

YUKON BASIN COMPANY.

Expert Opinion of the Prospectus Issued by a Concern Capitalized at Twenty Million Dollars.

The Monetary Times has asked one of the leading mining men of Toronto for a statement of his opinions concerning the prospectus recently issued by the Yukon Basin Gold Dredging Company, Limited, and the following letter contains his criticisms of it. We wish to emphasize his concluding remarks that no matter how valuable a mining property held by such a company may be, such a prospectus issued in regard to it, if considered seriously, cannot but injure the mining industry of the Dominion by weakening the confidence that sane business men should have in the management of Canadian mining enterprises.

The Yukon Basin Gold Dredging Company, Limited, has issued a prospectus inviting subscriptions to its stock, and the stock is being advertised in Toronto at from ten to fifteen cents a share.

The prospectus is a beautifully printed booklet, with the name in embossed gold letters across the upper portion of the cover, beneath which is a brief statement of the magnitude of the company's holdings. Within the prospectus are eight full-page illustrations which are worth the price of several shares. The first of these is of Ex-Commissioner ("Governor") Wm. Ogilvie, whose face exhibits a stern determination to make this enterprise a success. The second is a view of Fraser Falls. The third is of a small dredge which was operated for a short time on the Stewart River. The fourth is the steel bridge over the Klondike River, near Dawson, the most northern steel bridge in the world. The fifth, sixth and seventh are of Dawson and its vicinity, and the eighth is of the Yukon River at the mouth of Forty Mile River. None of these pictures, with the possible exception of the second, have anything to do with the property of the company, although they may be interesting in themselves.

Capital of Twenty Millions.

The company is incorporated somewhere in the United States, though exactly where the prospectus does not inform us, and is registered in Ottawa, with a capitalization of twenty million dollars. The Cobalt boom has rather deadened our nerves to the shock produced by the announcement of large capitalization of mining companies, but we must confess that the magnitude of the figures assumed by this company startled us. Let us study the prospectus carefully, to see what justification it offers for such an enormous capitalization.

The reading matter is divided by a number of headings, into short articles or sections, so that it should be very easy to pick out just what information is wanted.

On the first page is a list of seven directors of whom three are Canadians, and of these, William Ogilvie, ex-Commissioner of the Yukon Territory, is president. In addition there is a registrar of stock, two counsels and five bankers. No mention is made of any mining engineer. Is this because no mining engineer is necessary?

The next page is headed, "To the Investor." In it readers are invited to read the prospectus through and convince themselves that "This Company is first of all a great business corporation, and not a mining scheme." Possibly this is the reason why a mining engineer is not needed.

Search Prospectus in Vain.

"Vast Magnitude of Our Enterprise" is the next heading, and on this page three questions are asked. "First, what are the essential features of the proposition? Second, what are the characters of the men behind the enterprise? Third, what are the prospects for early and satisfactory returns." Another question should have been set down for answer, viz.: What is the character and value of the property held by the company? This is the question that demands an answer before all others, and until it is answered, the consideration of any other question is merely a foolish waste of time. If the valuation of the company holdings is not fully and clearly set out, the whole proposition falls to the ground. Let us at once search the prospectus for this information.

"The Gold Dredging Industry" is the title at the head of the next page, and under it are seven extracts from various journals, on dredging in general, without reference to the Yukon Territory. After which is an extract from a report of the United States Mint for 1904 on the same subject.

The next page deals with "Gold Dredging as an Investment," on which the statement is made that "the business of gold dredging is not a speculation, but a safe and sound investment," and that "the Yukon Basin Gold Dredging Company is now offering to the public a limited share in its enormous profits." What the profits are to be and how they are to be made is not stated.

The next page is on the "Early History of the Yukon Gold Region," and it carries the reader back to the time when Harpen went into that country in 1873, thirty-five years ago.

All these matters are quite irrelevant to the question

of the value of the property that the company is offering to the public.

"Some Lines of Small Print."

The next two pages are taken up with a description of "Primitive Placer Methods in the Yukon," and between them is a rough sketch map of part of the Yukon Territory, on which the word "Gold" is marked here and there. But the only real information which it contains is in some lines of small print at the bottom, where it is stated that 32 tests of gold were made in thirty miles of the Stewart River.

The next page contains a brief "Description of a Dredge," such as can be found in many of the books on dredging, or in the catalogues of the builders of dredges.

So far, nothing that would remotely resemble an answer to any of the questions enumerated above has been forthcoming. The next heading should supply more useful information. Opposite a picture of Dawson in 1887 is the title, "Enormous Area of Our Leaseholds." On this page below is the statement that the company holds leases of 105 miles of the Stewart River, with an average width of "more than 200 yards," to which is added the vague general statement, "No other dredging company, whether under English or American control, possesses property of equal value or extent." No details or reports are given to show how such a conclusion as to value was reached, but this statement as to the superlative excellence of the property is made ex cathedra, and in such a way that no person in particular can be held responsible for it. Would a man buy a house on such statement made by the vendor. If not, why should he buy shares in a mining property?

Ashes of Vague Generalization.

"A River of Gold" is an article telling of the early days in 1885 and 1886 on the Stewart River when "all the miners appear to have done well," and it is argued that when men could make money with a pan and rocker, a dredge could make very much more money. This argument is too old and absurd to need refuting. But the failure of the gold dredges on the Fraser and Saskatchewan Rivers might be cited as warnings to the people of Canada, proving the fallacy of such a conclusion.

The next pages headed "Adaptability of Dredges for the Yukon" apparently refer to some ground other than that belonging to the company, after which a half page is given to the consideration of "Dredge Tests on the Stewart River," but beyond the statement that "a small experimental dredge was operated on the Stewart River," there is nothing here but the ashes of vague generalization.

Several pages are then devoted to a history of Governor Ogilvie, the president of the company, though when so much is said about one member of the board of directors, it is strange that so little should be said of the others. It may be inferred that they have not had much or perhaps any experience in mining, or the facts would be so stated.

"Protection to Stockholders" deals with the advantage of paying a royalty of 2½ per cent. of the gross output, and the erroneous statement is here made that "the production of any mine operated in the Canadian possessions is a matter of public record." This is the first time that the advantage of such a tax or royalty has been seriously urged, and no one, knowing the conditions in the Yukon, would consider such a tax anything but a serious burden. No public record is kept of the output of mines in Canada, and royalty is paid on the gross when the gold is exported by the banks or individuals without any question as to the mine from which it was produced.

Under the heading "Why Treasury Stock is Sold" it is stated that the company wishes to put dredges on the Stewart River, but no positive assurance is given that the product of the sale of the stock will be used for that purpose. In the matter of valuation the statement is made, "we feel confident in figuring on gravel averaging 50 cents to the cubic yard in free gold."

Finally the stock is said to be offered at ten cents on the dollar to "a large number of small holders," and not to any "clique of capitalists."

Such is the prospectus of this company with its gigantic capitalization of \$20,000,000. We were asked on one of its first pages "to sit down and read the facts contained in this booklet," and "we are also told that they have exercised the most scrupulous care to give the exact facts in the case." In view of these statements it must be assumed that the booklet or prospectus contains all that the directors know about the property of the company. According to it the public is being taken absolutely into their confidence, and therefore no known details of value are being withheld.

The question at once presents itself, "Have these men themselves put any of their own money into a scheme of which they apparently know so little? and if so, are men who have invested so rashly in an unknown enterprise in a distant land to be trusted with handling the funds of others?"

Quality "X" Figures Largely.

In the prospectus as issued there is absolutely nothing to prove the gold contents or value of the bed of the Stewart River in the Yukon Territory, and while it may be even much