

TWO ESTIMATES.

In the *Mining World* of March 7th Mr. F. C. Nicholas takes exception to a polite request in a previous number of THE CANADIAN MINING JOURNAL for more information as to the way in which he obtained his valuation of the property and stock of the Bonanza Creek Gold Mining Company, Limited. As he accuses us of making "distorted quotations" from his article, we shall here quote from it verbatim.

"The gravel which can be worked is estimated at 30,000,000 superficial feet, and an average of 60 feet, with values in all of it placed at about \$3 per foot, measured from a superficial foot to bed rock 60 feet below the surface. At this estimates there is nearly \$90,000,000 gross in the property, equivalent to \$257 gross for each of the 350,000 shares of the company's stock. Operating expenses are estimated at 60 to 90 cents per superficial foot to bed rock, with 20 per cent. added for contingent expenses, resulting in a prospective return of \$164.56 net for each share. It is expected that it will take 30 to 40 years to work out the property, and at this rate the return expected is \$4.11, or about 80 per cent. annually on the stock. The maximum expectation is rarely attained in any mine, and often years are required to develop full efficiency. Taking the risk at Bonanza Creek as 25 per cent. assured, there will be 20 per cent. annually for the stock, with prospects for even better returns."

With regard to this Mr. Nicholas says in his reply to our enquiry, "As to the data on which the article was based I took them from reports made by members of my field staff who were with me last fall, but have now returned to Alaska, to be gone some time. In addition to these data I had information from parties interested in the property and from other engineers. From such information the article was written, and I am free to say that I endorse the reports made by the members of my staff with entire confidence.

"As to my estimates of share values to which THE CANADIAN MINING JOURNAL refers, the results are arrived at by careful investigations, such as I am constantly making for clients interested in mining securities. Naturally, my estimates of values are made by my own methods and on my own responsibility; and I am happy to say that a number of clients and others hold them in high esteem."

In order better to correlate this estimate with the estimate made by Mr. R. G. McConnell, of the Geological Survey of Canada, it is convenient to reduce the figures of quantity to cubic yards. Thus the amount of gravel here represented would therefore be roughly 66,000,000 cubic yards.

The property of the Bonanza Creek Gold Mining Company, Limited, appears to be located somewhere on the white gravel of the west side of the valley of Bonanza Creek, below the mouth of Adams gulch. But as

there are also several other properties on the same side of the valley, this property does not cover the whole of the white gravel.

Mr. McConnell writes of this as follows:—

"The volumes of gravel on the Upper Bonanza and Eldorado hills are as follows:—

	Cubic yards.
Bunker Hill	1,050,000
French Hill	1,670,360
Gold Hill	3,684,940
Chechaco Hill	5,805,236
Adams Hill	7,561,370
Magnet Hill	485,672
American Hill	2,210,888
Orofino Hill	6,892,130
Monte Cristo Hill	3,710,490
King Solomon Hill	10,780,587
Boulder Hill	1,475,216
	45,326,889

Subtracting the quantity here stated as from Bunker Hill to Chechaco Hill, which are certainly higher up the valley of Bonanza Creek than the property of the Bonanza Creek Gold Mining Company, there remains, according to Mr. McConnell's determination a total of 33,116,352 cubic yards, only part of which is included in the property under consideration.

Continuing, Mr. McConnell writes:—

"A paystreak varying from 200 to over 400 feet in width has been traced through all these hills. It is partly destroyed in places, but on some of the hills, notably on Orofino and Monte Cristo, it is situated some distance back from the present secondary valley, and is entirely preserved.

"The paystreak is now practically drifted out, portions of it twice over, and is estimated to have yielded gold to the value of \$24,000,000.

"Drifting operations, however, never result in a full extraction of the gold. A few pillars and occasional small areas are usually neglected for various causes; the bed rock is seldom thoroughly mined, and no attempt is, of course, made to recover the values in the upper lean gravels. The paystreak gravels are also bordered as a rule on both sides by considerable fringes of gravel, too lean to drift but rich enough in most cases to hydraulick.

"The gravels in the Upper Bonanza hills, considered rich enough to be hydraulicked at a profit, include all those in the original paystreak, those in a band behind the paystreak varying in width on the different hills from 100 to 200 feet, and those between the paystreak and the present valley.

"The gravels in the back portion of most of the hills are too lean to be worked by any method.