

The Morehead Dam and Canal are now completed, at a cost of \$118,458.08, this amount being \$6,541.32 under the estimates.

The Mine may, in future, depend upon double the supply of water afforded by the South Fork and Dancing Bill water system, and will insure a steady supply throughout the season even under more unfavorable conditions than have occurred since the commencement of the equipment of the property.

The Morehead system is not complete, however, without a small pooling reservoir to collect and converse the early spring and late water when not delivered in the quantity required to operate the Mine, and to conserve the water flowing down the canals at times when the head gates are ordered closed down.

The necessary pooling reservoir can be made in the valley above the main South Fork canal, a short distance above the South Fork reservoir, which will hereafter be used for pooling water for use in the South Fork pit No. 3.

Such a reservoir can be made by the construction of an earth dam containing about 4,500 cubic yards of earth, and can be constructed, together with the necessary gates, at a cost of \$5,000.

This pooling reservoir will materially simplify the problem of the economical use of water in the Mine.

LAND AND LEASES.

The twenty-five Placer Mining Leases purchased during the season are situated on Long Lake Creek, Little Lake Creek and Morehead Creek.

The area of the leases is 2,112.8-10 acres. These leases cover the auriferous deposits of an ancient river channel of stupendous proportions, for a distance of 42.530 feet, about eight miles, commencing at the old Cariboo Company's line west of the South Fork reservoir, and extending down to the confluence of Morehead Creek with the Quesnelle River.

Appurtenant to the above described property, are valuable water and reservoir rights, one for 1,000 inches of water from Morehead Creek, and 1,000 inches of water from Little Lake Creek, together with the right to use said Little Lake for a storage reservoir. These additional water rights increases the Company's water supply to 7,000 miner's inches.

The acquirement of this most valuable property adds at least four hundred millions of cubic yards of auriferous gravel to the Company's holding, making the total quantity of auriferous gravel available for future washing, amount to about four hundred and sixty-three millions of cubic yards.

OPERATING THE MINE AND OPENING THE LOWER BENCH.

PIT No. 1.

COMMENCING APRIL 19TH AND ENDING NOVEMBER 1ST, 1898.

Water Used.			How Used.
Days.	Hours	Quantity Miner's Inches.	
8	21½	19,717.6	Clearing out ice and frozen clay.
40	3	80,257.8	Washing top gravel and clay.
17	9	34,749.9	Washing top gravel and clay.
4	9	8,750.0	Washing top gravel and clay.
70	19	143,475.3	

SUMMARY OF RUN IN TOP GRAVEL PIT No. 1.

Time occupied in washing	143,475	miner's inches.
Quantity of water used	143,475	miner's inches.
Quantity of material removed—		
Ice and frozen clay	42,300	cubic yards.
Clay of top, west side of pit	106,000	" "
Top gravel and clay, east side	201,700	" "
Total quantity material washed	350,000	" "
Duty of water per miner's inch	2.44	" "
Gold recovered	4,403½	ounces.
Value	\$75,166.16	
Average yield per cubic yard	21	cents.
Product per day of 24 hours	\$1,058.67	

PIT No. 2.

COMMENCING APRIL 14TH AND ENDING NOVEMBER 1ST, 1898.

Removal of accumulations of Chinese boulders and tailings and other waste material, preparation to installation of gold saving appliances and opening of lower or bed-rock bench.

Water Used.			How Used.
Days.	Hours	Quantity Miner's Inches.	
4	11½	8,958.5	Clearing out ice and frozen clay.
23	4	55,072.5	" " earth, top waste and slide rock from N.W. rim, and accumulations of boulders front of Lower Bench.
2	20	5,708.2	Clearing out accumulations of boulders and tailings from bed of Dancing Bill Gulch.
6	9½	12,750.0	Clearing Chinese boulders from front of Lower Bench.
3	18	7,500.0	Clearing Chinese boulders from Lower Bench.
40	15	89,989.2	

SUMMARY OF CLEARING OUT WORK DONE IN PIT No. 2.

Time occupied in washing	40 days, 15 hours.
Quantity of water used	89,989.2 miner's inches.
Quantity of material removed—	
Ice and frozen clay and gravel	31,200 cubic yards.
Accumulation of tailings and boulders	72,000 "
Top waste earth and slide rock from N.W. rim	333,000 "
Total waste removed	436,200 "
Duty of water per miner's inch	4.84 "
Gold recovered	351½ ounces.
Value	\$6,021.70
Yield per cubic yard	.01 37-100 cents
Product per day of 24 hours	\$146.87

PIT No. 2 LOWER OR BEDROCK BENCH.

COMMENCING AUGUST 1ST AND ENDING NOVEMBER 1ST, 1898.

Water Used.			How Used.
Days.	Hours	Quantity Miner's Inches.	
11	14½	23,166.6	Washing bottom gravel and lowering cuts.
4	13	8,249.8	Washing bottom gravel and lowering cuts.
16	3½	31,416.4	

SUMMARY OF OPENING RUN ON LOWER BENCH.

Time occupied in washing	16 days 3½ hours.
Quantity of water used	31,416.4 miner's inches.
Quantity of gravel washed	35,670 cubic yards.
Duty of water per miner's inch	1.10 cubic yards.
Gold recovered	1,389 ounces.
Value	\$23,953.50.
Yield per cubic yard	0.67 15-100 cents.
Product per day of 24 hours	\$1,483.58.

An immense bedrock slide encountered near Prospect Shaft No. 1 interfered materially with the progress of washing gravel, and reduced the duty of the water for the washing done on the lower bench.

SUMMARY OF THE SEASON'S WORK.

Total time occupied in washing	128 days 16½ hours.
Total quantity of water used	264,880.9 miner's inches.
Total quantity of pay gravel washed	385,670 cubic yards.
Total quantity of Chinese tailings and other waste material removed	436,200 cubic yards.
Gold product for season	6,144 ounces.
Value of gold recovered	\$105,141.36.

The receipts and expenditures attending the equipment, opening and operation of the Company's Mine for the season, will be found distributed in detail in the following statement:—

EXPENDITURES FOR SEASON OF 1898.

PERMANENT IMPROVEMENTS—	
Drain Tunnel	\$ 3,533 42
Land and Leases	1,322 00
Installation of steel riffles	11,600 01
Equipment Lower Bench	7,424 01
	<hr/> \$ 23,879 44