



CONDUCTED BY B. T. A. BELL.

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THE OFFICIAL ORGAN

OF

THE GOLD MINERS' ASSOCIATION OF NOVA SCOTIA,

THE UNITED MINING SOCIETY OF NOVA SCOTIA,

THE ASBESTOS CLUB, QUEBEC,

THE GENERAL MINING ASSOCIATION OF QUEB EC

THE following Resolutions of Council indicate beyond a peradventure the status of THE REVIEW as the exponent of the Canadian Mineral Industries—

The Gold Miners' Association of Nova Scotia.

"At the annual meeting of the Gold Miners' Association of Nova Scotia, held at Halifax on 6th March, 1889, THE CANADIAN MINING REVIEW was adopted the official organ of this Association.
(Signed), B. C. WILSON, President,
G. J. PARTINGTON, Secretary.

The Mining Society of Nova Scotia.

"Moved by Mr. R. G. Leckie, seconded by Mr. C. A. Dimock, That the thanks of the Society be tendered to Mr. B. T. A. Bell for his kind offer placing the columns of THE REVIEW at the disposal of the Society; and that THE CANADIAN MINING REVIEW is hereby appointed the official organ of the Society.
(Signed), H. S. POOLE, President,
H. M. WYLBUR, Secretary.

The Asbestos Club, (Quebec.)

"Resolved: That THE CANADIAN MINING REVIEW is, by authority of the Members and Council, hereby appointed the official organ of the Asbestos Club.
(Signed), D. A. BROWN, President,
A. M. EVANS, Secretary.

The General Mining Association of the Province of Quebec.

At a meeting of Council held at Montreal on Friday, 6th May, 1891, it was moved by Captain Adams, seconded by Mr. R. T. Hopper, and resolved: That THE CANADIAN MINING REVIEW be the official organ of the Association.
(Signed), GEORGE IRVINE, President,
B. T. A. BELL, Secret ry."

The Lake View Mining Syndicate, Ltd.,
of London, G.B.

From time to time it has been the policy of the REVIEW to advise caution on the part of both home and foreign investors when some mining scheme has been brought forward the record of which has not warranted the glowing statements of prospectuses issued.

It is fairly open to question whether to such category belongs "The Lake View Mining Syndicate, Limited," an English incorporation formed to work gold mines at Waverley, Nova Scotia, and the prospectus of which has lately been issued in London.

The British courts, in various cases of late, have held that the directors of such companies are personally responsible for the accuracy of the statements contained in the prospectuses, and the object of this article is to call the attention of the directors of this scheme to one or two matters into which it would be well to inquire before sending the documents out broadcast.

The object of the Syndicate, as set forth in print is to acquire "a lease (granted to Alonzo A. Hayward for the term of two years, from September 7th, 1892) of the entire plant, personal pro-

perty, and gold mining areas, owned by the Lake View Mining Co., Ltd, a company organized under the laws of Nova Scotia, Canada; also the option to purchase the said property for the sum of one hundred thousand dollars, about £20,000, at any time during the term of the lease." The lease requires a payment of 10 per cent. of the gross output, 2 per cent. to the Nova Scotia Government for royalty, and 8 per cent. to the owning company for rental, or additional royalty.

The prospectus says: "Nova Scotia mines having been comparatively little worked, the public are (*sic*) scarcely aware that it is a gold bearing country." Are there many Londoners agreeing with the above? Some, at any rate, will remember the *New Albion Co., The British and Colonial Land and Mining Co.*, and other companies of both more recent and older dates, and well remember that Nova Scotia gold was the cause of their being.

Another statement to catch the eye is: "The mine has been thoroughly proved * * The Government returns show that 16,226 tons of quartz taken from this mine yielded 11,034 ozs. of gold, or an average of 16½ dwts. per ton." The phraseology of these two sentences, following one close upon the other might lead an unsophisticated investor to suppose that the mine had been recently proved to contain quartz of an average value of 16½ dwts. per ton. The sworn returns from this property since January 1st, 1888, published in the Government blue books, show an average of only 4½ dwts. per ton, from nearly 5,000 tons crushed. The cost of extracting and milling the ore, including dead work, is put at about 6 dwts. Was there any margin for profit on these 5,000 tons?

The prospectus also says that the "excellent plant of modern machinery," now on the property was "erected at a cost of over £16,000;" that "over £30,000 has been already expended in opening up the property, and in erecting buildings, purchasing machinery, etc., etc." Also that "the directors have secured as manager, the present lessee, Mr. Alonzo A. Hayward, who has the advantage of knowing the property thoroughly, having as lessee carried on the work profitably for several years past," and that he has "agreed to devote his entire time to the management at the mine, receiving only the nominal amount of £15 per month," etc., etc.

One can imagine an inquisitive shareholder asking these questions: "How is it that this excellent plant of modern machinery cost £16,000 stg. when it is assessed on the tax books of the Province at only £1,600 or thereabouts? Why should it have cost £16,000 stg. if it is worth only £1,600 or 10 per cent.?"

This inquisitive shareholder might also have a taste for calculations, and, fortified by the Government returns might say: "The total number of days labor returned upon this property since this American company began work under Mr. Hayward, is about 15,000; assuming the average price of labor per day to be \$1.50 (which is above the average rate for Nova Scotia) \$22,500 will be required for the labor bill; the

ratio of fuel, power, explosives and supplies to labor in Nova Scotia appears to be under 50 per cent., but assuming it to be 50 per cent. we must add \$11,250 to the above, making a total of \$33,750, or say broadly £7,000 stg. This will leave the *cost price* of your plant *less labor on same*, some £23,000. Now your prospectus says £16,000, and the taxed value is £1,600. Is it wise to select for the future management of this syndicate a gentleman who has needed so much money to erect a plant assessed at so low a valuation? or are your figures wrong? If so what do you mean by publishing them in a document for which you are liable?"

The directors may also have this question asked them, "You state that Mr. Hayward 'as lessee carried on the work profitably with little or no capital for several years past.' Can you give to shareholders any statement of the margin of profit per ton obtained by Mr. Hayward on the 8 or 9 dwt. quartz mined by him during the 10 or 12 months of his lease in 1891 and 1892?"

The directors would be less liable if the word "years" was changed to "months." The prospectus says "It is estimated that the ore won in the exploratory work will in any event more than pay expenses incurred" in such work. The Government returns show that the ore won in the exploratory work done by the former manager in the years 1888 to 1891 inclusive, was 3,041½ tons, yielding 349½ ozs. of gold, an average value per ton of 2½ dwts. Does this syndicate really believe that 2½ dwts. of gold per ton "will more than pay" the expenses of driving cross-cuts and levels through the hard country rock of Waverley district? If so they disagree with the estimate of their own engineers who have put it at at least \$3.00.

The prospectus also says that the "statements and estimates are made upon the authority of information furnished by the vendor and Messrs. Bainbridge, Seymour & Co., who have favorably reported on the property." The inquisitive shareholder again comes to the front and says to the gentlemen, "Your report is dated 6th January, 1893, and as all work ceased on the property in April, 1892, it is presumable that you would have all data of production at hand before you made this report. Have you, or any of your subordinates, visited this mine since December, 1891? Because your report says that from January 1st, 1888, to January 1st, 1893, the production has been 2,197 tons, yielding 911 ounces. Now the sworn returns made to the Mines Office between the above dates show 4,927 tons yielding 1,166 (and a fraction) ounces. Up to the 1st of December, 1891, some 2,076 tons had been milled by the Lake View Co, but only 237 ounces were returned. You make 674 ozs. more than the sworn returns show. Will Messrs. Bainbridge, Seymour and Co. kindly inform from whence those 674 ozs. came; or what particular 2,197 tons gave 911 ozs?"

A pertinent question is, what evidence have the directors to show that the average yield of the past five years (4½ dwts.) is going to at once increase to the 15 dwts. upon which is based their calculation of dividends?