of size and value of ore bodies in the well developed claims in the vicinity, and how they compare with claims under consideration. By the " probable value " is meant not the nett profits on the product of the mine, which may take 10 or 20 years or more to extract, but the selling value at the end of a limited period of time, say two or three years, this is done in order not to complicate matters too much, and for the business reason that it is unwise to lock up money indefinitely in any enterprise, as better opportunities may present themselves at any time. Now, of these three factors which determine the vaule of our chance, the first is the most difficult to fix, and is the most likely to be put too high; the second should be possible to estimate fairly closely, and the third again within reasonable limits.

To cover the essential indefiniteness of the whole calculation use a liberal factor of safety, say two or three, i.e., do not pay more than one-half or one-third of the " value of the chance " calculated in way indicated, or else secure option on reasonable terms with heavy payments deferred to last. Assuming that this mode of reasoning is correct, we see that the prices of mining claims is generally too high, more especially is this the case with locations that are " stocked," and offered to the public at a relatively high sum for the whole property. Those buying only stock may happen to secure the fortunate one, as it would be easily possible to win by betting two to one that a coin tossed up will turn up " heads," but it does not prove that the purchase was any the less injudicious, and continuance in buying such stocks is as certain to lead to loss as repeated giving odds on " heads " turning up.

EXAMPLE.

Calculation to show value of claim which adjoins a claim of tested value—assuming that from observation taken on developed claim the vein should be found on claim in question.

The calculation, of course, being good for one particular district, and the figures based on a study of veins in the well developed mines.

The sources of failure are as follows:

1. Vein vanishes altogether or becomes too small to work.

2. Vein loses its value.

3. Through some serious change in strike, or some fault the vein misses new claim.