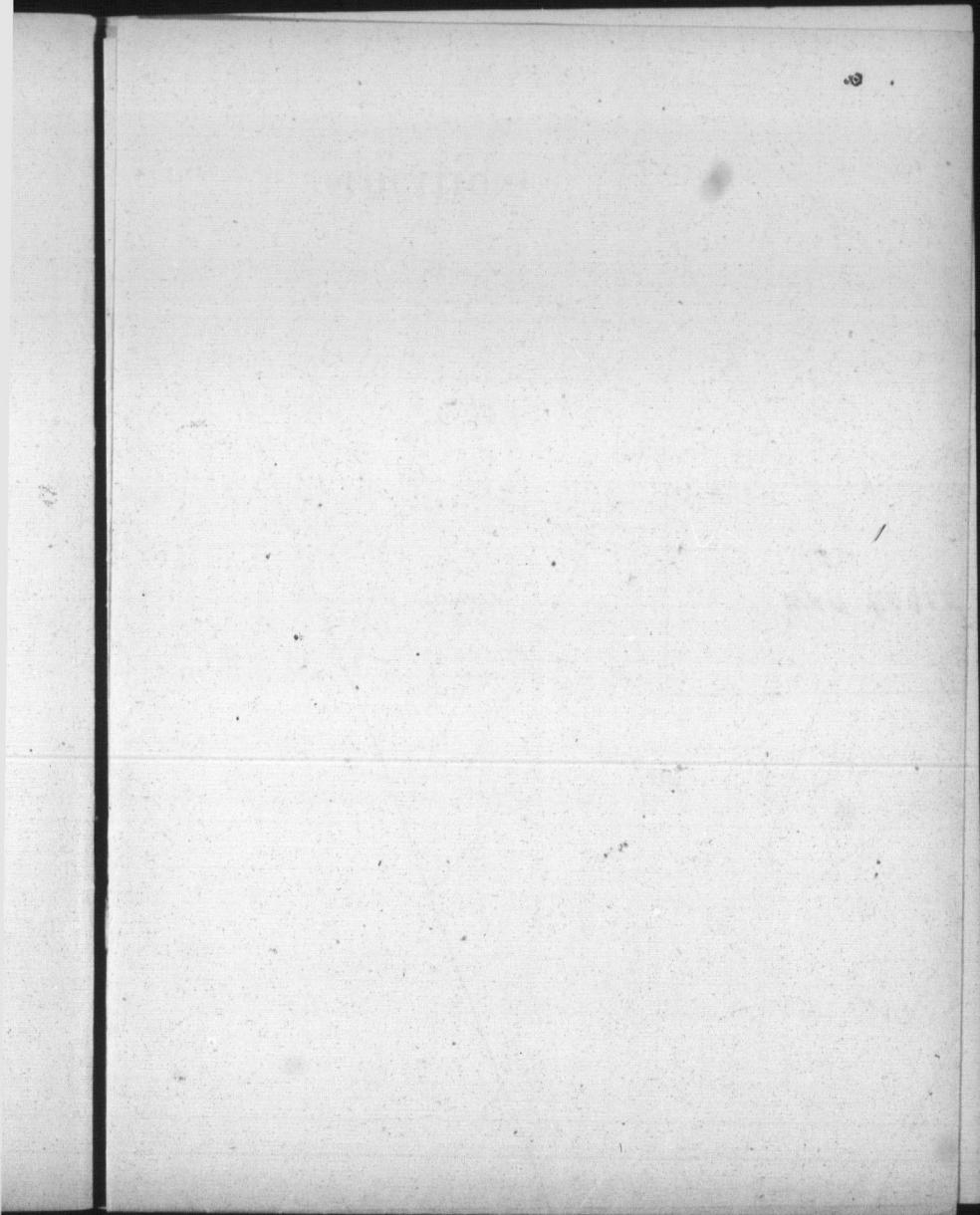
	NATURE OF WORK				
	Tunnelling Drifting etc.	RAISING	SINKING	ORE EXTRACTION	
				Shipped from Breakdown Stopes	In Stopes not Shipped
Total No. of Feet.....	2,303½	421	175		
Tons of Ore.....				4,810¾	1,059
AVERAGE COST FOR					
Drilling.....	\$6 58½	\$9 44½	\$32 43¼	\$0 94	\$0 90.
Mucking.....	2 95¾	3 95¾	3 89¼	44½	08½
Timbering.....	01½	3 14	7 07¾	31½	35½
Smithing.....	1 18	1 22¼	3 91½	10½	16½
Gen'l Labor.....	1 76¼	2 46½	7 89	23¼	23½
Hoisting.....	27¾		5 04		
Ore Sorting.....				16¼	01½
Air.....	1 51¾	2 12	7 61	18	21½
Explosives.....	2 08¾	2 76½	7 37½	27	29½
Candles.....	21½	30¼	98½	03	03½
Drill Fittings.....	19¾	25½	61¼		05½
Lubricating Oil.....	04½	05	19	00½	00½
Gen'l Mine Supplies.....	72¾	1 10	3 33½	13¾	04½
Assaying.....				07	10½
Surveying.....	12¾	07	47½		
Office Expense.....	18¾	27	75	02¾	01½
Legal Expense.....	05¼	08¼	26¼	01¼	02½
Gen'l Expense.....	34½	44½	1 12	03¼	05
Salaries.....	1 18½	1 78	5 66½	19¼	10½
Depreciation.....	65	95	3 05¼	09	08½
Total average cost. . .	\$20 11¼	\$30 33	\$92 28¾	\$3 24¾	\$2 80

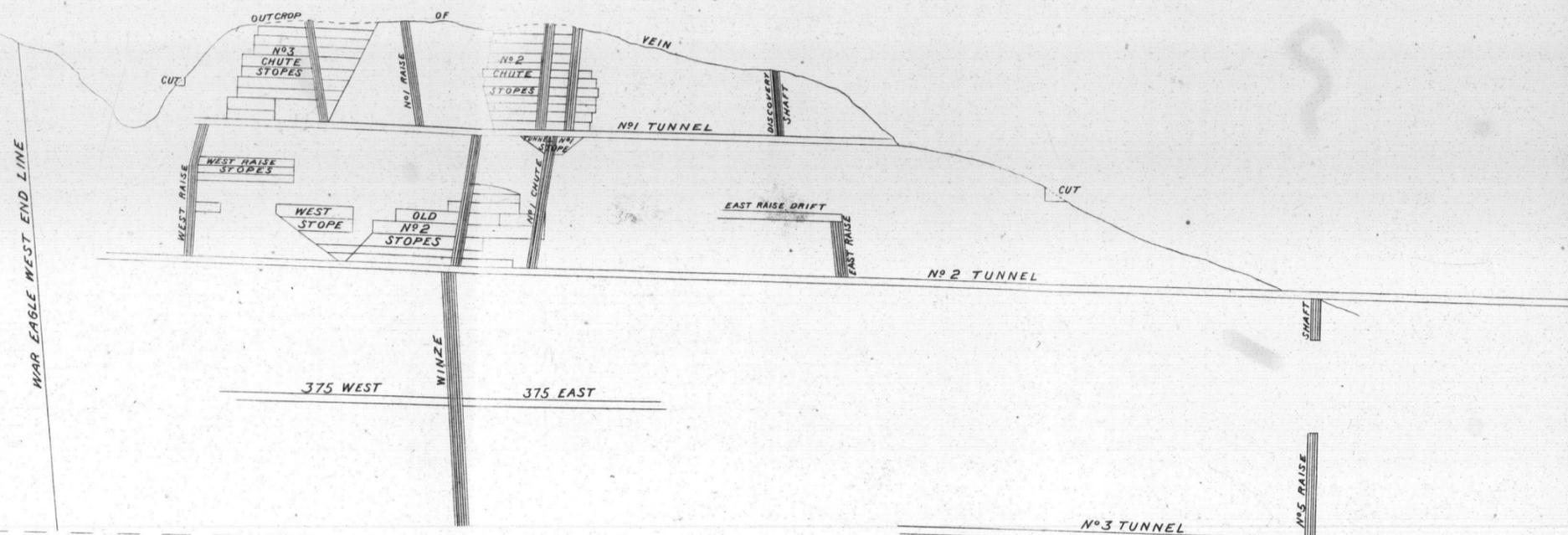
During the progress of tunnelling and drifting, raising and sinking, 650 tons of ore were produced, of which 600 tons were shipped; 50 tons are yet in chutes, entailing a further cost of:—

	TUNNELLING	RAISING	SINKING
Ore Sorting per ft.....		\$0 43¾	
Assaying per ft.....	\$0 29¾	45¼	\$0 32
OR AT COST PER TON			
Ore Sorting.....	23½		
Assaying.....	1 43		

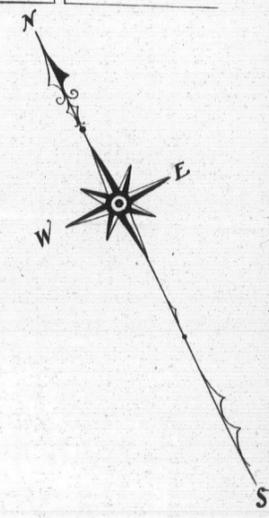
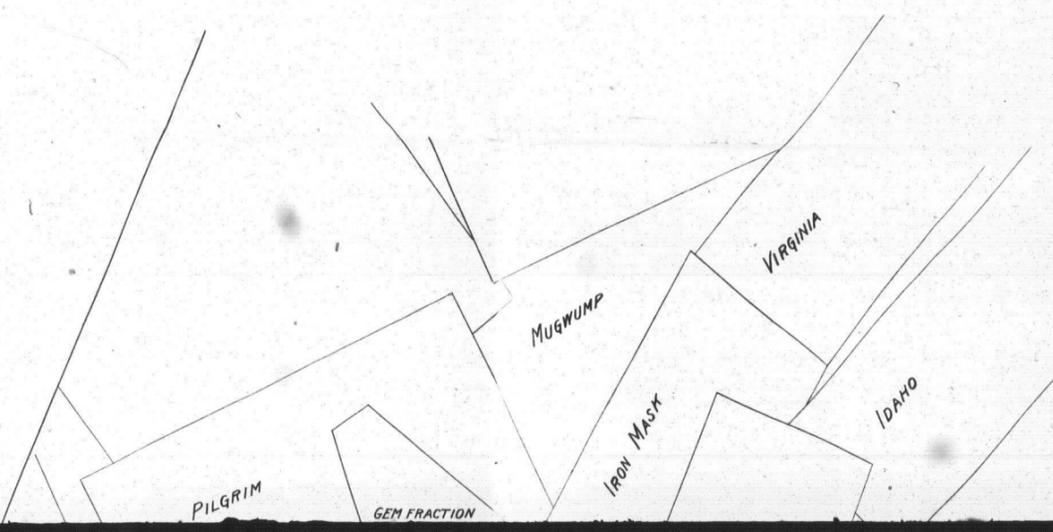
Of ore extracted, 100 tons were stoped by hand, costing \$7.28 per ton, the drilling alone being \$3.48.



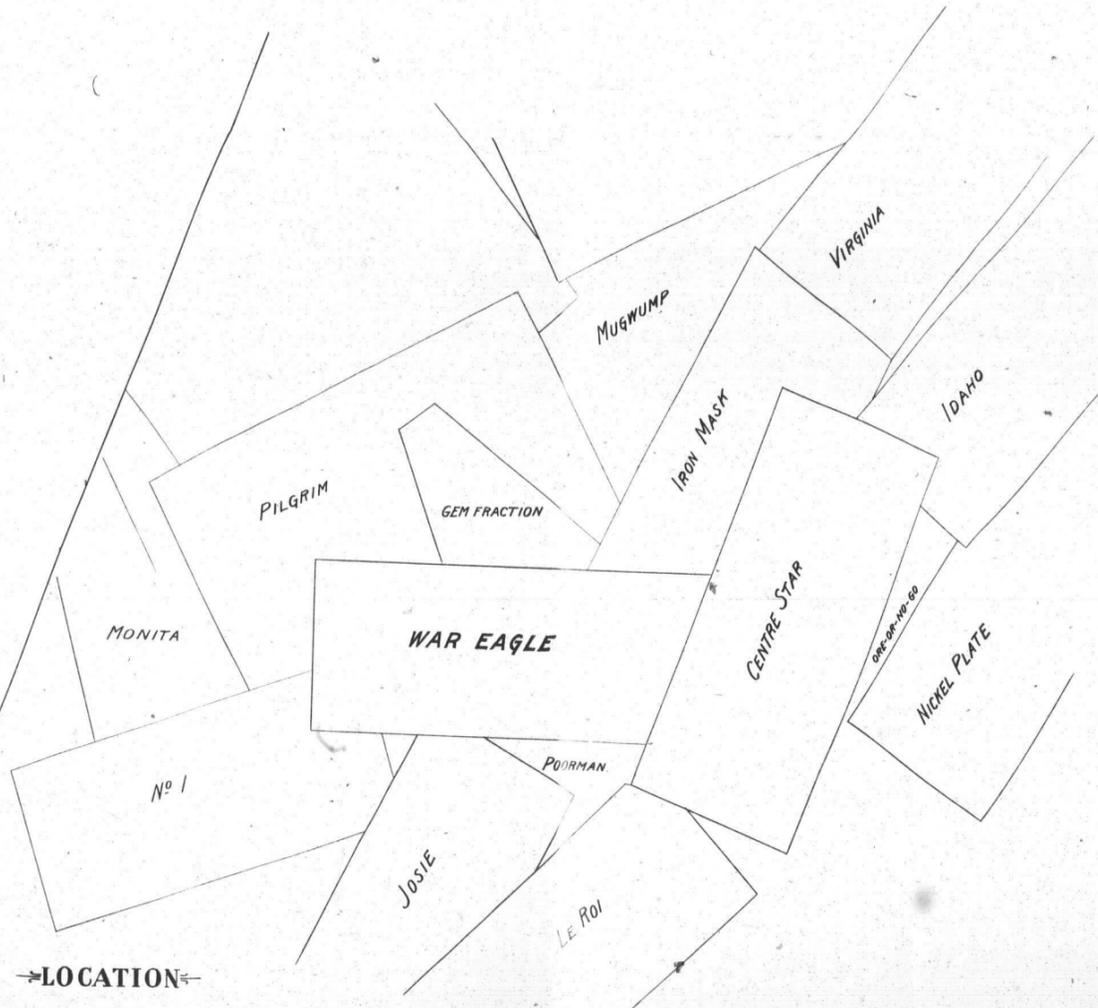




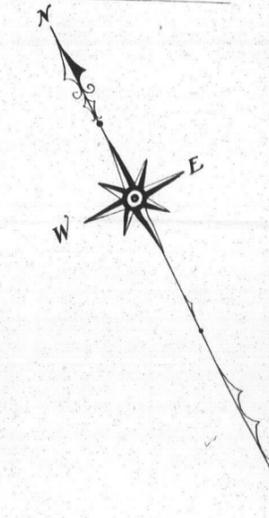
—PROFILE ON VEIN—



—PROFILE ON VEIN—



—LOCATION—



MAP OF THE
WAR EAGLE MINE
 TRAIL CREEK MINING DISTRICT
 WEST KOOTENAY, B.C.