

Mines and Mining.

GOLDEN STAR.

Report of the Mining Superintendent re Condition of Mine and Prospects for Future Dividends.

To the Honorable President and Board of
Directors, Golden Star Mining Co.,
Toronto :

Gentlemen.—I herewith beg to submit for your consideration the following short report, for the purpose of laying before you the condition of the mine as developed from the work performed since my appointment as manager, the object being to convey to you, as concisely as possible, my reasons for adopting the policy of the future work, as advised herein.

In my report of the 10th of July it was shown that my predecessor had ignored the necessity of keeping the development work well ahead of the mill, and, contrary to all established precedents in mining, had literally depleted the mine of its available ore. My work, since assuming the management of the mine, has been necessarily largely confined to mining the leaner ore remaining in the mine, pending the opening up of other levels.

The development has been pushed with all possible despatch, and consists of principally the sinking of shaft to a depth of eighty feet below the fifth level, and of pushing the drifting on the fourth and fifth levels towards the north. The total depth of the shaft, at this writing, is about 426 feet, and am pleased to be able to report that the sinking and drifting show every indication of permanency of this ore body.

By referring to the longitudinal cross section of the mine you will observe that the main ore chute is shown swinging towards the north. But the sinking has revealed the ore body gradually widening towards the south, and I am of the opinion that we will encounter a large body of pay ore in that direction when the sixth level is opened up, work on which will commence in a few days.

There has been no work of a prospecting nature done, except sinking a few feet on an outcrop of the main vein at a distance of 311 feet south of the main shaft. As the vein, at this point, showed high values, it was deemed advisable to test the extent and size of the same, and, in the event of opening up a considerable body of ore, it would be readily available for immediate milling. All other work about the surface consisted of the erection of ore chutes or pockets at the shaft, about 135 feet of dock at the mill for the storage of wood, and such necessary improvements about the roads and about the machinery as occasion demanded for the economical prosecution of the work. All supplies have been ordered for the winter's work and consist of the necessary wearing parts of the mill, such as shoes and dies for stamps; parts for vanners, and necessary oils, blacksmith and assay coal, steel, explosives, and hay and feed for team. Wood lands have been purchased adjacent to the lake, under favorable conditions, and with sufficient timber thereon for several years' consumption. Several of the locations are within the mineral belt and, although unexplored, I consider them valuable acquisitions to the Golden Star property.

The weekly reports compiled by the treasurer are correct as to costs and amount of

work performed and the output of gold bullion for the month. Therefore I do not consider it necessary to enter into details at this time.

Although the mine, from the phenomenal output made by the former management, has been considered a high grade ten stamp proposition, the conditions that enabled such output to be made will not again obtain, unless the same amount of development work be kept ahead of the mill. This I do not consider possible with a single shaft to work from, nor do I think it possible to keep up a fair amount of development work and pay a reasonable dividend on the high capitalization with a ten stamp mill, except the ore be of the richest quality heretofore encountered.

After the sixth level drifts are opened up north and south on the strike of the vein, and with the ore already available above the sixth level, we will be in a position to run the mill until another, the seventh level, is opened up. However, this will not place us in a position to sort out the richer portions of the ore encountered.

It being obvious that a ten stamp mill will not pay a reasonable dividend under the conditions above explained, I would beg to advise the careful husbanding of the present resources of the mine, so as to provide for the expenses of development work; to pay for the winter supplies already ordered, and the cost of all necessary repairs and improvements, with the object in view of continuing the sinking and development work to such a depth and extent that we will be warranted in installing ten more stamps in the spring, thereby doubling our capacity.

In conclusion, I would beg to state that the development work, so far as shown, gives very reasonable prospect for permanency, and I feel fully warranted in advising the course of proceedings as set forth above.

I have the honor to be,

Yours very truly,

R. H. FLAHERTY, Manager.

Toronto, Oct. 5, 1899.

Dear Sir.—Owing to the low value of the developed ore left by the former managing superintendent, the output of the mine after paying for development work and running expenses has not been sufficient to enable us to declare a dividend.

Enclosed please find a copy of the report of our mining superintendent.

Having regard to permanency of output, regular dividends, and a continuous supply of developed ore, we have decided to adopt largely the policy indicated in Mr. Flaherty's report, viz.: Develop the necessary quantity of ore to justify adding another ten stamp to the mill, which would give sufficient output to pay fair dividends, and at the same time keep up the regular work in sinking shaft, drifting on levels, and so forth, to secure a constant supply of ore.

The disposal of the treasury stock must be a question for future consideration.

Unless huge bodies of rich ore are encountered, we do not anticipate being able to commence paying dividends until after we have added another ten stamps to the mill.

In a few days we will mail to you a statement of the receipts and disbursements from the 1st July to the 1st October, also a statement of outlay on account of development work, and will from time to time issue similar statements containing such information as we are able to give to the shareholders.

In order to make full provision for future supply of wood, applications have been filed for sixteen mining locations, aggregating 1,432 acres, on the shore of Bad Vermillion Lake, most of which are within the mineral belt, and are well wooded. The lands applied for, north of Little Turtle River and Lake, proved to be of insufficient value for wood purposes.

By order of the Board.

Yours truly,

S. C. WOOD, Pres.

FAIRVIEW.

The following letter from the mine superintendent and the managing director of the Fairview corporation, will prove very interesting to holders of the stock:

Fairview, B.C., Sept. 27th, 1899

Dear Sir :

With this you will find a report of work done during the past four months on the Stemwinder mine which doubles our visible ore supply. During the past month two mining engineers of established reputation have examined the property. Joseph J. Taylor, head examiner of the Gooderham Blackstock syndicate, confirms Mr. Bledsoe's report both in regard to values and of the ore in sight. His reports as follows :

"The ore will positively go down for some distance, and the outcrop extends in both directions far beyond the end lines of the claim, so that as far as available ore goes, one may dismiss that by saying it would keep a 40 stamp mill going for years."

W. Thos. Newman, M.C.M.I., of Vancouver, reports as follows :

"I have just finished a thorough examination of the levels of the Stemwinder mine and a careful comparison of same with the report of J. F. Bledsoe, M.E., dated May 15th, 1899, and now seen by me for the first time. I am able to endorse the said report as correct in substance and in fact, and to add that in my opinion such extensive backs of ore as you have blocked out in the Stemwinder mine can be mined and milled by a mill not less than sixty stamps located at the mine for an average cost of less than \$2 per ton."

We are now in possession of the Smuggler mill and intend to treat 1000 tons of ore, which will be taken from the different slopes this will demonstrate the values beyond all doubt, and then it is simply a question of additional machinery and careful management to give large and lasting dividends.

Five of the largest and best mines of America are paying handsome profits on ore which is worth from $\frac{1}{2}$ to $\frac{3}{4}$ of the value of ours. We have one of the largest, if not the largest, showing of free milling quartz in Canada, and all mining men concede the fact that a mine of this nature is the surest and best, as once found they will last for generations. We expect to be able to start the mill by Oct. 15th, and it will take about a month to know the result, of which we are perfectly confident. The company is in a better financial position than ever before.

Other properties in the district are being developed and Fairview is steadily improving. The 1600 lots owned by the Corporation are likely to prove one of its most valuable assets. The Canadian Pacific Railway is busily engaged in laying out its line through the district which will, we are led to believe, reach Fairview as well as go through the White Lake pass which should make the Corporation's Coal Lands at this point one of the most valuable properties in British Columbia.

In conclusion, we can state that the prospects of the Corporation were never so bright, and the work is going forward steadily with every indication of success.

Yours very truly,

RICHARD RUSSELL,
President and Manag. Director.

Fairview, B.C., Sept. 15th, 1899.

Mr. Russell, Pres. and Manag. Director,
Fairview Corporation,

Dear Sir :

In reply to your request for a concise statement of the progress made since my report, permit me to point out that development work has vigorously been pushed ahead all summer. On the second level the drift has been sent west from the bottom of the shaft a distance of 300 feet, and the same drift has been continued east from the shaft a distance of 225 feet, making