

OPERATING ACCOUNT—EXPENSES OPERATING MINE, SEASON 1895.

Receipts.

Gold ..... \$58,571 19

Expenditure.

Management.....\$ 2,250 00  
 Mining expenses, labor and explosives..... 23,725 98  
 Maintenance of ditch..... 9,119 67  
 do pipe..... 56 09  
 do sluices..... 1,711 60  
 do flumes, sand boxes, etc..... 31 70  
 do hydraulic plant..... 465 36  
 do lighting plant..... 111 45  
 do camp..... 634 90  
 do tools and implements..... 655 70  
 Wagons, harness, etc..... 10 85  
 Stable expenses..... 1,020 70  
 Farm..... 350 93  
 Boarding house..... 630 87  
 Travelling expenses..... 982 70  
 Stationery and printing..... 166 85  
 Telegrams and postage..... 98 09  
 Insurance (accident)..... 162 50  
 Balance carried to Profit and Loss account..... 16,385 25

PROFIT AND LOSS ACCOUNT.

\$58,571 19

Dr.

Balance brought from operating account.....\$ 16,285 25  
 Balance carried to General Balance sheet..... 104,050 58

\$120,435 83

Cr.

Balance brought from Capital account.....\$118,760 98  
 Head office and general expenses to December, 1895..... 1,674 85

\$120,435 83

GENERAL BALANCE SHEET.

Dr.

Loans.....\$ 79,699 45  
 Bank advances..... 40,000 00  
 Bills payable, outstanding drafts, issued at mine, and personal accounts, less cash in bank, etc..... 6,250 66

\$125,950 11

Cr.

Balance from profit and loss account.....\$104,050 58  
 Stores on hand..... 21,899 53

\$125,950 11

**Horsefly Hydraulic Mining Co., Ltd.**—The following is excerpted from the report of the directors for the year ended 31st December, 1895:—"As will be observed by the accounts submitted, the present indebtedness of the company now exceeds \$70,000, which together with a further sum of about \$30,000, reported by the manager as being required for the purpose of carrying on the business of the company until the end of May, makes a total of \$100,000 which it is necessary should be at once provided. To meet these obligations and allow a certain amount for working capital it is proposed to issue debentures for a sum not to exceed \$150,000, payable in five years, and bearing interest at 10 per cent. per annum. A resolution to this effect will be submitted for your approval."

J. M. BROWNING, *President.*

MANAGER'S REPORT, 1ST DEC., 1895.

As the manager of the Horsefly Hydraulic Mining Co., Ltd., I have the honor of making the following report relative to the work accomplished at the company's mines during the past season, together with an estimate of the receipts and expenditures for the year 1896.

PERMANENT IMPROVEMENTS.

Under this heading I place the eleven buildings which were erected this year, and other extensions and additions to the Company's plant, necessary to facilitate the opening and operation of the Company's mines.

OPERATION.

During the past season a large percentage of the work was applied to opening the mine, extending and deepening the main and branch cuts, extending sluices and making room to facilitate the operation of the hydraulic plant, and the removal of the auriferous gravel.

- The time water was used in the mine—\$6 days.
- The quantity of water used—223,442 miner's inches.
- The area of bedrock uncovered—15,911 square yards.
- The quantity of gravel removed—349,525 cubic yards.
- The amount of gold recovered (gross)—2,720 ounces (value, \$45,966.23).
- The average yield per miner's inch of water—20 1/2 cents.
- The average yield of gravel per cubic yard—13 1/2 cents.
- The duty of water per miner's inch—1 5/64 cubic yards.
- The bedrock uncovered during the summer and fall runs was not cleaned.

CONDITION OF THE MINE.

The body of cement encountered east of the main cut in pit No. 1, running from 10 to 50 feet in thickness, has greatly exceeded my anticipations. It proved extremely hard, and was an awkward and costly impediment to the progress of opening and operating of the mine, and caused the loss of a large percentage of gold that remained enclosed in lumps of the cement that went to the dumps.

The cement however has apparently decreased, and the tenure of the bottom gravel has greatly improved.

The thickness of the cement clear around the face of pit No. 1 is confined to a stratum varying from 1 foot to 10 feet, and lying from a half foot to 3 feet above the bedrock.

A large percentage of this cemented stratum is of a high grade, and it is believed would pay handsomely for milling.

By reference to Mr. Pelley Harvey's certificate, which gives the result of a working test of 150 lbs. of cemented gravel, it can be plainly seen that a large percentage of the gold inclosed in the cemented gravel passed through the sluices to the dump.

This loss can be prevented, and the output of the mine increased by adding to the plant a water power stamp mill to crush and amalgamate the cemented material.

ASSAY CERTIFICATE.

Vancouver, B.C., January 8th, 1896.

[Copy.]

Dear Sir:

I have carefully tested the samples submitted for my examination, and received from Horse Fly Hydraulic Mining Company, on 7th inst., and append herewith the results.

Yours truly

W. PELLEY HARVEY.

MARK OR NO.	GOLD.			SILVER.			VALUE PER TON.	OTHER METALS
	ozs.	dwt.	grs.	ozs.	dwt.	grs.		
General average all passed 50 Mesh.....	0	10	16	0	2	16	\$ 10.64	
<i>Concentrate Assay.</i>								
Concentrated 18 7 tons to 1 ton.....	8	10	1				170.04	Mechanical loss

Free gold recovered by amalgamation..... \$37 per cent.  
 Gold in sulphurets by difference..... 16 3 " "

100 0 per cent.

Gold calculated at \$20. per oz.

The returns show that \$10.64 per ton in free gold was recovered by amalgamation, and about \$9.00 per ton in the concentrates; total value per ton, \$19.64—a result double what was expended from the sample. Hand mortar tests made at the mine during the past season gave an average of over \$4.00 in free gold per ton of cement, but Mr. Harvey's test indicates that a large percentage of the value is held in the concentrates after extracting the free gold by amalgamation. These concentrates can be recovered by vanners, and worked by chlorination or sold to the smelters.

ESTIMATED RESULT OF WORKING A 20 STAMP WATER POWER MILL ON THE LOWER STRATUM OF CEMENTED GRAVEL.

20 stamps will crush in 24 hours, cemented gravel.....	200 tons.
Estimated value in free gold per ton.....	\$ 4.00
Daily gross product.....	\$ 800.00
Cost of mining per ton, at \$1.50.....	\$300.00
" milling " " at 0.20.....	40.00
	340.00
Daily net in free gold recovered by amalgamation.....	\$ 460.00
To which can be added the product of 4 tons of concentrates at \$150 per ton.....	\$600.00
Freight on 4 tons to smelter at \$80 per ton..	\$320.00
\$0 sacks.....	40.00
Smelter charges.....	80.00
	440.00
Net profit in concentrates.....	160.00
Daily net results.....	\$620 00
Possible number of working days per season, with water power.....	180
Annual net profit.....	\$111,600.00

The ditch was in good condition when the work closed down, and there was nothing to indicate that any breaks would occur, or that any extensive repairs will be required next season.

The season of 1895 was probably the driest experienced in this region since the year 1878. Mussel creek went entirely dry, but we were enabled to keep the ditch full nearly the whole season by cutting beaver dams at the outlet of two large lakes on line of road to 108 Mile House.

The mine is now fully equipped, and sufficiently opened to make it possible to operate the mine close to full time. This condition, together with the improvement in the character and tenure of the deposits, make it appear reasonable to predict a successful and profitable run for the season of 1896.

The estimated gross product for the season of 1896 is..... \$90,000.00  
 The estimated cost of operating the mine during the same period, say 180 days, is..... 52,313.40

Leaving net profit for the season..... \$37,726.60

(Signed) J. B. HANSON, *Manager.*