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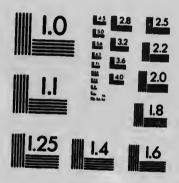
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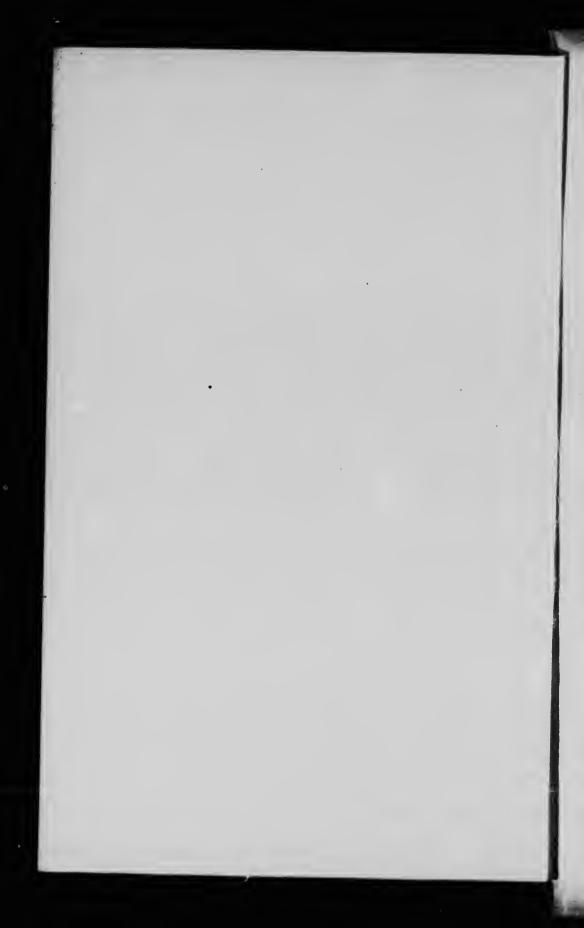


Panoramic View of Diamont Vale Controperty, looki



ale Coal Property, looking North from Coldwater River, near the Mine.





MANAGER'S REPORT

DIAMOND VALE
Coal and Iron Mines

LIMITED

Two large Coalfields.

An unlimited quantity of high-grade Steam, Coking and Domestic Coal.

Sixteen thousand acres of good Orchard Land; with plenty of Water for irrigation.

A beautiful Park-like Townsite on the Canadian Pacific Railway.

Sixty million feet of standing Timber (estimated).

Railway Transportation from a producing Coal Mine to good Markets; another Railway now being constructed.



Offices of Diamond Oale Coal and from Mines, Limited, at the Mines.



MANAGER'S REPORT

TO THE SHAREHOLDERS OF THE

Diamond Vale Coal and Iron Mines, Ttd.

Gentlemen,

The early days of our Company's existence may be briefly reviewed before touching on the work now being done.

In 1902 supplies were taken to the camp on pack horses. Now the Canadian Pacific Railw y delivers freight and takes out Diamond Vale coal, which finds a ready market in Vancouver and the interior towns.

Prospecting on our Quilchena property which consists of about 16,000 acres of coal land, disclosed the existence of nine seams of good coal, described in previous reports, of which at least seven are of "workable" thickness, viz.:

The upper or Palmer seam—16 feet and others as disclosed by Diamond drill as follows:—7 ft., 6 ft., 5 ft., 3 ft., 3 ft., 4 ft., and two lower seams not drilled but showing 4 ft. and 8 ft. where they outcrop. The total thickness of good coal under this land is apparently more than 50 feet and will probably yield 30,000 tons or more per acre.

The surface of this land is a valuable asset consisting of 16,000 acres suitable for grazing and fruit raising. Our Company has secured water records on the headquarters of Quilchena Creek at a point some 800 feet higher than the land to be irrigated. This lake is a large body of water probably 20 to 30 square miles in extent. It is fed by mountain streams from the heavily timbered hills to the south and east, and would supply much more water than will be required for our purposes.

The Nicola Branch of the C. P. R. has not yet been extended to this point, and in consequence our mining operations are confined for the present to the property purchased in October, 1906, near the confluence of the Coldwater and Nicola Rivers, about 10 miles west of the Quilchena property.



Coal Exposure 16 Feet Thick-Palmer Seam at Quilchena.

COLDWATER PROPERTY

This consists of 2,067 acres of land, under which are three seams of good bituminous coal already proven by tunnels and drifts, from which a large tonnage of coal has already been shipped. Other seams have been cut by diamond drill but not yet opened by shaft or tunnel.

With regard to the Nicola Valley Basin, our Engineer, Mr. B. P. Little, writes:—

"This basin lies at the confluence of the Nicola and Coldwater Rivers, and is probably two miles wide in an east and west direction and three miles north and south, or about 3,800 acres, although future prospecting may prove an extension of the field. Up to this time, however, all the work done outside this area has proved the absence of coal, or the existence of very small seams of poor quality.

Within the above area is a very large tonnage of high grade coking coal, and, in my opinion, the most valuable part of this field is that lying immediately north of Coldwater River.

The railroad was under construction through the property at the time of my examination, and it was very evident that this field could be opened up, coal shipped, and a market built up long before we would be afforded transportation at Quilchena.

In the light of these facts you decided to secure, if possible, sufficient acreage in the Coldwater District to make it profitable to open on a large scale, and to hold the trade while waiting transportion facilities from the original property.

In this you were exceedingly fortunate, securing two properties of 424 and 1643 acres respectively, giving you 2067 acres in the very heart of the coal basin, and by far the most valuable portion of it.

These transactions were closed on the 15th and "h of September, 1906, and by the 8th of October we had transaction and our drilling plant from Quilchena to the Coldwater property and started drilling.

Previous to our advent, two bores had been put down in 1892-93, on this property, and good coal encountered, viz:—



Coal Exposure 6 Feet Thick—Jackson Seam at Quilchena.

Bore No. 1.—This was bored on the North bank of the Coldwater, coring through 5 ft. of coal at 190 ft.

Bore No. 2.—This was put Twn on the South bank of the Nicola River, about one and o. ...ourth miles north easterly of No. 1, and cut 5 ft. of coal at 137 ft., and this seam is now being opened by a slope driven from the surface.

Coal outcrops immediately across the Coldwater from your property, opposite Bore No. 1, and at several other points, and shows a dip of about 28° towards and under your property. It also outcrops about three-quarters of a miles further south and to the west in Coal Gully, where there is an exposure of an 18 ft. seam, and several smaller ones. These are best described in Dr. Ellis' report for the Dominion Geological Survey Department, 1904 (sessional paper No. 26).

DIFFERENT SEAMS

Bore No. 7.—This was started October 8th, 1906, and completed to a depth of 778 ft. on November 23rd. Bedrock was reached at a depth of 150 ft. from the surface, the overburden being sand and gravel wash. The bedrock cores show a up of about 28° or practically the same as the outcrops on the south side of the river, and 1900 ft. from the site of the Bore.

Coal was found as follows:-

At 535 ft. from surface 44 in. clean bright coal. At 764 ft. from surface 49 in. mostly clean ϵ ad bright.

The upper seam was hitherto nuknown.

The lower seam is the rathole seam, discovered in old No. 1 Bore, and outcropping on the hillside south of the river.

Bore No. 8.—This was located close to the Coldwater River and about 1,800 ft. from Bore No. 7. Bedrock was reached at a depth of 21 ft.

Coal was encountered as follows:-

At 70 ft., 39 in. coal, mostly hard and clean.

At 222 ft., 38 in. coal, clean and hard.

At 293 ft., 18 in. coal, clean and hard.

The Cores taken from the Bores Nos. 7 and 8 were handed to Mr. J O'Sullivan, F.CS., of Vancouver, and show the following analysis:—



Showing Some Good Land at Quilchena.

MANAGER'S REPORT, DIAMOND VALR COAL AND IRON MINES CO., LTD.

Upper Sam, Bore No. 7, 535 ft. deep.

Coke 60.9 per cent. - Character of Coke, hard and coherent.

Rat Hole Seam, Bore No. 7, 764 ft. deep.

 Moisture
 2.0 per cent.

 Volatile combustible matter
 37.7 "

 Fixed Carbon
 54.8 "

 Ash
 5.2 "

 Sulphur
 3 "

Coke 59 per cent.—Character, hard and coherent.

70 ft. Hole in No. 8 Bore, Mixed Sample.

 Moisture
 2.3 per cent.

 Volatile combustible matter
 38.6
 "

 Fixed Carbon
 50.3
 "

 Ash
 8.5
 "

 Sulphur
 .3
 "

 100.0

Coke 58.8 per cent. — Character of Coke, hard and coherent.

222 ft. Seam, Bore No. 8.

Coke 60.5 per cent.--Character of Coke, hard and coherent.



A View of the Surface at Outschena-Good Orchand I am

N'ANAGER'S REPORT. DIAMOND VALE COAL AND IRON MINES CO., LTD.

One Diamond Drill Bore Hole No. 9, has been sunk the past (1907) season. This hole is located about 1,000 feet easterly of Shaft No. 1, and the results of this hole confirm the information obtained from previous bores.

The principal features are as follows:---

Bedrock was reached at a depth of... 50 feet
Sandstone, sandy shale, etc... 60 "
Upper coal seam, 4 to 5 feet depth ... 122 "
Sandstone, slates, etc... 201 "
Lower (Rat Hole) seam, coal, depth
325 feet... 5 "

In addition to this prospecting work much valuable information has been obtained from work prosecuted by other persons or companies in the vicinity of your property during 1907.

Probably the most important item is the discovery of a good seam of coal on the hill, about 1½ miles northerly of yanr north line, which shows the coal measures to continue unbroken to at least that distance beyond your line, and removes any doubt that any portion of your property might lie outside of the coal basin. It is evident now that the entire 2,067 acres making up this (Coldwater) property is underlaid with coal.

The next important item is that the development done south of your property confirms the previous opinion that the large or Jewel seam, of 17 feet thickness, dips into and extends under your property, but at greater depth than has yet been penetrated by the drill.

I might say in this connection that the above Company owns the only property having any fair indications of payable coal seams, besides your own, in the Nicola Valley, and it is probable that they will be the only competitors you will have in this portion of the Province, and as the seams crop to the surface of their property a short distance south of your south line, it would appear that the tonnage to be produced would not be more than a small fraction of that underlying the Diamond Vale property.

The buildings erected are as follows:-

BOARDING HOUSE No. 1. A temporary shanty erected to house men while building more substantial quarters, and now used as a granary.



MANAGER'S REPORT, DIAMOND VALE COAL AND IRON MINES CO., ITD.

BOARDING HOUSE No. 2 and Bunk House.

TEMPORARY STAILE. A rough building covering humodlate needs.

BLACKSMITH SHOP, 16 x 20 ft.

ICE HOUSE, a rough building 20 x 30 ft.

OFFICE BUILDING, 28 x 36 ft., two stories and cemented insement, containing five bedrooms on second floor, office rooms on ground floor, etc., well furnished.

Superintendent's Office. A plain but neat building, 16×16 feet, located close to shaft and power plant.

Waremouse, 20 x 30 ft., plain but next building, containing general stock of supplies.

SAWMILL.—28 x 100 feet, containing 50 il. P. englue, circular saw, gang edger, etc., capacity 15,000 to 20,000 feet per day.

Oil House.—14 x 14 feet, constructed of corrugated galvanized from for storage of oil.

POWER HOUSE AND MINE EQUIPMENT.

Engine Room, 28 x 40 feet, containing:

One Ingersoil-Surgent Air Compressor, of 350 cubic feet capacity.

One Double Cylinder Heisting Engine, capacity four tons at speed of 600 feet per minute

Two Feed Water Pumps.

One Water Supply Pump.

One 300 H. P. Feed Water Heater.

One 100 Light Dynamo and Engine.

One Draft Fan rad Fagine, connected.

Boiler Room.—28 x 47 feet, containing:

One 280 H. P. Babcock and Wilcox Boiler, for working pressure of 160 lbs., and

One 40 H. P. Locomotive Type Boiler of 120 lbs.

Buildings are massive wood frames covered with gaivanized corrugated iron.



Sawmill-Capacity 20,000 Feet per Day.



Interior of Sewmil. (See Page 13)



Power House. Envine Room and Pit Head at No. 1 Staff.

MANAGER'S REPORT, DIAMOND VALE COAL AND IRON MINES CO., LTD.

The equipment, other than listed above, consists of:-

Two No. 7 Cameron Sinking Pumps, capacity 160 gallous per minute.

One No. 9 Cameron Sinking Pump, capacity 200 gallons per minute.

One Snow Duplex Sinking Pump, capacity 600 gallons per minute.

One 40 H. P. Vertical Boiler.

One Double Cylinder Hoisting Engine, capacity $1\frac{1}{2}$ tons.

Two Rand Fock Drills with equipment complete.

Also Cars, Track Steel, Wire Cables, Mine Tools and Steel, etc., etc.

One Diamond Drilling Outfit, with Casing, Boiler, Pump., etc., complete.

Thawing Magazine, arranged for safely thawing dynamite.

Equipment of the Boarding House, consisting of stoves, ranges, utensils, dishes, etc.

Equipment of Blacksmith Shop, tools, etc., etc.

Gallows Frame, No. 1 Shaft, 60 feet high.
"No. 2"60"

Engine Room, No. 2 Shaft, 26 x 28 feet, frame with iron roof and containing Hoisting Engine for No. 2 Shaft, and Haulage Engine for moving cars underground.

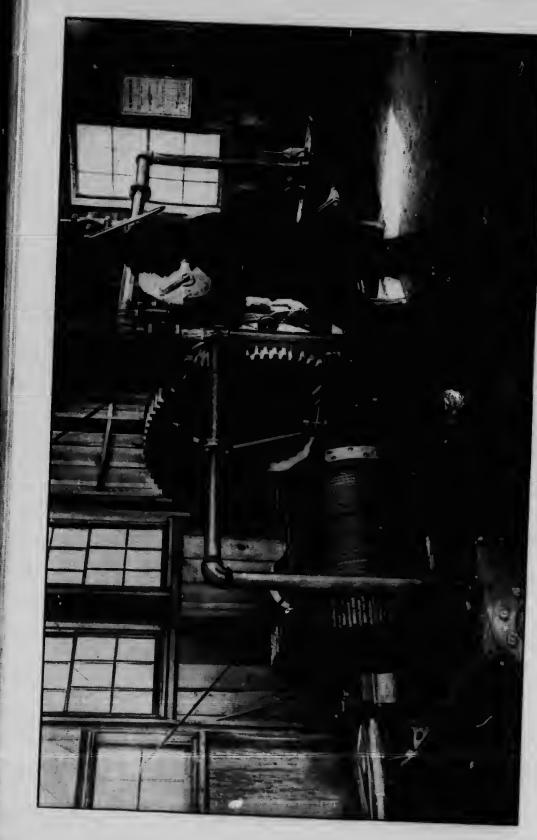
TIPPLE AND TIPPLE TRESTLE:

400 feet long and 30 feet high, built from No. 2 Shaft to R. R. Spur.

R. R. SPIR:

A spur connecting the mine with the C. P. R. 4,000 feet away has been completed, over which our coal is shipped.

Total for building and equipment and construction \$50,000.



Engine Room-Hoisting Engine in Use at No. 2 Shaft and Haulage Engine for Use in Street.

MINE DEVELOPMENT

Sinking operations on No. 1 Shaft were temporarily discontinued at a depth of 45 feet.

SHAFT No. 2

Has been sunk near the Coldwater Biver, where the bedrock comes nearer to the surface.

The upper coal seam was reached on December 13th, at a depth of 68 feet. The seam was found pitching to the north, and diagonally with the shaft, which was continued to a depth of 89 feet, and a station 12 x 15 feet was cut out of the dip. The shaft is now complete and timbered to the bottom.

From the station at bottom of shaft a slope is being driven down the seam and headings driven off to right and left at intervals of 60 feet.

Development of this seam began on January 20th last, and at this date we have a half-mile of work driven.

Owing to our not having the tipple and other surface works completed, and not sufficient equipment yet delivered, no attempt has been made to do any mining other than development work.

The development now completed is sufficient to permit an output of more than 100 tons per day.

The coal produced has met with general approval and only a fraction of the orders now being received can be filled.

A sample of coal being mined was submitted to Mr. J. O'Sullivan, F.C.S., for analysis, who says under date of January 11th, 1908:—

"I herewith enclose Certificate of Analysis of the sample of coal submitted by your Mr. Smith.

This coal is of good bituminous quality and compares most favorably with the best samples I have put through from the Nicola District and from Vancouver Island. It is of good domestic and steaming quality, and is very valuable also for



Pit Head and Trestle at No. 2 Shaft.

MANAGER'S REPORT, DIAMOND VALE COAL AND IRON M'NES CO., ITL.

metallurgical purposes on account of its excellent coking qualities:

ANALYSIS

Wuter	4.00	per cent.
Volatile Combustible matter	36,75	•
Fixed Carbon	51.25	i)
Ash	7.50	11
Sulphur	.50	44
		74
	100 00	

Coke 59 per cent.—Character of Coke, hard and firm. (Signed) J. O'SULLIVAN,"

The accompanying ents will serve to illustrate the Company's property and what is being done in the way of improve-Good progress has been made during the past six months, and the results of this development and construction work will be made richly apparent in the next six mouths output of conl. The Company should be on a good profit earning basis by the end of this year.

With soil and climate mexcelled, the fruit raising and agricultural possibilities of Quilcheon cannot be over estimated, and immdreds of people will soon build comfortable homes in. this beautiful district.

So vast is the quantity of coal owned by the Diamoud Vale Company in both the Quilchena and Coldwater basins that we cannot compute its future worth, but present value, based on output of coal as reckoned probable for the next few years. might be conservatively placed at par, as an output of 1,000 tons per day would earn a dividend of 10 cents per share; and this could soon be maintained.

The advantages of our Company are in many respects mequalled by those of my other. We court investigation and offer one of the safest and most profitable investments to be had in Canada to-day.

Respectfully submitted,

T. J. SMITH.

President and Manager-

VANCOUVER, B.C., May, 1908.

The Daily "News Advertiser" of Vancouver, says:

THE Nicola Valley coal lands have attracted much attention since the report of Dr. R. W. Ells was published by the Canadlan Geological Survey Department for 1904 and 1905. Careful examination of the coal measures was made and a geological map prepared by Dr. Ells, showing the extent of the coal deposits in the basin just above the confluence of the Nicola and Coldwater Rivers. Since that time much prospecting and some mining have been done, which has gone far to prove the accuracy of Dr. Ells' work.

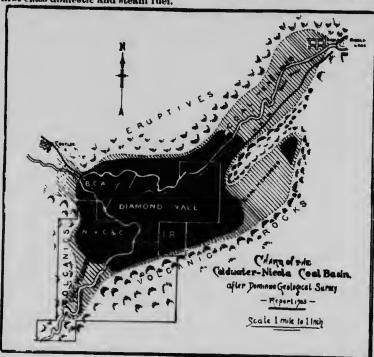
South-west of the Coldwater River some tunnelling has been done in coal, but beyond the tunnels no attempt at extensive prospecting. At the easterly end of the basin several niles distant a nine foot seam of good coal has been uncovered. Between these points, as shown by the accompanying map, the property of the Diamond Vale Coal Company lies wholly within the coal area. This company was fortunate enough to secure land that does not include any volcanic rocks. During the past year sufficient diamond drilling has been done to prove the existence of three coal seams under this land. From those deposits will be unined 1000 tons per acre tor each foot in thickness; as the area in question enthraces 2,067 acres, it is readily seen that an immense tonnage of coal will soon be available.

Since the first of the year more than 1,800 feet of tunnelling has been

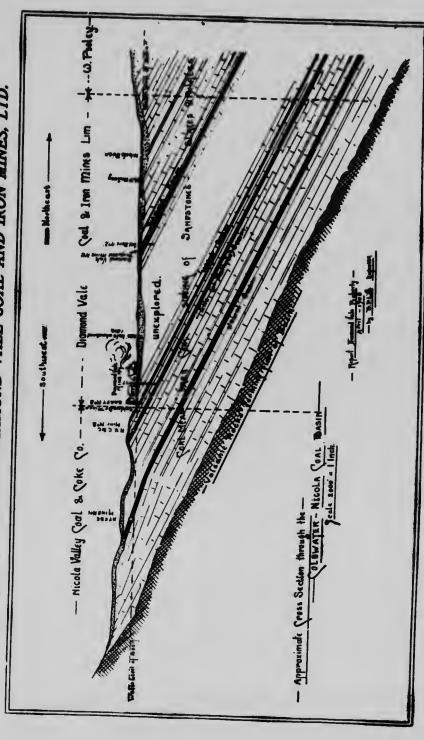
Since the first of the year more than 1,800 feet of tunnelling has been done on the upper seam, which is five feet thick. Eighty men are now employed, and development work is now progressing at the rate of 200 feet per week. About 100 tons per day can now be mined.

Since acquiring this Coldwater property, nearly \$150,000 has been expended by the Diamond Vale Company, and the plant installed is the very best obtainable. The No. 2 shaft will be sunk to the second seam, which has been cut by the drill 292 feet from the surface, and is seven feet thick of clean coal, which improves greatly as distance from the outcrop is reached, as shown by the slope now being driven.

This coal is now being marketed in Vancouver, and has found favor as a first class domestic and steam fuel.



COAL DEPOSITS OF THE DIAMOND VALE JOAL AND IRON MINES, LTD.







alley of Quilchena Creek, Looking South.

