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2nd July, 1934.

E. B. Ridsdel Esq.,
411, Salisbury House,
London Wall, E.C.2.

Dear Sir,

I am enclosing you a report on a gold mine in British Columbia, and quite expect that when you read the words British Columbia you will immediately think it is no good.

As a matter of fact the mine, owing to its geographical position, can be producing in three months and there is enough ore available to keep a 300 ton mill going for the next 50 years. I have the assays and if I find a reputable firm sufficiently interested I should be only too happy to co-operate in sending out a thoroughly sound Engineer so as to have reports entirely up-to-date.

At to-day's price of gold the working profit would be about £1 per ton in round figures so that only assuming a 200 ton per day mill was installed it would be £200 per day profit. The owners are willing to take two-thirds of the consideration in shares and the working capital need only be quite small. The water power available equals 400 h.p. while an electric power line giving power at the lowest possible rate is within one and a half miles of the mine itself.

I have left out the names in the report but the facts are there. It should make a good issue for the autumn as on a £250,000 capital, the mill working a 300 day year, the profit should be somewhere about 50%.

The titles are in order and I have the property direct from the owner firm and therefore it cannot have been offered elsewhere. If the matter is of interest to you I shall be most happy to go into details.

I am,

Yours faithfully,

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Extracts from letter received from Mr. Dalglish dated 18th June 1934.

Answering one question the ore is contained in a rock called Schist and is soft. This you will find in the report under "Geology". In said report there are six claims mentioned four of which have reverted back to the Government, one is held by an individual for speculative purposes, and the last one is the May and Jennie. The four can be bought. The other property will either be forfeited or bought cheaply, why because it is nigh impossible to operate it or the other four except through M & J ground. You see the latter is on the slope of a hill and the others are all back of it, these five claims do not worry me, we will get them at the first opportunity.

Under caption M & J vein in the report says that 225 feet from portal of No. 2 tunnel is a vein in which 20 feet drifts were driven north and south and low values were found, these values may increase on further exploitation, still the value on today's price of gold if 3.00 dollars so a fair profit can be had. I never mentioned this before as it was undetermined.

All the buildings, improvements, etc, mentioned in thereport are gone or wrecked by winter snows, but in my estimate I included all these being replaced.

I never intended putting up a 300 ton mill all at once, a good practice adopted by large companies is to put up say 100 ton mill first and when that has been tuned up then add another unit of 100 tons and so on; it is not beyond the realm of possibility of mining a 1,000 tons or ore per day.

Getting down to the values of the ore, the report says 4.54 dollars those taken by Kelly give 4.50 dollars. Lay, M.E. in charge of the mill when it was in operation gives 3.88 dollars. Of course, a new mill always steals gold getting in cracks etc. just as less paint is necessary for a second coat. The Government gives 4.00 dollars. Lay is now one of B.C. Government Mining Engineers so much dependence should be placed on his statements. Let us take a retrospective picture of 30 years ago. Here were ten individuals who after developing the mine fully believed that ore worth 4 dollars per ton was in the mine and could be made to pay, otherwise they would have never agreed on the erection of a mill. The whole trouble was a mill totally unsuitable for the ore, and of insufficient capacity, financial head and Kelly (manager) dying.

I will not take up Elmendorf's letter in which he states the sampling that I did was confirmed by several other Engineers and the values given are correct, of course you know no one would touch 4 dollars gold mine in those days.

Assays will follow next steamer.

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The May and Jennie was one of 6 crown granted mining claims owned by the Reliance Gold Mining and Milling Co.Ltd. The claims are as follows : Tip-top-L 4656 G-L 35.43 acres. Red-top-L 4310 G-L 34.51 acres. Golden Giant-L 4655 G-1 40.45 acres. May and Jennie 3943 G-L 39.76 acres. Gold Bell-L 4657 G-1 47.24 acres. Gold Note-L 61 616-28.81 acres.

LOCATION. These claims are located in the Nelson Mining Division West Kootenay district, in British Columbia, on Forty-nine Creek, distant about nine (9) miles from Nelson B.C.

The property was reported on by Mr. Elmendorf in 1904 and the assays were taken as shown.

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ASSAYS

Made by A. L. McKillop for A.H.Kelly on Reliance Company's ores.
Gold at 84s.
per oz.

DATE	DESCRIPTION	GOLD (oz).	VALUE
29.11.02	Oxide #1 drift to big chute inc. gross cut	0.24	\$4.80
"	Schist and Sulphite	0.09	1.80
"	Oxide	0.14	2.80
"	"	0.37	7.40
"	"	0.18	3.60
"	Sulphide	0.26	5.20
"	Oxide	0.17	3.40
"	"	0.37	7.40
"	"	0.89	17.80
"	Schist and Sulphide	0.18	3.60
"	" & Sul.from big ore chute to beyond raise	0.22	4.40
"	Oxide and Sul	0.08	1.60
"	Sulphide	0.10	2.00
"	Oxide	0.24	4.80
"	"	0.09	1.80
"	"	0.18	3.60
"	Schist	0.20	4.00
"	Oxide	0.15	3.00
"	Schist and Sulphide	0.52	10.40
"	"	0.28	5.60
2.11.03	Car sampled #1 drift 1st 10 ft. of ground	0.16	3.20
9.12.03	" 1st 10 ft. to 20 ft.	0.17	3.40
"	" 1st 20 ft. to 30 ft.	0.13	2.60
24.12.3	" 20 to 30 ft. beyond C.C.	0.15	3.00
"	" 30 to 40 ft.	0.13	2.60
30.12.03	" 40 to 50 ft.	0.16	3.20
29.1.02	Schist and Sph #2 C.C. tunnel & branch vein	0.08	1.60
"	"	0.06	0.20
"	"	0.11	2.20
"	Oxide	0.12	2.40
"	Schist and Sulph	0.05	1.00
"	Schist and Oxide	0.09	1.80
"	"	Trace	----
"	No. 2 drift North	0.10	2.00
"	Mixed ore	0.13	2.60
"	Schist and Sulphide	0.15	3.00
"	Oxide and Sulphz.	0.16	3.20
"	" & south	0.16	3.20
"	" & c.c.	0.29	5.80
"	Sulphide	0.11	2.20
"	Schist & Sulphide	0.13	2.60
"	"	0.05	1.00
"	Oxide and Sulphide	0.11	2.20
"	Schist Upraise Crosscuts therefore	0.17	3.40
"	" and Oxide upraise	0.22	4.40
"	"	0.20	4.00
"	Oxide	0.12	2/40
"	"	0.29	5.80
"	Schist and Sulphide	0.11	2.20
"	Oxide	0.72	14.40

DATE	DESCRIPTION	GOLD	VALUE
29.1.02	Oxide and Sul. Gold Bell picked ore		
"	Average	0.84	16.80
31.7.03	Car sample #2 drift first cample	0.16	3.20
4.8.03	" " North drift	0.22	4.40
"	" " Ore chute 20 ft.S. of C.C.	0.18	3.60
23.8.03	" " 10 ft.north of C.C.	0.11	2.20
"	" " 8 ft.of drift and 1 ft.C.C.	0.12	2.40
"	" " 6 ft.to 18 ft.north of C.C.	0.20	4.00
"	" " Sul.28 ft.north of C.C.	0.16	3.20
"	" " 18 to 28 ft.North of C.C.	0.20	4.00
"	" " 38 ft.to 48 ft.north of C.C.	0.34	6.80
"	" " 48 to 53 ft.N.of C.C.	0.46	9.20
16.9.03	" " 9ft.1st left hand C.C.	0.11	2.20
"	" " 5ft.2nd right hand C.C.	0.16	3.20
"	Red to P.vein in ground sluice 9ft.across	0.19	3.80
25.9.03	Car sample M & J.#2 drift 5ft.in drift & C.C.#2	.28	5.60
21.10.03	" " opp.2 set wet C.C.	0.18	3.60
"	" " 9ft. in drift No.of C.C.	0.22	4.40
"	" " 7ft.in dyke C.C.	0.17	3.40
12.11.03	" " 10ft.last in drift	0.17	3.40
11.7.03	Red top ground M & J vein cut at trail	0.10	2.00
"	Gold Bell south cut hanging wall	0.27	5.40
"	" " foot wall	0.23	4.60

ASSAYS

made by O.P.Moore for W.J. Elmendorf on Reliance Company's ores.

DATE	DESCRIPTION	GOLD	VALUE
14.6.04	Red top vein ground sluice 9ft on foot wall	0.28	\$5.78
"	" " 45ft. to face of C.C.	.10	2.06
"	M & J vein in G.S. 9ft on Ft.wall, 9ft on hanging wall	0.12	2.48
"	" " "top of upraise from#1	0.08	1.65
"	" " " 9ft. in adit	0.15	3.10
"	Gold Bell No. cut 7 feet ore	0.42	8.68
"	M & J #1 drift from winze past C.C.#5 inc.	0.22	4.54
"	" " 6 ft.south of raise for 45ft.north	0.11	2.27
"	" " #2 drift 5ft.north of C.C.s to past winze.	0.28	5.78
"	" " #2 drift from C.C.#7 50 ft.north	0.15	3.10
"	" " #1 and 2 dumps sample of Sul.ore	0.30	6.20

11 assays = 45.64 or 4.15 per ton

Note prices are old
gold prices.

REPORT ON THE PROPERTY.

LOCATION. These claims are located in the Nelson Mining Division, West Kootenay district, in British Columbia, on the Forty-nine Creek, distant about nine (9) miles from Nelson B.C.

WATER RIGHT. A water right to five hundred (500) miners inches of water in Forty-nine creek is available.

GEOLOGY. Bands of ^{the} greenstones, or porphyrites, which form the country rock in this locality, have been meta morphosed into Schist. This Schist lying in more or less regular bands forms veins into which porphyrite rocks have intruded and have formed the channels for the circulation of mineralizing solutions. These intruded rocks which show in the veins on the property of the company, are probably biotite-diorite. The veins themselves are soft and open and are well mineralized with gold bearing ore.

ORE. Gold bearing Pyrite (FES₂) is the characteristic ore and is not associated with copper lead or zinc. Arsenic and antimony are absent or exist in very limited quantities. Much of the ore is partially or wholly oxidised and a considerable portion of its values are free gold. Very coarse gold has been observed at several points, but most of the free gold is fine. As the proportion of oxidised to sulphide ore is quite as large in the lower as in the upper workings, and taking into consideration the open character of the vein, I believe that the oxidised ores will extend to very considerable depths.

VEINS. At least two veins are exposed on the property of the company. These are parallel and about 300 ft. apart with a general court of North 30 west.

The easterly of these veins is exposed on ground by a ground sluice from which a cross cut tunnel has been driven 40 ft. in an easterly direction. This ground sluice is of sufficient importance to warrant description both as regards its appearance and its method of construction. A dam was constructed at a point which forms the head of the sluice and well above the vein which

it was expected to disclose. By successfully filling this dam and allowing the water to escape, a channel was cut down the hill at right angles to and across the course of the vein. By these means the wash and surface debris was washed down the hill and a narrow channel cut. At a depth of ten ft. cemented gravel was encountered which was of too compact a nature to allow of its removal by these means alone. Picking and blasting were resorted to and the water used to remove the debris until a depth of 35 ft. was reached, when bed rock was uncovered and the vein found in place. For several hundred feet the walls of this cut, when completed were less than three feet apart and vertical. That such a mass of ground should have stood without timbering shows the extremely compact nature of the wash on the hillside. The vein as disclosed showed nine (9) feet of ore on the westerly or foot wall side, then 24 feet of Schist and Dyke, then ore again for fifteen feet in width, from which latter point the cross cut tunnel, before referred to, is driven in an easterly direction for 40 feet more across the vein in mixed ore and Schist. This tunnel is timbered and its face does not expose the country rock of the hanging-wall. The vein at this point is therefore more than 88 feet wide. In this tunnel some coarse gold was encountered. The expansion of this vein is shown by cuts several hundred feet away. An average sample of the 9 ft. a similar sample taken for five feet to the mouth of the tunnel and forty feet into the same, including all material exposed, gave \$2.06 gold per ton. As this ore can be mined to much better grade than is shown by the result given, it is my opinion that a very valuable ore-body is developed here which fully warrants extensive exploitation in the future.

About 300 feet from the vein in a westerly direction and with a parallel course, lies the vein. This vein extends through the claims. Most of the development work on this vein is done in ground, but, its continuity is demonstrated for a length of over 2,000 ft. on a general course of North 30 West. As its outcrop is nearly parallel to the course of Forty-

nine creek, it follows the contour of a generally regular hillside with a slope of something less than 20 degrees. Owing to this location, it may be reached advantageously by cross cut tunnels to a depth perhaps of 600 feet vertical. The walls of this vein are difficult to locate, owing to the fact that the schist is of variable thickness and in many cases merges into the country rock by almost imperceptible gradations. For the same reason, the width of the vein is hard to determine, but varies from 20 - 100 feet in round numbers at observed points. A much greater width of mineralization, however, probably occurs in unexplored ground. This vein is almost vertical, but for convenient the west wall is called the foot and the east the hanging wall as the vein at certain points dips slightly into the mountain.

DEVELOPMENT. Cross cut tunnel No. 1 reaches the vein at a distance of 93 feet from its portal and at a vertical depth of over 100 ft. from the outcrop. The cross-cut tunnel has been continued for a distance of 15 feet beyond the drift on the ore and its face is still in the vein. The vein has been drifted on for a distance of 20 feet in a southerly and for 540 feet in a northerly direction, these drifts being all in ore. Cross cuts have been driven easterly and westerly at various points, and ore from 10 feet to 40 feet in width is exposed. At a point 112 feet north from the intersection of the cross cut with the vein, a winze connects this drift with No. 2 drift 112 feet vertically beneath. At a point 226 feet beyond this winze, an upraise all in ore, connects with the short adit at the surface and at the outcrop. An average sample of nine foot of ore from this adit showed a value of \$3.10 gold per ton. A general sample of oxidized ore, taken by me from a point beyond the winze northerly to beyond cross cut No. 5 a distance of 60 feet along the drift and including cross cuts No. 2 and 5, respectively 10 feet and 12 feet in length, gave an assay value of \$4.45 gold per ton. A sample of sulphite ore taken by me from a point 6 feet south of the upraise for a distance of 45 feet north along the drift, gave \$2.27 gold per ton. This ore is much contaminated with Schist and can be mined to a better grade than this assay result would indicate.

The assays on the general and car samples, taken by A. H. Kelly, Manager and Director of the Company, from this entire drift, show an average value for 26 samples of \$4.50 per ton. Itemised results of these assays accompany this report. Cross cut tunnel No. 2 about 400 ft. from the portal of No. 1 tunnel and in a westerly direction and about 110 ft. vertically below it is located the portal of No. 2. This tunnel cuts the vein at right angles at a point 340 feet from its portal. Low grade ore was encountered 225 feet from the portal and drifted on a distance of 30 ft. south and 30 ft. north. Ten general samples from this ore gave an average value of \$1.78 gold per ton. This indicates remarkable persistence of values wherever an opportunity of mineralization occurs in this vicinity. This occurrence of ore is, in my opinion, a branch vein, although its course at this point is nearly parallel to that of the vein (main). The vein has been drifted on from the cross cut tunnel a distance of 219 feet south and 430 feet north. This drift is about 200 ft. below the surface, numerous cross cuts up to 25 feet in length expose the width of the ore body. A winze connects this drift with No. 1 about 112 ft above, and cross cuts have been driven through ore from this winze. All these workings are in ore but that portion of the south drift south of the winze is in lean material. A cross cut east will probably open good ore in this vicinity. A general sample of sulphide ore taken by me from a point five feet north of No. 2 cross cut south along the drift in a southerly direction to a point five feet south of the winze, a distance of 45 feet gave \$5.78 per ton. A sample of oxidized ore from No. 7 cross north for 50 feet in a northerly direction along the drift gave \$3.10 gold per ton. A sample of the sulphide ores on dumps No., 1 and 2 taken by me, assayed \$6.20 gold per ton. The average and car samples from this drift, taken when it was being driven are to be seen on a separate sheet. Including the samples from the winze and cross cuts, 37 in all, show an average value of \$3.88 gold per ton.

Samples from the winze and crosscuts therefrom, seven in all, show an average value of \$5.23 gold per ton. All assays herein

mentioned except those on samples taken by me were made by A.L. McKillop, Provincial assayer, at Nelson B.C. These were large average car samples and the certificates of assaying are now in possession of the company and have been examined by me. The average values as shown by 63 samples from drifts Nos. 1 and 2 which include practically the entire drifts with cross cuts, raise and winze, is \$4.54 gold per ton, figured on a basis of \$20 per ounce for gold. The five samples taken by me from these drifts show an average value of \$4.38 gold per ton, and confirm the general sampling in a remarkable manner. It is therefore a safe statement to say that the ore body, as exposed by these workings, can be mined to at least \$4.00 per ton in gold values.

OTHER WORKINGS. In the ground sluice, about 300 feet in a westerly direction and down the hill from the vein, the outcrop of the vein is exposed for a width of about 30 feet. A general sample of about five feet in width on the hanging and nine feet on the foot wall sides of the vein gave \$2.48 gold per ton. The vein at this point shows strong on its upper course and is distant nearly 600 ft. in a northerly direction from the north face of No. 2 drift. The continuity of the vein between these points is shown by several surface workings, and the discovery shaft of the all of which are in ore. In a southerly direction three cuts on the claim expose the vein for a distance of more than 600 feet south from the south face of No. 2 drift, and are all in ore. In a southerly direction three cuts on the claim expose the vein for more than 600 feet. The most northerly was sampled by me and a width of seven feet across the vein gave an average value of \$8.68 gold per ton. A sample from the most southerly cut gave a value of \$5.00 gold per ton.

A cross cut tunnel on this claim exposes a small seam or vein which was encountered 120 feet from the portal and short drifts north and south have been run. A shaft nine (9) feet deep from the surface also shows this seam or vein, which I take to be the same as the one shown in No. 2 cross cut on the or one

similar to it. High values have been found at this point in limited quantities and free gold specimens may be seen on the dumps. A picked sample from these workings gave \$219.60 per ton and an average sample of \$16.80. Sufficient ore is now shown to make its occurrence of special importance, but the cross cut tunnel mentioned may ultimately be driven to the _____ with advantage. The _____ claim is probably a valuable piece of property, as the _____ vein is shown quite as strong on its surface as elsewhere and with higher values.

TIMBER. An abundance of fine cedar, pine and other timber is standing on the property and is available for sawing or mining uses.

ROADS. An excellent mountain road of easy grade leads from the property to Nelson, nine miles away. A station on the C.P.R. is distant about four miles from the mine and is reached by a good wagon road.

REMARKS. The vein exposed by the main workings and referred to herein as the _____ vein, is of good width and perfect continuity in so far as development extends. Its open character gives good ground for the belief that oxidization will extend to considerable depths. As the average value of the sulphide ore is fully as good as that of the oxidised, a decrease of values with depth need not be apprehended, should the solid sulphides be reached. No attempt has been made by me to measure ore in sight, as such figures would give an erroneous impression. Much more ore is available than would be shown by these figures, as the cross cuts in but few instances reach the walls of the vein. There is abundant ore ready to stope to supply the mill for several years. The ore should be mined and milled for less than \$2.00 per ton and probably for \$1.50. The value of the ore as mined will be at least \$4.00 per ton, \$2.00 per ton should conservatively represent the profit.

Note. The \$ figures are on old gold price. Working costs are no more to-day but profits to-day equal 26/3 per ton.