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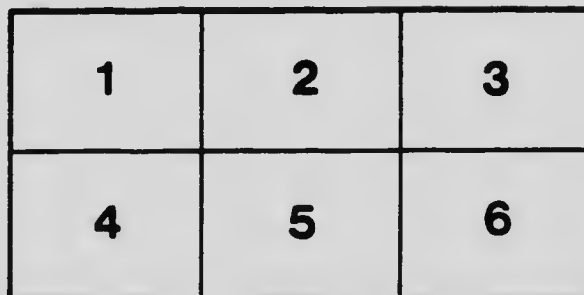
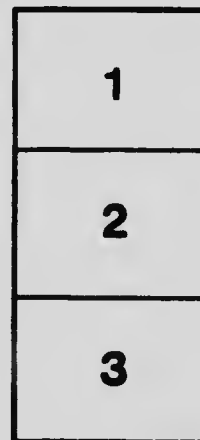
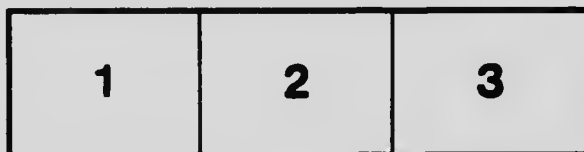
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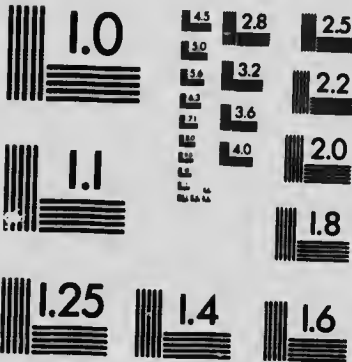
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The Inside History of a Mining Company

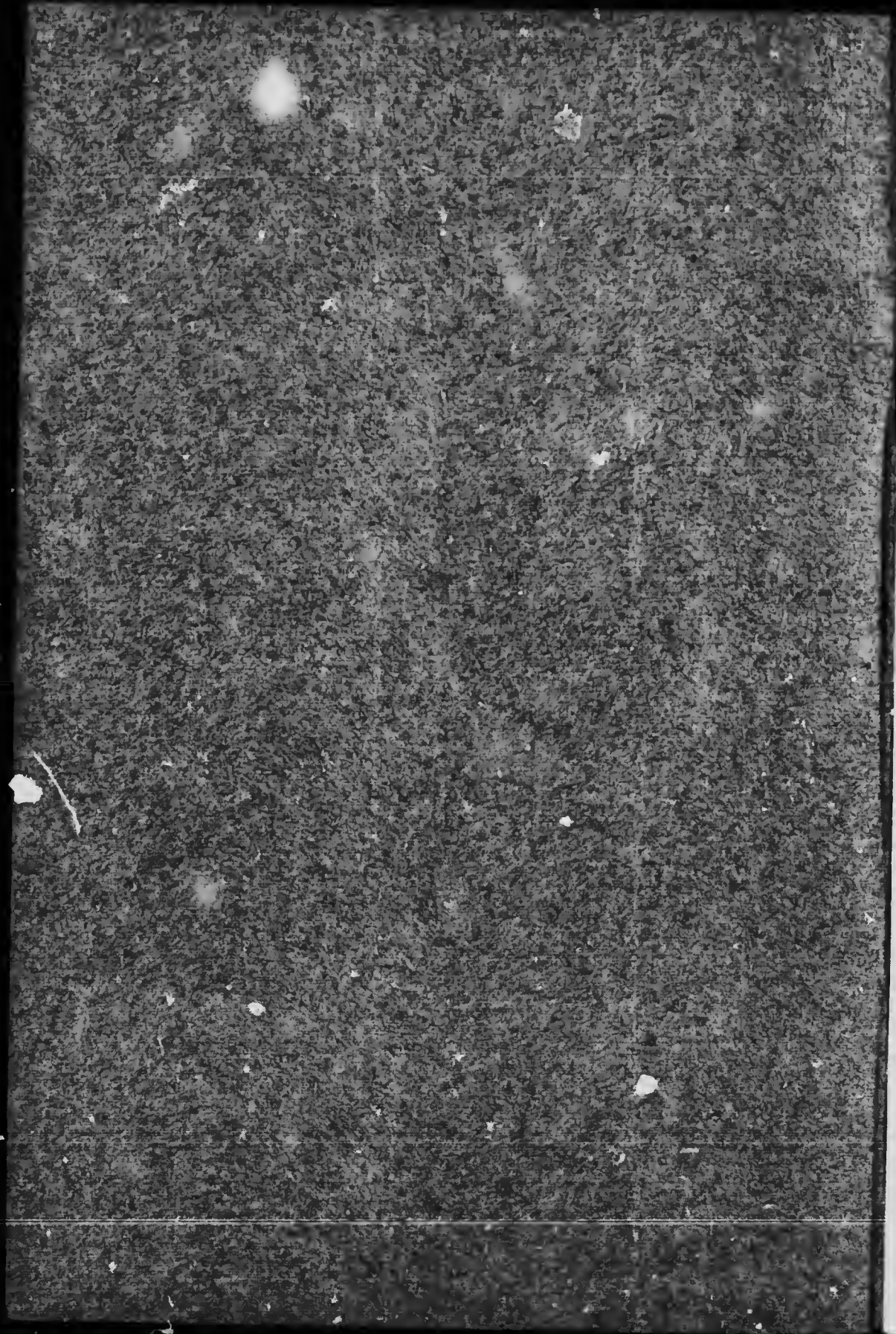


For the delectation of "Toronto Saturday
Night", indicating what its "*Morning After*"
: : will be. : :

BY A. E. WATTS

Next edition will contain extracts from 'Political Patron-
: age, Ancient and Modern', etc., etc. :

1914



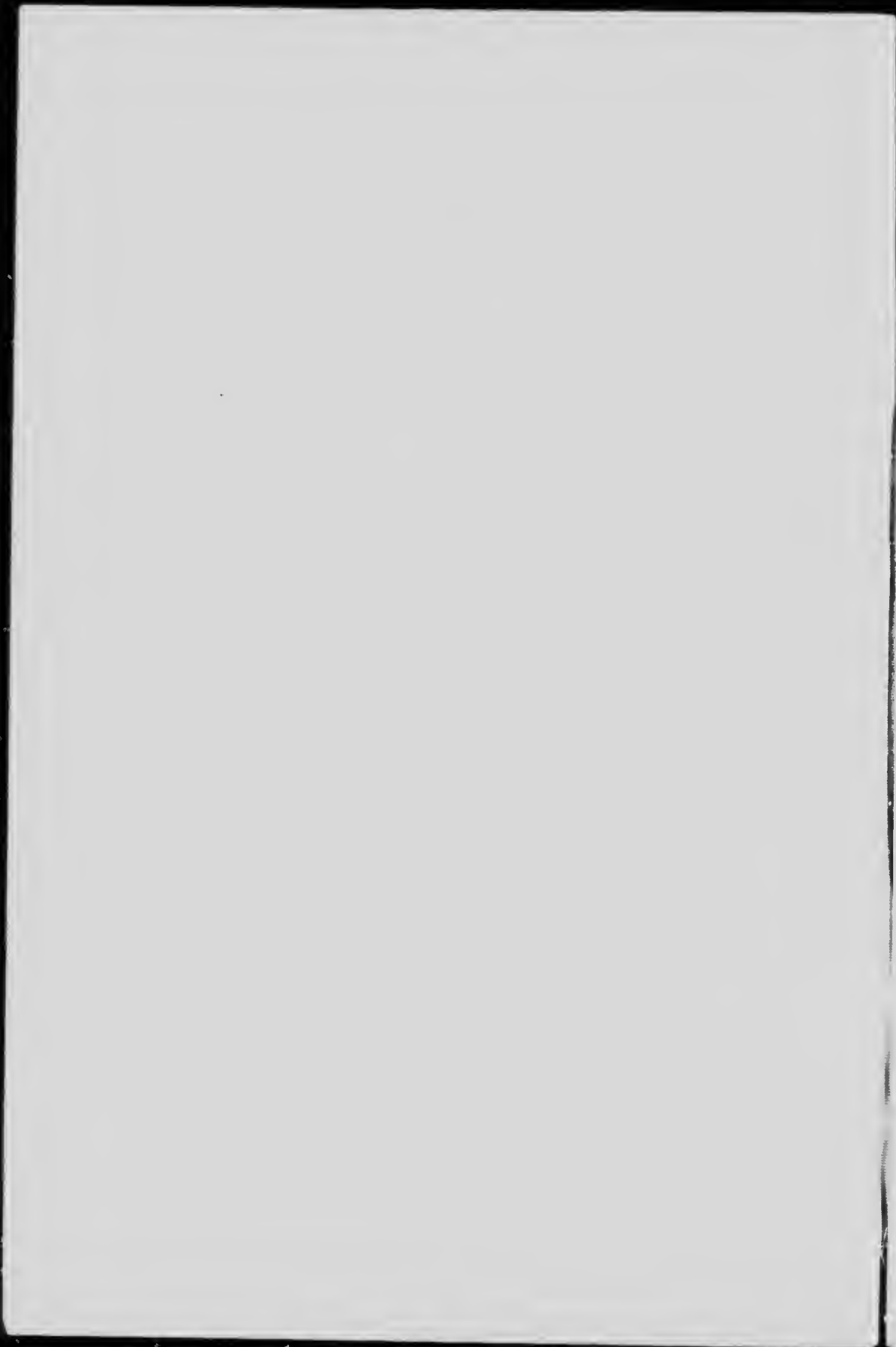
The Inside History
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PREFACE



The "Inside History of a Mining Company" is written for the purpose of showing the great difficulties met with in attempting to secure a fair deal for those not in the inner ring in Company affairs. Whilst it is admitted that Promoters have a right to fair remuneration for services rendered, and the Companies' Act permits that, but without limit, provided the technicalities of the law are complied with; hence, the great number of Multi-Millionaires who have sprung up like mushrooms in modern times. This Act was never intended to allow Promoters to allot themselves shares for imaginary or no consideration, and then sell the shares and pocket the proceeds. The ordinary subscriber for shares has no means of learning the difference between Promoters' and other shares nor does he know whether the money he pays for them is used for the exploitation of a property in which he is a partner, nor has he much knowledge of the property and as a rule cannot tell whether it is of the wild cat kind or not, and generally invests with a feeling that it is a gamble with long odds against him. The results are baneful in many ways and greatly retard the development of Natural resources.

Hence the reason I have urged the Authorities to pass a measure similar to the "Blue Sky Law" of Kansas, which effectively protects investors against Wild Cat and Crooked Promoters and gives the investor a feeling of security and confidence. It is often the lack of confidence which destroys many really good undertakings and the necessary capital cannot be obtained.

Such was the case with the Company whose history I am telling. It was on the verge of being down and out and about five hundred shareholders stood a good chance of losing all, when the Company made me a most attractive offer whereby I would make a huge fortune if our endeavors

were successful. Then, immediately the development of the property looked as though we had the fortune within our reach began a great struggle for control; but the amusing part of it is that up to that time nobody wanted the control nor responsibility.

A great part of the story touching statistics and reports may not prove interesting but if it has the effect I intend, that is, that it may in a small degree be the means of hastening the necessary legislation to protect investors, it will have attained the object for which it has been written.

The next edition to this will contain extracts from—

“Political Patronage, Ancient and Modern.”

“Word Pictures of Political, Legal and Judicial luminaries—Guess Who?”

“How a few strong men saved a modern Sodom and Gomorrah.”

“The Blue Sky Law of Kansas” how a similar law would enhance the credit of Canada and protect investors.

A. E. WATTS.

Wattsburg, B.C.

Marsh 21st, 1914.



A Challenge to the Toronto "Saturday Night"

The above journal on March 21st published a statement regarding the property and status of the Boundary Mining & Exploration Co., Ltd., of Midway, B.C., indicating that their stock is worth nothing, that it has a fair property, but the whole thing savors too much of a stock-selling proposition, etc.

The first statement is quite untrue and the second is worse. If "Saturday Night" can prove to the opposite, I as president and general manager of the Company will deliver to "Saturday Night" all that I am worth and all that I may possess on the condition that if it fails to make good the control of the "Saturday Night" be delivered to me; the question to be settled by arbitration; and I think "Saturday Night" will be mine if it dares to take up the gauntlet.

The books of the Boundary Mining Co. are always open for the inspection of shareholders. They are now open to any competent Auditor "Saturday Night" appoints to work with one appointed by this Company; one condition being that the charges refer to recent times or the past two years, during which I have been president. Prior to that time I am not responsible; but if "Saturday Night" will publish the Company's past history (I am writing for the information of its shareholders), the public will learn something about inside manipulation on a small scale, which is simply a reflection of what is going on on a large scale among the mighty corporations of Canada whereby the public is fleeced by the parasites of humanity.

"Saturday Night" in its issue of January 11th, 1913, paid the writer a high compliment in a long editorial, amongst other things saying:

"Once in a while an incident occurs to show that there are still heroes born of the Order of David, ready to attack the Goliaths of a revised version. There is a very good example in this province today of a fight just as unequal as the old scriptural bout referred to. The modern David stands forth in the person of Mr. A. E. Watts, president of the Wattsburg Lumber Co.

"whilst his entrenched and powerful enemy is alleged
"to be the Canadian Pacific Railway. While David's
"weapon was a sling Mr. Watts is depending on pub-
"licity, etc., etc.

Without egotism, the writer accepted the compliment as earned and deserved. Some of the pebbles hit the spot, and did useful work for the good of the public.

"Saturday Night" does much good along the same lines by its fearless criticisms of abuses, thereby winning the support and admiration of thousands of its subscribers. Such a journal can be a mighty influence for good, in equal proportion it can do harm and some who may suffer thereby are not capable of defending themselves. For instance, in the matter of developing what are honestly believed to be genuine prospects in their initial stages, it is very difficult for small companies to obtain funds and the great resources of the country are consequently, in many cases, left undeveloped. The suggestion of stock-jobbing is sufficient to break up small prospecting companies who are honestly struggling to unearth the hidden wealth in which Canada abounds.

Investing in mining stock is a gamble, more or less, but investors do not mind the frequent losses made, provided the cash is used in honest endeavors to develop the properties for which the money is subscribed,; but in many instances the opposite is the case and promoters find that mining the public is far easier than pounding rock and an easy way to dodge work and live in luxury. The general public know very little of the mode of operations except that they often part with their cash and that is the last they hear of it.

Recently, I have had my first experience of the inner workings and methods adopted by some of the promoting fraternity, some of whom had been extremely generous in the allotment of shares to themselves and rather niggardly in rendering services or anything else in return. The story will be a long one and I hope interesting. At any rate, it will do for a moral and a warning. The names of the Operators will not be disclosed until near the end of the story.

Some time since I was approached by an agent of a Company, then consisting of about 500 small shareholders, a million dollar company, in debt, but possessing valuable freehold land and some leases or licences, etc.

Responsibility Accepted

To the Editor of the "Prospector"
Cranbrook, B.C.

Sir:—

I enclose you a copy of a letter to the Editor of the "Saturday Night" and copy of my address to shareholders of the Company that has been attacked by "Saturday Night" and I wish to compliment you on your courage in printing the whole of what I wrote. If truth is libel you will, in publishing the whole story be called upon to print libel, and whether it calls for criminal or civil action, I assume the responsibility and relieve you of all the onus.

Yours very truly,

A. E. WATTS



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FOR
A. E. WATTS,
WATTSBURG, B. C.

Half-a-Million Dollars Damages claimed

Wattsburg, B.C., March 18th

To the Editor of "Saturday Night"
Toronto, Ont.

Sir:—

Enclosed is a copy of challenge issued by me as President and Manager of the Boundary Mining & Exploration Company, Limited, calling upon you to make good your criticisms of the said Company and its affairs. Copies of this challenge in a mutilated form have been published in the Press of the West, only one Editor had sufficient courage to publish the same as written and that is the oldest and most influential journal in these parts, "The Prospector" of Cranbrook, which I have seen in early days turned out by horse-power, and it did better than some of your modern productions with their electric and asinine power. To-day the "Prospector" uses electric power and common sense and does effective work for the good of the community.

The terms of the challenge are definite, however, I repeat, that is, "If you can make good your unjust and damaging statements, I will forfeit all I own now or may own hereafter on the condition that if you fail, you deliver "Saturday Night" and all its belongings to me, if you plead that what I own is not worth as much as "Saturday Night" I will provide double the value of "Saturday Night" the value to be as ascertained by expert valuers.

If you ignore this challenge and do not take up the gauntlet, nor apologize by lettergram within seven days from date, I shall give instructions for a writ to be issued against you for half a million dollars damages. This is no bluff, but meant in earnest and for the protection of over 600 small shareholders whose interests it is my duty to protect and I shall do so by every means in my power.

Yours truly,

A. E. WATTS

To the Shareholders of the Boundary Mining & Exploration Company, Limited

March 21st, 1914, Wattsburg, B. C.

The last annual meeting was held at Midway, near your property, for the purpose of enabling shareholders to examine the development work done and to judge for themselves as to the value of the property. Quite a number visited the mine and were enthusiastic about the coal showings and future prospects of making a quick fortune; but I am sorry to report that our expectations have not yet been realised, and I hope you will carefully read the following which I think it is my duty to lay before you owing to criticisms that have appeared in Toronto "Saturday Night" the history of the Company since I have been connected with it will prove interesting and show the injustice of the remarks published

In the first place your freehold land alone is worth over twice the amount of money so far expended, computing the value of the land on the basis of the actual value of the adjoining land for fruit and agricultural purposes. It was this feature that induced me, after careful examination of the land to join the Company and to invite others to subscribe in the mining venture; because the value of the land would safeguard myself and others from actual loss if the coal did not prove to be a commercial success, and if the latter proved as we expected we should all participate in a huge fortune. In this I was most enthusiastic and optimistic and had, and still have, reason to be so, as the context will show. Knowing very little about coal I did not rely upon my own judgment but consulted others including well known Dominion Government Geologists, who examined the coal measures with me. I also compared the reports of three well known mining engineers of high repute with the visible showings of coal and felt justified in saying that the Company owned a very valuable real property and expressed myself as willing to invest and work for the development of the coal, provided the books, accounts and titles were satisfactory.

The Directors submitted resolutions, passed and confirmed at two meetings in which they practically offered me the control on generous and easy terms if I would take the conduct of the business in hand. Finally I consented, on the condition, that a general meeting of shareholders confirmed the action of the Directors. This was done and the minutes and resolutions were duly filed with the Registrar of Joint Stock Companies. It was my first experience in Company business and I found I had a lot to learn and I would not suffer the same persecution and torments again for all the mineral wealth of Canada. At that time the Company was in debt with no funds in hand, 534,000 shares out of one million gone, with net results, according to the books, of about \$16,000.00 or an average of three cents per share. As the books showed that shares had been sold for as high as 50 cents I asked for explanations and was told that the greater portion of the shares had been given by former Directors to themselves, as Vendors of the property to the Company. That, to me seemed reasonable and I accepted the explanation, as I had no records to prove otherwise. At that period there were about five hundred shareholders, many of whom regarded their cash as lost. Shares were offered at 5 cents with no buyers. Amongst the Directors were some well known and highly respected gentlemen, but who had left the business to others. I consulted the former and their opinion was, that a capable and determined man could make a great success of the venture.

I purchased large blocks of \$1.00 shares for 5 cents per share. The active development of the property shortly after created a demand and I sold the shares for 17 cents and put the proceeds in the Company's treasury for development work. I found that these cheap shares were those the original Directors had kindly allotted to themselves and more of the same kind kept coming in from all quarters for transfer. I instituted more searching enquiries as to the title of these gentlemen to the shares and challenged them and positively refused to transfer any more until they proved that they were legally obtained, this they could not do, in one instance one person had parted with \$1400.00 for a block I had refused to transfer. He made an affidavit and sent proofs that he had paid cash, none of which found its way into the Company's treasury but into an ex-Director's pocket. These shares I transferred but I at once notified stock brokers that no more shares of that character

would be transferred without an order of the Court. But, did I not raise a prolific crop of trials and tribulations, plots, and counter plots to supplant or overthrow me and place a more pliable and obliging man in my position. One of the most cruel attempts was perpetrated by one of your Directors, who was well aware that certain ex-Directors had sold many thousand dollars' worth of illegally obtained shares and put the proceeds into their own pockets. The Director referred to expressed the opinion that he was well qualified to occupy the position of Managing Director and would like the position. He issued several circulars containing untrue statements regarding myself and demanded that a Directors' meeting should be called to appoint a person who would transfer the shares referred to. Of course, it was easy to obtain the support of the holders of that kind of shares, and by means of many untrue statements in which he vilified me, he obtained the promised support of good men and imagined he had the required majority. Eight Directors attended the meeting, and after the fullest investigation, the said Director's assertions were found to be untrue. A ballot was taken and all voted in my favor, except one. During this meeting about 60,000 shares I was holding in escrow were stolen. A search warrant was issued and they were found in the house of the Director who was so anxious to supplant me as Managing Director. He also adopted more malicious methods and conspired with the then Manager of the mine to circulate a report that I had misrepresented the mine in my reports to shareholders, whereas, all my reports were based on the reports I insisted on being supplied with by the Manager in charge, as it was seldom I could visit the mine, since the round trip from where I live occupies from five to six days. My great difficulty was getting the reports from the mine regularly, one excuse or another being made, and the Manager in question was irritated beyond measure because I insisted on detailed regular reports. He demanded a great increase in salary which I did not assent to. He then wrote a scurrilous and abusive letter and quit without proper notice.

Two weeks prior to the Annual meeting of April, 1913, I engaged the Manager referred to. He came to see me, stayed over night, tested coal from the mine, examined the Manager's reports and read the annual report I was preparing. My instructions to him were—go to Midway, take

your time and thoroughly examine the property, let me have your candid opinion and if I have been mis-informed in any way let me know at once. On the day of the Annual meeting at Midway with several shareholders I visited the mine, and the Manager in reply to questions, said: "That the coal exceeded his expectations, and assured me that my report he had read was all right." We went through the workings along with the visitors, when Mr. Beach, the old manager, with two rods measured the thickness of the coal seam from floor to ceiling, which was measured with a rule before the visitors, at one point the seam being close on 10 feet thick, at others 3, 6, and 8 feet. On that evening I addressed the shareholders in the Public Hall at Midway. Readers who were not there can readily understand what the shareholders thought of the property they had just seen, when it is explained that they voted in favor of authorizing the Directors to increase the capitalization of the Company if they thought it necessary, with a view to purchasing the other coal lands in the valley so as to control the situation. One speaker expressed an opinion that it would be better to wait until the Company was shipping. Several others spoke at length, pointing out that prices would jump up when we commenced to ship and it would be wiser to purchase before that time. We have not arrived at the shipping point yet, and extracts from the official reports, signed by the old manager, Beach, and three other certificated managers will explain the progress, the ups and downs and changes in the strata of the coal from time to time; and as before pointed out in making my reports I did not rely entirely upon my own judgment, but on that of experts confirmed by many visitors, consisting of some of the leading Editors, Doctors, Lawyers, Merchants, Manufacturers, and many others who visited the mine with me and without exception, expressed their wish to become shareholders.

The following are extracts from reports sent in by one manager named Thomas Keith, a coal miner with first class certificate and an extensive experience, from time to time he reported as follows:—

"Making good progress, coal indications remain good."

"Coal is improving in quality also in quantity."

"The improvement has fully equalled my expectations"

"A down-throw or roll in the roof cut out about two feet of the coal bearing strata."

"Expect roll in roof to disappear in a few more feet, quality of coal is improving, it is a lighter nature and freer from foreign substance."

"Quality of coal is improving, water is troubling us."

"The seam is now back to its normal thickness, that is eight feet, quantity of coal slowly increasing, in the bottom of slope the coal is of excellent quality that on top is mixed with shale."

In reply to my question as to the percentage of merchantable coal, from time to time, he reported on various occasions as follows:—

"Seam 8 feet thick merchantable coal about 40 to 50 per cent." Then later on:—

"Roll in roof or intrusion of rock and shale, seam still 8 feet thick but all foreign matter no coal."

Seam one side 14 feet thick other side 8 feet, conglomerate with coal and shale."

Mr. Keith wrote:—"We had a visit from an American Mining Engineer on Tuesday and he corroborated what I said when you were here." Later on I shall quote from this Engineer's report with others.

Mr. Leroy Taylor, another manager employed at the mine reported as follows.—

"You ask me to give my opinion as to the quality and quantity of coal, the quality of clean coal here seems first class, but to get its true commercial value you will have to get an analysis. I am fully convinced that by sinking down two or three hundred feet we will get into an undisturbed ground and so get rid of that slate which is mixed into the coal."

"I think the best plan will be to build coal bunkers close to the mine and then build a track to the mine."

Mr. Taylor also pointed out that quantities of coal had been wasted, and wrote as follows:—"You had better advise Mr. Beach to put somebody outside to pick coal, as I think a man would make his wages and more."

Mr. P. H. Beach, who has worked at your mine for over two years, is a man of large experience and was Superintendent for over four years at the South Shaft Mine, Lin-

coln, Illinois. Mr. Beach believed so much in the future prospects of this property that he volunteered to take a great proportion of his wages in the Company's shares, which he has done, and at the present time 80 per cent of the workmen employed at the mine have volunteered to do likewise. Mr. Beach's reports would fill quite a large volume. At the beginning of November, 1912, Mr. Beach reports:—"No 2 tunnel driven about 200 feet, seam 7 feet thick."

He was asked to report from time to time the amount of foreign matter in the seam, this varied from one-third to two-thirds from time to time. The seam in the tunnel averaged from three to nine feet thick for a distance of over four hundred feet when a broken formation was met with and it was difficult to determine the exact width or thickness. On the advice of experts we then commenced to sink a slope on the vein where it was 7 feet thick and depth showed a great improvement for quite a distance when we encountered a broken formation of a very troublesome character. I then sought the advice of the best coal men available, their opinions were that it would be more economical to prove the value of the underlying seams by cross cutting them with a Diamond Drill.

The Drill is now at work under the supervision of my son, who has had an extensive experience in drilling, and the instructions are that the drill is to be kept going day and night, and a full report as to what we encounter will be submitted in detail at the Annual Meeting on April 6th.

I may mention also that besides the many official reports signed by Mr. Beach, he wrote numerous letters, extracts being as follows:—

"Sinking on coal, coal on one side is 6 feet and on other side is four and a half feet."

"We are in 10 feet from the face where we started and have coal that burns well, the bone has got down to 6 inches and the face 7 feet from foot to hanging wall and the coal getting better every foot."

"Face is now 6 feet 10 inches and I think getting better every foot."

"The coal is turning out so well in tunnels, thought that was the place to get results and one you could handle lots of coal out of."

"Coal looking well and am driving in the coal straight into the hill."

"Coal holds about the same, have six men at work, that is all we can work to advantage until we commence sinking."

"Have three shifts working in tunnel, the face is looking lots better in quality, and believe before the month is out we will have shipping coal. Coal is harder."

"Have skidded timber for 300 feet of tunnel, coal is 5 feet thick and is getting harder."

"There is a streak of talc between the coal and sand-rock and also between the raise and foot-wall. Coal is 5 feet thick and getting harder but considerable bone in it yet."

"I am shipping you a sack of coal and in my judgment it is as good as there is in B.C."

"We have driven the tunnel 15 feet since I wrote you, the tunnel is now in 280 feet from the portal."

After consulting coal men it was decided to raise from the tunnel to the surface an estimated distance of about 200 feet for the purpose of ventilation, the nearer the surface the workmen got the less coal was encountered as the measures seemed to turn to hard and brittle shales which proved the predictions to be correct, that the hard shales on the surface were a sure indication of coal below, and further examination proved this to be the case, except where eruptions have broken the formation and mixed the coal with rock and foreign matter and the slope spoken of so frequently has encountered such a formation, which it is said we are likely to meet with until we obtain a very great depth, and as before mentioned this can be the most economically and quickly done with the Diamond Drill.

Mr. R. D. Kerr of Midway, one of your Directors, who resides not far from the mine, was asked to visit the same frequently and report to head-office, and he did so on several occasions.

The following are extracts from Mr. Kerr's reports:—

December 30, 1912

"The Coal Company of which you are President has done a pioneer work in establishing the width and quality of the coal for which they should reap a good reward. I believe that the tunnel is now in a solid field. Yesterday I was out to see it. I draw you a map of the vein as I found it. They are almost past the fault and I think 20

feet more should establish the fact we are under the solid mountain and I think the coal should be all hard.

I think Mr. Beach is a very good man for this preliminary work. He is a worker and keeps the tunnel going in all the time. I do not see a cent wasted at the present state of development.

Mr. Beach has the blower established and I do not see anything in sight to stop the progress of the tunnel. I noticed yesterday the hanging wall was flatter than I had ever seen it before. I hope we are almost to the place when all the coal will be merchantable as mined. If this proves to be so, from my viewpoint, as a small shareholder, I would like to see no more stock on the market at a low price, that is, the treasury stock."

May 17th, 1913

"I took a load of people from Midway to see the mine last Saturday and it never looked better. Mr. Keith, Mr. Beach and three men were working. They said they were down 30 feet. Tonight I hear in town that the mine still looks good and that they are down to the 40 foot level. They lost a lot of time on the turn getting the wheels, etc. in place, but from now on it should be clear going until the water begins to trouble them. I am going out to have a good look around either today or tomorrow and will write you later either Monday or Tuesday."

May 19th, 1913

"I visited the mine yesterday and found everything all right. Mr. Keith was working in the bottom of the mine just like any common miner. He has had some difficulties to contend with and I think you should give him a hand. So far the mine (meaning slope) is now down about 45 feet and has improved with depth. I will go out for myself next Sunday and report to you just how they have sunk and all about it."

May 28th, 1913

"I was out to the coal mine and the work is progressing favorably. The quality of the coal still improves and it gets to look a little better as they go down.

If the coal mine is a success and I was in your place I would not want to trade my coal stock for Midway land."

R. D. KERR

Below are extracts from a very comprehensive report which occupies three closely typewritten pages. This examination was made by the well-known R. S. Craddock, Esq., consulting mining engineer of New York and Spokane. In speaking of what is now termed No. 1 tunnel he says'—

“After passing through a few feet of gravel and loose rock a fine grained eruptive was encountered for a distance of about 100 feet. The tunnel is then continued in the sandstone a distance of 210 feet further, where the eruptive is again met with and passed through a distance of 70 feet to the face. At 275 feet in from the portal a drift has been driven in a south-westerly direction a distance of 67 feet. Coal is showing in places in the roof and sides, but the roof is faulted to such a degree that work was abandoned at this point. Immediately opposite the drift to the South-east there is a good showing of coal and what is known as the west drift has been run in a distance of 61 feet all in coal. The seam measures from 4 to 5 feet 6 inches in width from roof to floor. A few feet from the face of the drift an up-raise has been made following the dip of the seam of 59 feet. The up-raise is all in coal.

“The New or No. 2 tunnel. The new tunnel is located about 1500 feet distant in a westerly direction from the old tunnel, its vertical height is 50 feet above Kettle River. The first few feet pass through gravel and loose rock, when a much decomposed coal seam from 12 inches to 2 feet is encountered. At about 50 feet in specks of coal are found intermingled with the decomposed material forming the seam, and at 100 feet this gives place to 5 feet of fair looking coal. A fault is then met with and after passing through it the seam of coal is again in evidence at and near the face of the tunnel. The ground is much disturbed and broken, the water percolating through gives it a treacherous appearance.”

“There are several reasons for advocating the sinking of a shaft on the property, the coal will not be influenced by surface faulting at depth; the hills in which the coal measures are contained are not composed wholly of the coal bearing strata, but are capped with an eruptive rock, the close proximity of which has doubtless altered the coal to the impure

"condition it is found in the present workings. In
"my opinion the coal will be found to be of purer
"quality beneath the influence of the eruptive rock,
"and practically but little depth is obtained in the
"seams by driving tunnels. If the Company had the
"necessary Capital in hand I would not hesitate to
"advise the sinking of a large working shaft, for the
"coal showing in the mine today fully justifies the ex-
"penditure."

"From measurements taken at the surface I believe a
"second seam underlies the one exposed in the tunnel
"at a depth of about 50 to 60 feet. The shaft would
"intersect this seam also making a total depth of say
"170 feet. The old tunnel cannot be brought into this
"scheme of development work without incurring con-
"siderable initial expense."

"A careful and painstaking examination of the coal
"property leads to the conclusion that it is one of
"very high merit. Dated, October, 1911.

The above and the two following reports were made
prior to my connection with the Company.

The following extracts are taken from a report sub-
mitted by Archibald Burnett, B.Sc., Mining Engineer, and
is dated February 1910, and was prior to much work being
done on the property. Speaking of the work in No. 1
tunnel in the shaft then being sunk he says—

"The coal seam measures between the hanging and foot
"wall 5 feet in thickness where exposed in shaft A.
"within twenty five feet along the seam where it out-
"crops. Two samples were taken by me at this point
"one across the side of the shaft perpendicular to the
"dip, another being a picked sample of the better por-
"tion of the seam near the floor. This made an ex-
"cellent coke, hard and firm, considering how near the
"surface the sample was taken such a result is ex-
"ceedingly promising."

"The plan of development you are at present pursuing,
"viz: of driving a tunnel to catch the coal seam, is a
"very good one and could not be improved upon. I
"should advise you to continue this tunnel until you
"reach the coal, which should be in another 40 feet or
"thereabouts, and then to drift along the seam to the
"east and west keeping always in the coal."

"In conclusion I may say that you have an excellent showing, not only of a possible but a probably coal mine, whereas striking the coal in the tunnel, which I think is next to a certainty will give you a property of great promise."

Soon after Mr. Burnett's report was written coal was struck in the tunnel July 15th 1910, and according to the written report before me the seam had widened out to seven and a half feet.

The following extracts are from a report submitted by one of the oldest Mining Engineers in the West, Thomas L. Brophy, late engineer for Marcus Daly. His report is dated June 25th, 1911. Mr. Brophy says:—

"In my opinion these extensive shale outcrops will be found to be coal at a little depth, the width of the coal measures approximating width of the surface outcrop. I have therefore no hesitancy in saying that you have nine coal veins on your property as indicated by the outcrops measuring from 9 to 75 feet wide."

"There can be no doubt as to the life of these coal measures as one system is overlaid with another system of coal veins to a great depth. This field possesses all the usual phenomena of high grade coal districts throughout the civilized world."

At the time of examination Mr. Brophy reported:—

"About 2000 feet of prospecting work in the way of shafts, drifts and tunnels, were completed in proving the continuity of the No. 3 seam on which the initial work was done. The working tunnel driven from the flat to cross cut this measure has after passing through the coal continued to cut the No. 4 seam. The face of this tunnel is 400 feet from the portal. 262 feet from the portal where the coal of the No. 3 vein was encountered, drifts have been extended to the East and West and a shaft is now being sunk in the west drift, being at this date down 50 feet. This shaft is all in coal, and is showing a widening of the vein, and a coal of increasing excellence as depth is attained. Thus far your coal measures appear to be absolutely free from slate bone, and

"your coal may be passed as a high grade bituminous
"free from sulphur and iron with only a trace of silica
"The waste is a clean ash and volatile matter. It is
"an excellent steam coal and nothing better could be
"found for domestic purposes. In my opinion you
"have a body of coal of several millions tons proven
"by the work already completed, and there is no ques-
"tion but that the seam of coal now being developed
"is one of the smallest of your coal fields."

Mr. Keith was succeeded by Mr. James Touhey, a mining man with first class certificate and highest testimonials. My instructions to him were "Go to Midway and thoroughly examine the mine and give me your candid opinion on the same in every respect." Extracts from his reports read as follows:—

"I have now thoroughly examined the mine and can
"safely say that it is a great proposition from a
"mining point of view."

"The seam at present being worked looks good taking
"into consideration its depth from the surface and this
"will turn out to be all clear coal when we get deeper.
"Shipping coal could be taken out profitably but not
"to any large extent."

"When the slope is down 100 feet I would start a level
"to the left in the seam and go in 75 feet, at this
"point I would start a cross measure drift and inter-
"sect the whole of the 9 seams. The slope and level
"could continue work as by that time it ought to be
"all coal, miners could then be employed to mine the
"coal at say 60 cents per ton."

"I estimate, in two months, if the seam continues to
"improve in the same way as it has been doing we
"could be selling coal at a big profit."

"There has been a lot of coal sent out with the dirt
"and hurried but I am now having it put to one side
"and we are getting quite a pile, this coal that we
"are picking out could be sold locally at \$5.00 or
"\$6.00 per ton at the mine. I would like to see you
"as soon as possible as I can save you all kinds of
"money on future work."

(Signed) JAMES TOUHEY

The following are extracts from the report of an experienced coal miner who appeared before a large meeting of the Directors of your Company in August last and made a full personal explanation as to what he thought of the property and also made an offer to develop the mine as the following will demonstrate. His statement dated July 4th, 1913, contains the following:—

"I have examined the mine thoroughly and the two seams of coal on your property. No. 1 seam with further development will be of great value to you, being of a good workable size, 5½ feet in thickness. No. 2 seam have also examined thoroughly and find the coal of first class quality. The development you have done on No. 2 vein has opened up a large body of coal which proves to my knowledge to be permanent and that sufficient prospecting on this vein has been done. I would suggest that you start a permanent slope at or near the blacksmith's shop, size 7 by 9 feet in the clear. You could hoist through this slope 400 to 500 tons of coal per day. If this work is commenced at once I could deliver your coal on the market by the first of October. I am in a position to take a contract from your company to sink the slope or drift and do first class timbering to the depth of 300 feet or more as your Company may desire. I would require the Company to furnish me with all necessary machinery and supplies. I will carry this contract through for \$10.50 per lineal foot and will accept payment of 10 per cent in shares in your Company at 35 cents per share, money and shares to be delivered as the work proceeds.

"I have worked in coal mines for the last thirty-five years in Belgium, Germany, Pennsylvania, Washington, and Alberta, and as to my coal mining ability I can give you all the references you require.

"In conclusion I will state you have a good property that will be a great benefit to the present holders if handled in a practical way."

(Signed) GEORGE POTTER

Besides the foregoing I have reports from various sources of a similar nature, some of them being from independent persons who had no interest whatever in the pro-

perty, amongst the latter being a voluntary report; as a matter of fact I have never met the gentlemen who kindly proffered the information. His name is T. J. Phillips, Civil and Mining Engineer of Scottdale, Pa.

Extracts from his letters are as follows:—

April 15th, 1913

"I had the pleasure of looking over your proposition
"at Midway today and made a thorough examination
"of the vein of coal you are prospecting at the present
"time. I have been making examinations of the dif-
"ferent coal fields of British Columbia and I have
"heard in the few days of my travel through that
"section that your property will be a failure, but I will
"endeavour to try to explain in a few words that in
"my estimation you have one of the finest coal fields
"of a fine quality that will improve as you develop
"the property, but I am sorry to say that the proper-
"ty is not developed in the proper way and to any
"advantage. Pardon me for saying so but I know
"how I would like to know myself if I was interested
"in a proposition. I will venture to say that inside
"of a year, with a fair capital the mine ought to have
"an output of at least 1,000 tons per day. The loca-
"tion of the property is so suitable for a very large
"output. I am only too glad to give you this little
"information but I shall beg of you to keep it strictly
"confidential. Should you desire any further informa-
"tion I shall be glad to furnish you with the same."

In reply I thanked Mr. Phillips for his generous criticisms and asked what course he would advise. Extracts from his reply read as follows:—

Wilkerson, Washington,
May 12th, 1913

"Your letter addressed to Vancouver received. I have
"been going over the British Columbia and Washing-
"ton coal fields. You ask for more advice as regards
"the development of your property. As stated in my
"recent letter to you that your property is one of the
"best propositions I have examined in British Colum-
"bia and Washington.

"That property within 12 months with enough capital
"for all development and the building of a small town
"should yield a nett income of \$750,000.00 annually.
"I would certainly stop doing any more work at that
"tunnel as it is only a waste of time and certainly a
"waste of money. Start permanent mine workings
"so that two or three veins can be worked from one
"opening."

Owing to the attacks published by "Saturday Night"
and other damaging reports I have asked Mr. Phillips' per-
mission to use the above extracts. He was travelling on
a tour of examination of properties as consulting engineer
and was formerly with the Coltross Coal and Iron Co.,
England, and the above information and advice was volun-
tarily given with offers of assistance in providing capital
for development work, etc.

The foregoing should be conclusive evidence that Tor-
onto "Saturday Night" is entirely wrong in attempting to
convey the impression that your property is worthless, and
the innuendo that your Company is a "Stock Jobbing" con-
cern, in other words out to mine the pockets of the public
for the benefit of individuals, shows malice, and is a cruel
attempt to destroy the reputation of a small Company
which has been struggling for over two years to honestly
develop natural resources and foster great ind .

"Innuendo" is the weapon of cowardly assassins and
it ill becomes a powerful journal to permit its columns to
be used to cover attacks made by ignorant and anonymous
writers.

The writer invites the fullest investigation of the
Company's affairs, and that will show that he has during
his connection with the Company made every endeavor to
protect the interests of bona-fide subscribers and workers,
and he has earned the malice and ill will of the parasitical
class.

The following speaks for itself:—

Resolutions:—

To be submitted to an Extraordinary Meeting
of Shareholders

To be held in
Matheson's Hall, Cranbrook, B.C., on
Monday, April 6th, 1914

Resolution No. 1:

THAT WHEREAS certain ex-directors of the Boundary Mining & Exploration Company, Ltd. during 1910 and 1911 did allot to themselves Three Hundred thousand (300,000) shares, or thereabouts, of the Company's stock, ostensibly for the purpose of purchasing certain lands for the Company.

AND WHEREAS investigations prove that this was not the case and that the said lands were paid for partly by the sale of the Company's stock and partly by sums raised by mortgage on the Company's land.

BE IT THEREFORE RESOLVED that the past action of the President in refusing to recognise or transfer such shares without an order of the Court, or the consent of a general meeting of shareholders, is approved and endorsed by the Extraordinary General Meeting now assembled.

IT IS THEREFORE RESOLVED that the said ex-directors be called upon to pay into the Treasury of the Company the value of the shares illegally allotted by them to themselves; or return the shares for cancellation,

NOTWITHSTANDING the foregoing, it is not the intention nor desire of this meeting to withhold any just and proper remuneration which the said ex-directors may have been entitled to for services rendered to the Company, although the same was not set forth in the Company's books nor recorded with the Registrar of Joint Stock Companies as required by the Companies Act.

THAT the said ex-directors who have been summoned to be present at this meeting be heard as to their right and title to the said shares.

THAT a vote by ballot be taken as to the decision of the shareholders in the matter.

Resolution No. 2.

A resolution will also be submitted asking that full particulars of past contracts with the Company, for options on shares, be examined into and passed upon in general meeting.

Resolution No. 3.

FURTHER CAPITAL will be required for the construction of large permanent shafts as advised by Mining Engineers and for other extensive operations, and an offer has been made by a capitalist to advance money provided the control of the Company's affairs can be handed over.

IT IS HEREBY RESOLVED that in the opinion of this Meeting it is advisable to ask all shareholders to place their shares in a bank to be decided upon and to be held in escrow for a stated period, and at a stated price per share for cash, for the purpose of enabling the Management or a committee elected to make arrangements with capitalists to purchase the shares at a uniform or set price.

Important to Shareholders

SHAREHOLDERS—THE FOREGOING IS IMPORTANT, it is understood that another and more determined struggle will be made to overthrow the present management, the reasons you can readily understand, and although the writer has absolutely determined not to accept the responsibility and onus of the Management any longer, he is willing to accept a position whereby he can effectually protect the interests of the bona-fide shareholders, and sincerely hopes that all shareholders will attend the Meeting.

PLEASE NOTE THAT THE EXTRAORDINARY General Meeting will be held in Matheson's Hall, on Armstrong Avenue, Cranbrook, B. C., at 4 o'clock, April 6th, 1914. The Annual Meeting to receive the report and balance sheets and to elect officers at 8 o'clock the same evening.



Please Take Notice

PLEASE NOTE that the proxies cannot be recognized unless deposited at the head office of the Company one day prior to the Meeting so that they may be duly recorded according to the rules.

NO PERSON other than a registered shareholder can vote by proxy, nor be present at the Meeting. If you cannot attend kindly appoint a shareholder to represent you and instruct him how to vote, if you cannot do that send your proxy to me with instructions and say whether you are in favor of resolutions No. 1, 2 and 3. If you wish to sell your shares state price per share,

I have quit giving advice, read what I have written, every word to the best of my knowledge is correct, use your own discretion in voting.

The Diamond Drill has already (March 21st) done nearly 80 feet of boring and if all goes well, by drilling day and night, we hope to report nearly 400 feet at the meeting, and the results will be made known ONLY to bona-fide shareholders and at the same time so that the knowledge obtained cannot be used by manipulators.

“The Inside History of a Mining Company”

will be completed and offered for sale, it will tell many stories of persecution by Government Inspectors, reports of trials in which readers can judge as to who was guilty of malice and giving perjured evidence, the dismissal of all charges of not complying with the Mining Laws against the Management, how a Judge was specially imported to re-try a case already dismissed, a full description of a parody of Justice and the comical scenes and more comical decisions, when the President of your Company was condemned to pay a big fine and huge costs or go to jail, how he refused to part with the Company's funds or comply with the comical Court's terrible threat of execution and jail he will not part with your funds for such a purpose, but will remain guilty of the healthy contempt such a Court always earns when backed up by political heifers who are part of the machine that has to go Willy Nilly. And will tell also about Lawyers with pedigrees, but without diplomas, etc.

The story will be told at the meeting if you wish to hear it, please attend.

A. E. WATTS,

President & General Manager
Boundary Mining & Exploration Co., Ltd.

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