

heavy frosts) the water in the service pipe leading from the flume to the mill froze and operations had to be discontinued. This difficulty we hope to remedy next season.

The fifth and last clean-up of the season was for a run of one day on the 1st of December before the water was frozen, when 20 tons were crushed, producing 19.74 ounces, which realized \$288.82.

RECAPITULATION.

Mill ran 79 days, 1¼ hours, crushing.....	1,557 tons
Producing gold	1,571.3 ozs.
Value	\$25,954.62
Value per ton of total crushings	16.66
Value per ton of crushings from main reef	19.54
Total cost of mining and milling per ton, after charging up 10 per cent. of the total cost of development to date.....	5.47

WATER.

The company has applied for and obtained from the Government a lease for sufficient water at an annual rental of \$7.00. This puts the cost for power per stamp per annum at 70 cents. (Steam power costs in the neighbourhood of \$700 per stamp per annum.)

PROPERTY.

In addition to the original mineral claims of the company, which have since been Crown granted, it was decided to purchase the Mabel Fraction, which you will see by reference to the plan was very advisable, owing to its proximity to the lower workings. This was acquired on the 16th October, for a consideration of \$2,550.00 cash, and a Crown grant has been applied for. At the same time it was decided to take a bond on the Alhambra group for \$20,000, one thousand dollars cash. In fact, this was one of the conditions of the purchase of the Mabel Fraction (the owners being identical). Unfortunately the survey of the Alhambra took away so much of the property that it was not considered worth while going further in the matter. We might state that the lowest price previously obtainable on the Mabel was \$3,500.00, so that the company really acquired it at its lowest market value, leaving out of consideration altogether the possibility of the Alhambra, and your directors feel justified in charging the whole amount to property account.

DEVELOPMENT WORK ON NO. 1 TUNNEL.

Work on this tunnel has been continued without interruption, and the tunnel has been driven 530 feet on the ledge. Three hundred feet in stoping was commenced. A parallel ledge was encountered 60 feet up in the stope, which after merging into the old ledge gave a width of fully five feet. An upraise from that point to the surface proves that the ledge carries its full width all the way, and furnished the company with a splendid reserve of ore. We are now opening a new stope, and the manager reports that at 20 feet up he had encountered a splendid body of ore, giving an average value of \$38.00 per ton in free gold, and has since raised an additional 25 feet, the ledge holding its width and value.

A cross-cut has been run in a westerly direction from No. 1 tunnel to strike the new ledge at that level. This was encountered at a distance of 32 feet, and some 15 feet of drifting on the ledge was done in each direction.

NO. 2 LEVEL, LOWER TUNNEL.

A cross-cut was run in to tap the ledge at a depth of 76 feet below the upper tunnel, and we are pleased to report that the reef was encountered at a distance of 236 feet in. Since then we have driven on the ledge a distance of 142 feet without encountering a break or fault of any kind, the reef at no point being less than 12 inches in width and showing free gold quite freely. Samples taken across the ledge from time to time give the following results: \$64, \$62, \$87, \$38, etc., and an average sample taken all over this drive of intervals of every five feet after all visible gold has been carefully picked out, gave the splendid average of \$20.60 per ton, and an amalgamation test made by Mr. Pellew-Harvey shows that it goes 100 per cent. free milling.

We are now raising to connect both levels at a point indicated on the plan, and no doubt this work has been completed.

The last report from your manager states that he has both levels connected all but 14 feet. This will facilitate the handling of ore from the upper level, thereby saving the company considerable time and money, which are the economical factors in managing a mine.

We now estimate that there is at the present 8,000 tons of ore blocked out in the mine (without taking into consideration the large body of ore of the lower grade shown up in the new reef) which can be safely counted on running \$20.00 to the ton.

All preliminary expenses have been written off during the period ending 31st January, 1900, and also several expenses which might have been treated either as capital and expenditure or spread over several years, but which your directors decided to write off.

ATHABASCA GOLD MINES, LIMITED.

This company assumed control of the property on April 13th, 1898, and as this is the first annual report which it has devolved upon me to make, I have included the financial statements and in the detailed engineering report the whole period from that date until January 1st, 1900.

The period (from April 13th, 1898, to January 1st, 1900) has been one of active development of the mine. At the commencement of the year the mine was not in a condition to furnish a sufficient supply of first class ore to the mill, and we were forced to be content with a mixed grade of ore which gave fairly satisfactory results, but which afforded no indication of what could be accomplished if sufficient ground had been open to enable an adequate supply of first class ore to be mined. The figures of the statistical tables show the steadily improving results which were obtained by this vigorously and persistently maintained policy of development.

These figures show that a steady improvement has been maintained, and are an encouragement to proceed along these lines with increased energy. Fortunately the completion of our air compressor will enable us to carry out this policy effectually, and I am convinced that the rapid work which two or three drills will be able to do during the next few months, will, later, result in an increase of produce.