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This Indenture

made the 31st day of March,

A.D. 1891, between John Bowron, of the Town of Barkerville, Cariboo, Gold Commissioner, and acting on behalf of Her Majesty the Queen, hereinafter called "the said lessor," of the one part, and James Charles Prevost, of the City of Victoria, in the Province of British Columbia, and Henry Slye Mason, of the same place, hereinafter called the "said lessees," of the other part,

WITNESSETH, that in consideration of the rents, covenants, conditions, and stipulations hereinafter contained, and by the said lessees and their assigns to be respectively paid, observed, and performed, the said lessor as such Gold Commissioner acting under the "Mineral Act," and other the Mineral Laws of the Province for the time being, and also acting on behalf of Her Majesty as aforesaid, and so far as the Crown hath power to make this demise, but not further or otherwise, doth hereby demise and lease unto the said lessees and their assigns, all that portion of Lightning Creek, Cariboo, commencing at the upper boundary of the Van Winkle Company's claim for a distance of two hundred and fifty feet on each side of a line drawn through the centre of the creek to the lower line of the West of England Company's claim, the premises hereby demised being more particularly described in the map or plan hereunto annexed and thereon coloured red, for the purpose of draining, sinking, driving, mining, and working for the precious metals and minerals upon or under the said premises by sufficient machinery.

With full liberty to take the said precious metals from the said demised premises, subject, however, to all claims now subsisting upon the said piece or tract of land or mining ground, or in respect of the same for pre-emption or otherwise, under the land laws of this Province; except and always reserved out of this demise all such mining claims (if any) situate in whole or in part within the tract hereby secured as are legally held and represented by free miners on the day of the date of these presents; except and also reserved, all roads, ways, bridges, drains, and all other public works and improvements now existing, or which may hereafter be made in, upon, or under any part of the said premises, and the power to enter and make the same.

To hold the said premises hereby demised subject, as aforesaid, unto and to, the use of the said lessees and their assigns for the term of fifteen years from the date of these presents, at, during the first two years of the term hereby created, the annual rent of five hundred dollars, and at the annual rental of one thousand dollars during the remaining thirteen years of the said term, such rental payable yearly in advance at the Lands and Works Department, Victoria,—the first year's rent to be paid on the execution of these presents, and afterwards at a corresponding period every year without any deduction whatsoever.

And the said lessees do hereby for themselves and their assigns, covenant with the said lessor as such Gold Commissioner as aforesaid, and his successors in the office of Gold Commissioner, that they, the said lessees or their assigns, will commence active operations within two years, and will pay the aforesaid rent upon the several days and in manner hereinbefore appointed for the payment thereof, without any deduction whatsoever, and that they will not damage or obstruct any public ways, drains, works, or improvements now or hereafter to be made upon, in, or under the said premises, and that they will substantially bridge or cover and protect all their cuts, flumes, ditches, and sluices, and all pits or dangerous places at all points where they may be crossed by any public highway or frequented paths or trails, to the satisfaction of the Gold Commissioner of the district, and that they will, during the term hereby created, mine the said demised premises in a miner-like way, and shall and will observe, make and keep all and singular the provisions, payments, conditions, and stipulations of the said "Mineral Act."

Provided always that the said lessees shall not assign or sub-let the whole or any of the premises hereby demised without the written licence of the said Gold Commissioner first had and obtained: Provided always, and these presents are upon this express condition, that if the said lessees and their assigns shall fail to pay the rent, hereinbefore reserved, on the respective days and in manner hereinbefore appointed for the payment of the same respectively, or if default shall be made in the observance or performance of all or any part of the covenants, conditions, and agreements herein contained, then this demise shall become forfeited and these presents and the term hereby granted shall cease and determine and be void: Provided, that no such

to the Gold Commissioner's office

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forfeiture as last aforesaid shall take place unless and until the Gold Commissioner of the district for the time being shall give to the said lessees or their assigns, or shall affix to some conspicuous part of the premises hereby demised, a notice calling attention to the covenant, condition, agreement, or stipulation alleged not to have been observed or performed, and that no proceedings shall be taken for such forfeiture or for a re-entry under this proviso until thirty days shall have elapsed after serving or posting of such notice: Provided always, and it is hereby agreed and declared, that if at any time during the tenancy hereby created the said lessees shall be desirous of having a renewal of the lease of the said premises for a further period of ten years, and shall give to the Chief Commissioner of Lands and Works a notice in writing to that effect, then and in such case the said lessees or their licensed assigns will be entitled to a lease of the said premises accordingly, the said renewal lease to commence and the term of ten years to be computed from the ^{3rd} day of March, 1906, at the yearly rental of one thousand dollars a year, and subject to the covenants and provisions usually contained in mining leases then being issued by the Crown.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals, the day and year first above written.

Signed, sealed, and delivered by
the within named Gold Commissioner,
_____ in the
presence of

Charles K. Holland

Signed, sealed, and delivered by
the within named James Charles
Prevost and Henry Slye Mason in the
presence of

Charles K. Holland

John L. Brown



James L. Prevost



Henry S. Mason



R. C. Campbell Johnson

			Per cu yd
Line A, near Wrigdams Camp	165 ft deep		\$166.00
B 3000 ft up creek	130 ft deep	pay station	48.00
C 1500 ft from A	165 "	"	48.00
D 1500 ft from C	165 "	"	109.00
			<u>\$272.75</u>
deduct 25% = \$69.50			per cu yd.

93H/4W

at Office of the Provincial Mineralogist
VICTORIA, B.C.
Feb. 23rd 1928.

John D. Galloway, Esq.,
Provincial Mineralogist,
VICTORIA, B.C.

Dear Sir,

re Lightning Creek Gold Gravels and Drainage Company, Ltd.

In response to your instructions to furnish some comment concerning the logs of drilling carried out by Mr C.H. Unverzagt I beg to submit the following:-

(1) To very briefly and broadly review the purely geological aspects without considering drilling data, as they may affect the question of the richness of the deep channel gravels of this portion of Lightning creek:-

The question of richness depends of course upon the age of the channel and upon whether it was or was not eroded by ice action.

It seems quite possible that in pre-glacial times the main drainage of Lightning creek was by way of Beaver pass. In this case the age of the portion of Lightning creek below Beaver House may be still be pre-glacial, for it may have flowed in the opposite direction to the present flow, as pointed out by W.A. Johnston. There also appears at present nothing incompatible with the suggestion that the pre-glacial channel may have been entirely by way of Beaver pass, and that the lower portion of Lightning creek may have resulted from stream piracy in glacial or post-glacial times. In the former case, assuming no ice erosion, conditions are favourable for a rich deep channel now buried. In the latter case conditions are unfavourable for a rich deep channel. There is still a third possibility that the pre-glacial ~~for~~ channel from Beaver House downstream was much the same as the present channel, and again, assuming no ice erosion, conditions in this case are favourable for a rich deep channel below Beaver House. It is also perhaps superfluous to remark that richness will also be influenced by other physical factors such as width of the channel, grade, and character of bedrock at any particular point.

It seems therefore that purely geological considerations are inconclusive, but they do indicate that

(2) Justification undoubtedly exists for preliminary drilling.

Further, having regard to difficulties connected with the economic mining of the deep gravels, the possibility of which is apparent, it must be evident that cross-sections of holes must be drilled at frequent intervals (much more frequent intervals than is the case in that undertaken by Mr Unversagt and now under review) to supply the data necessary to form a reliable estimate of yardage and values. The necessity for such a reliable estimate prior to capital outlay is in this case more than ordinarily emphatic.

(3) As to the practical aspects of mining these deep gravels, as they appear to me, I beg to refer you to the report previously submitted. Assuming that careful drilling discloses high values. Most intelligent study of the question of economic extraction is required, the question is by no means a simple one, and calls for expert engineering ability. Ability to economically mine the deep channel depends upon an overlying impervious clay layer sealing off surface flow of water at all points. It is important to recognize that ability to economically mine the deep gravels is not dependent upon pumping capacity. For the reason that the rate of percolation of surface waters through partially impervious strata, coupled with the deep channel flow may be within the capacity of the pumping plant, and yet it may not be possible to mine the deep gravels. Percolation of surface waters through the strata may cause those strata to exhibit quasi-fluid pressure phenomena, which may prove extremely difficult, if not impossible to overcome. Such proved to be the case at Slough Creek apparently. On the other hand at "La Fontaine" mine on Lightning creek above the region under review, clever engineering ability enabled deep gravels to be mined. Again at the "Bonanza" mine, below the region under review, it is understood that deep gravels were mined. In both the last two mentioned cases however, the depth of the channel was less than at Wingdam.

(4) Passing to review particulars of drilling data submitted, it must be understood that to comment on such with the full degree of intelligence, inasmuch as elevations of cross-sectional lines above some datum is not given, it is really necessary to inspect on the ground the actual location of these lines, and the local topographic features. In any case however, the following comments appear to be in order.

- (a) Under "General Drill-hole information", on pages (2) and (4) doubt is raised as to values reported. It seems superfluous to remark that drilling data must be free from any shadow of suspicion if their value is not to be almost entirely negatived.
- (b) As shown by data and blue prints the holes were drilled on 6 cross-sectional lines, E, D, C, A, F, and B. B being the farthest upstream, and distance from E to B being 8000 feet.
- (c) No particulars, except depths, are given of the holes drilled on line F. This is unfortunate, as it leaves a gap of 3000 feet between holes showing high values, and further, the depths

(3)

shown on blue print, unless these holes were continued in bedrock, appear to indicate that the buried channel lies in this region, that is north of the present creek between lines F and A, not south as indicated by diagram in blue print. No definite opinion can be expressed on this point, however, based merely on data given.

- (d) E line. Hole I, depth 150 feet shows \$7.27 per cub. yard. Hole 2 25 feet south, depth 149 feet shows \$9.41 per cub. yard. Hole 5, 50 feet south of hole 2, shows unimportant values. In the notes commenting on drill results surprise is expressed at low values and the view is expressed that these holes did not bottom the deep channel, ~~on the other hand~~ but reached a bench. On the other hand the depth is considerable, and even if somewhat less than that of the channel at upstream points, the holes may penetrate the channel, the grade of which may have flattened between lines D and E a distance of 2000 feet. Close examination of local topography might throw further light on this point, which would of course be cleared up by further drilling. But if at the present stage any guess is to be made at total values from data under review, no assumption beyond that of a channel at this point with paystreak 25 feet in width averaging \$8.34 per cub. yard would appear justified.
- (e) D line. Only 3 holes drilled. Hole I depth 161 feet shows high values - \$109 per cub. yard. Hole 2 20 feet north, depth 154 feet shows \$7.70 per cubic yard, possibly on a bench. Hole 3, 15 feet south of I may have bottomed on a boulder. Obviously hole I should be checked, and another drilled south of it. Failing such the indication is that of a narrow rich channel.
- (f) C line. Holes I, 9, 7 and 8 appear to indicate a channel 100 feet or so in width in which paystreak is 67 feet in width and value of which is \$32.98 per cubic yard being the arithmetic mean of \$48.36 (hole 9), \$20.30 (hole 8), and \$30.29 (hole 7)
- (g) A line. Hole 5 shows \$165 per cubic yard. The indications from these holes would appear to be that deep channel lies between hole I on the north rim and remaining holes on south rim, and not as in text under "General Drill-hole information".
- ~~(f) B line.~~
- (h) B line. Hole I4 shows \$27 per cubic yard on false clay bedrock at 120 feet depth. Hole I5 110 feet north shows \$54 per cubic yard on false clay bedrock at 124 feet. Hole I3 is apparently on a south rim showing on this values of \$13 per cubic yard. The indications are most certainly those of an interglacial run on clay. Under such conditions there might be an underlying pre-glacial run on bedrock, but hole I4 does not show it, and it is doubtful if it occurs at points between holes I4 and I5, and the inference is that any such pre-glacial run has been removed by ice-scouring.

Conclusions:-

- (1) If preliminary drilling indicates high values then further systematic drilling should be carried out on cross-sectional lines not further apart than 500 feet, and the widths of paystreaks on these lines determined by holes spaced at distances not exceeding 25 feet, and possibly very much closer than this, as may be dictated by data gained.
- (2) Drilling data under review show that lines E and D are 2000 feet apart, lines D and C 1500 feet apart, lines C and A 1500 feet apart, and lines A and B 3000 feet apart. Further except possibly in the case of lines E and C drilling of the individual cross-sectional lines yields but scanty data as to widths of paystreaks at the respective cross-sectional lines.
- (3) Even did drilling data disclose no change of geological conditions between lines E and B, they are far too meagre to form a reliable estimate as to the gold contents of the channel, which lies buried between these points. Any computation could be little more than a guess. But it is most important to note that the drilling data do disclose such change of geological conditions. That is to say, whereas from line E to line A conditions are those of a presumably pre-glacial run on bed rock, drilling on line B 3000 feet upstream from line A discloses an inter-glacial run. Somewhere between these points this change takes place, but where it is impossible to say in the absence of further drilling. It seems singularly unfortunate in the circumstances that data as to the intermediate line F are not available.
- (4) Owing to this change of geological conditions, it is therefore contended that not even a wild guess can be made from data available relating to points between line A and line B. From line E to line A a distance of 5000 feet, the following calculation can only be described as a ~~WALL~~ guess:-

								Per cub. yard.
Line E-	width of pay	25 feet,	depth	4 $\frac{1}{2}$ feet	average value-	\$8.34		
" D -	" "	" 20 "	" "	7 $\frac{1}{2}$ "	" "	\$58.35		
" C -	" "	" 67 "	" "	9 $\frac{1}{2}$ "	" "	\$32.98		
" A -	" "	" 6 "	" "	7 "	" "	\$165.00		

This gives an average value of \$38.77 per cubic yard of gravel, average width 29 $\frac{1}{2}$ feet, say 10 yards, average depth 7.2 ft say 2 yards. Length of the deposit is 5000 feet.

Total value of gold contents therefore is equal to:-

$$\$38.77 \times 10 \times 2 \times \frac{5000}{3} \quad \text{or} \quad \$1,292,320$$

(5)

This is equal to a gold content of \$260 per running foot of creek, or approximately so. If this value be assigned to the portion of the creek between lines A and B, where there is evidence of the inter-glacial run, there is given for the 8000 feet of creek under consideration the total gold value of somewhat over \$2,000,000.

A careful consideration of the production figures relating to Williams Creek, the richest creek in the history of the Cariboo, led W.A. Johnston to assign to that creek a production of about \$1000 per running foot of valley. See Geological Survey Memoir 149, page 7.

Assuming therefore that there does exist in that portion of Lightning creek under review, a pre-glacial gold channel, largely un-eroded by ice movement, a gold content of \$260 per running foot of valley is within the bounds of credibility. At the same time its existence has yet to be demonstrated by an intensive drilling campaign, and further having regard to the nature of this deeply buried deposit, the economic extraction of the gold contents is likely to be a severe tax on intelligent engineering ability.

I am,

Yours faithfully,

Resident Engineer.

93.14W
H. S. ROLSTON, PRESIDENT
APPOINTED BY THE SUPREME COURT
B. M. RICHARDSON, SEC. - TREAS.
ELECTED BY THE SHARE-STOCK HOLDERS
C. H. UNVERZAGT, MINE MANAGER
ELECTED BY THE DEBENTURE - BOND HOLDERS

VANCOUVER TELEPHONE
DOUGLAS 996

MINE POST OFFICE,
COTTONWOOD, B. C., CANADA
MINE TELEGRAPH OFFICE,
WINGDAM, B. C., CANADA
SHORT ADDRESS FORM,
THE LIGHTNING CREEK COMPANY, LTD.

THE LIGHTNING CREEK GOLD GRAVELS AND DRAINAGE CO., LTD.

MINES AT WINGDAM, CARIBOO DISTRICT, BRITISH COLUMBIA, CANADA
OFFICE OF THE RECEIVERSHIP COMMITTEE

PLEASE ADDRESS YOUR REPLY TO THIS LETTER TO:

LIGHTNING CREEK GOLD MINES LIMITED

To the Minister of Mines,
To the Resident Engineer, Cariboo,
To the Registrar of Companies.

506 Ritz Apts.
Vancouver
Oct. 7, 1929.

Gentlemen:-

Find herewith papers as follows:-

One set of papers for the Registrar of Companies
Three sets of " " " Department of Mines
One set of papers " " Resident Engineer, Cariboo.

This is also to advise you that this company sold no securities from about the close of 1920 until recently. There were some transfers made of sales of other holders, but there was no plan of sale adopted by the Company; nor has the company issued any prospectus.

On May 20, 1929, owing to the persistent applications of one H. L. Waldon, the Company made an agreement with him whereby he was to dispose of certain preferred shares plus a small stock bonus, to net the company \$300,000 during a period of about four months. His sales were to be to underwriters whom he said he had ready to take up the issue; and because of the quick results and the method of sale, he was given a very low price which of course he demanded and insisted on. I do not think any deal would have been made even at that, if it had not been for the persistent demands of my associates noted above, because we had other deals in a large way going along pretty well, and had hopes of one or the other of them going through.

Mr. Waldon did not keep to his agreements in any respect whatever. He was not to insert any advertisements or issue publications without our O.K., and unless he got the money promptly, we reserved the right to cancel the agreement, which we did after some difficulty in getting said Rolston to sign the necessary notice.

During all this time Waldon made four sales, or rather some agents he had through another party, made four small sales to net the company \$132. although he had promised \$300,000 during this same time by big underwritings. It is therefore apparent that the contract was not made for the purpose of getting business for the company, but for working one of the usual schemes to disrupt it. We have just recently learned that Waldon appeared to be in league with one Swenson, P.O. Inspector of Seattle, who was in turn visiting Police Headquarters here, we are informed, in order to work up some kind of scheme which has recently come to a head. In fact, the Waldon agreement appears to me to have been designed as the opening wedge of a conspiracy for another attempt to grab this property by corrupt means, and to influence Government action to suit these corruptionists, and also to create a situation that would break up certain promising deals for large capital.

Incidentally I will mention that no sooner had it become known, according to reports given me by the directors themselves, that there was a new board and an earnest effort to be made to finance this property, than John D. Galloway came here and saw at least two of these directors, and by virulent abuse of me, the property and the company, but more particularly of me and the property, he succeeded in creating distrust in their minds, so they were not of any further real use to us.

We will be forced to endeavor to make sales the best way we can for capital purposes, and we enclose the following papers in lieu of a regular prospectus:-

1. Illustrated paper issued a good many years ago by the Mines Operating Company, which we are using as far as the same applies.
2. Affidavit of mine re values proven up.
3. Two-sheet statement by various engineers, etc. on the matter of pumping water.
4. Twenty-six opinions of engineers and others on the values recovered.
5. Affidavits of Armstrong and Brown, re drilling the ground and the values.
6. Perfect Score of facts.
7. Reference sheet.
8. Sheet re the Management.
9. Opinions of Bagley and de Ronne.
10. Copy of letter by Campbell-Johnston, Engineer.

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We have in mind issuing a prospectus, in case the recent several attacks and my arrest, in pursuance of the destructive policy of the Province, ruin large deals under way and we must resort to small sales.

Yours truly,

Managing Director.

(\$12,000,000.)

(\$12,000,000.)

A PAPER AND CALCULATION
on
THE GROSS AND NET VALUES IN SECTION No. 6.
of
THE LIGHTNING CREEK GOLD MINE PROPERTY AT WINGDAM, B. C.
and
SOME ALLIED PARTICULARS AND DATA

(4/6/29)

NOTES

1. The property comprises fourteen of our own designated sections, each $1\frac{1}{2}$ miles in length by about 800 ft. in width. Section No. 6 is about one-third of the way from the mouth of the Creek. Lightning Creek is one of the three Gold Streams that caused the rather great Cariboo Gold excitement beginning in 1859, -- ten years after the 1849 Gold Stampede in California.

2. Some FIFTEEN MILLIONS has been taken out on bedrock from about a two-mile section at the beginning of the creek by the "old timers" in the past, but that is all of the old Gold channel that has been mined, for which reasons can be given on request. There still remains twenty-three miles of the old or bedrock channel to be mined.

3. To determine the values in such Placer Gold ground on bedrock, it is customary to use a six-inch Keystone Drill. This requires a strong and heavy outfit. In California the dredge people say they are able to thus tell the values within Fifteen Cents per cubic yard, or how they will run when mined by dredging. This is a fine work. In our case our values being high, it is not necessary to determine them so closely, although we doubtless do effect the same close results.

SOME DATA IN FIGURES

- (a) The area of five 6-in. drill holes is just about 1 sq. ft.
- (b) The contents of a cylinder 6 in. in diameter and 6 ft. long is 2,036 cu. in. This represents a drill hole finish on bedrock, the Gold being bailed previously.
- (c) A cu.yd. is about one and one-third tons of gravel, and contains 27 cu.ft. or 46,656 cu.in.
- (d) One mile is 1760 yds. long, or 5,280 ft.
- (e) The width of the bedrock Gold channel is figured here to average 20 yds. or 60 ft. wide. Most persons make it wider, which would mean more pay to us. The height to mine out the Gold is 2 yds. or 6 ft.
- (f) In one property section, as for example, Section No.6, there are 105,600 cu.yds. on bedrock, i.e., $1760 \times 1\frac{1}{2} \times 20 \times 2$ equals this. (There is likely to be more cu.yds.)
- (g) A grain of Gold at \$18 per oz. is worth $3\frac{3}{4}$ Cents. Multiplying the number of grains of Gold by .86 as taken from a drill hole shows the value per cu.yd. These values HAVE ALWAYS RUN VERY REGULAR ON THE BEDROCK OF LIGHTNING CREEK. In point of fact the U.S. Mint gives an assay value of \$18.76 per oz. instead of \$18. as we figure it.

THE DRILLING PROOFS

of the values of Section No. 6 as taken from the four main drill lines, are as follows: This relates mainly to the bedrock or richest values, and does not include benches, black and gray sands, or surface values, most of which are very large and will doubtless exceed twenty-five (25) per-cent of the Native Gold Values on bedrock. (See Table)

WHAT A CANADIAN GOVERNMENT ENGINEER SAID OF THE VALUES, etc.

"Extensive and systematic prospecting by Keystone drilling, to obtain cross-sections of the valley and the Gold values contained in the gravels has been carried on. The buried channel, which has a width of about 100 ft. is found to lie about 165 ft. below the present stream bed, and to be bordered in places by rock terraces 10 to 20 ft. high. BOTH BENCH AND DEEP CHANNEL GRAVELS CONTAIN HIGH VALUES IN COARSE GOLD."

DRILL LINE RECOVERIES OF GOLD
BY 3-inch HOLES FROM BEDROCK
SIX FEET ABOVE IT

Line No.	Grains of Gold	Values of Gold	Values per cu. yd.
A.	185.	\$6.93	\$159.10
B.	67.	2.48	56.85
C.	56.5	2.12	48.59
D.	120.	4.51	103.20
Totals	429.5	\$16.04	\$367.74
Average	107.5	4.01	91.93

THE CALCULATION

X is the value per cu.yd. to be obtained, hence

$$X : \$4.01 :: 46,656 : 2036$$

i.e., if there be \$4.01 in 2036 cu.in., then in 46,656 cu.in. (1 cu.yd.) there are as many times \$4.01 as 2036 is contained in 46,656, hence :-

$$46,656 \div 2036 \times \$4.01 = \dots\dots\dots \$91.90 \text{ per cu.yd.}$$

As there are 105,600 cu.yds. of bedrock gravels in the $1\frac{1}{2}$ mile section No. 6, then there is a total value of :- $105,600 \times \$91.90 = \dots\dots\dots \$9,704,640.$

BLACK SAND VALUES

The amount runs from three to five lbs. per cu. yd., and the average assay value is \$13.50 per lb. in Gold. Putting this at the minimum of three lbs. per cu.yd. and cutting in half the average assay values, makes it :- $105,600 \times 3 \times \$6.25 = \dots\dots\dots \$1,980,000.$

BENCH VALUES

These values run from \$8 to \$48 per cu.yd. The drilling shows large areas, in fact it looks as if there are as many cu.yds. or more of bench as there are bed-rock gravels. Using the same conservative method as for black sand, i.e., assuming only 60,000 cu.yds. in $1\frac{1}{2}$ miles, and reducing the average values from \$28 to \$22, we have :- $60,000 \times \$22 = \dots\dots\dots \$1,320,000.$

T O T A L	\$13,004,640.
Less cost of mining the 165,000 cu.yds. at \$6.00 per yd.	990,000.
<u>P R O F I T or N E T V A L U E S</u>	<u>\$12,014,640.</u>

The following information shows the reader that these figures can be accepted as conservative.

1. We are taking only, in Line B, the values from or in a secondary channel. It is our opinion that the true bedrock channel will be double this, and be in addition to the second channel. We have figured only 60 ft. of this secondary channel whereas the drilling indicates a width of 300 to 400 ft. ranging from \$12. to \$48 per cu.yd.

2. The horizontal drilling into the old channel from the underground tunnel at Line A, indicated much larger values than the vertical keystone drilling, as per reports of engineer and employees. Much of the first upper old workings went \$300 per cu.yd. and more.

3. Line C, drilling indicates a \$20 bench there, besides a wide bedrock channel.

4. Line D, drilling was reported to us by the superintending Engineer with a result of \$4.50 in Gold, whereas the Driller advised us recently that it was over \$10. We had to re-drill some of this Engineer's work at a cost of \$1,500 and found his reports false. Succeeding the drilling he got three parties to solicit leases of the property which we declined. His drilling reports were evidently intended to discourage us into sub-leasing the property.

5. There is a large amount of "gray" sand which runs very high in value, as per assay made. We have not included the gray sand in our estimates.

6. We have included no Gold from possible surface operations or ledges. There are prospects of good ledges, and we think there is a large amount of surface gravel it would pay to steam-shovel.

7. We believe also that there is a lot of good dredging ground in the lower five or six miles of Creek.

8. I have carefully figured over the re-drilling results and information on the D Line, also the curtailed matter on the B Line (at \$9.) and believe it will add twenty-five (25) per-cent to the TWELVE MILLIONS Net above shown. This statement is the amount after cutting in half the calculation results thereon, so taking it altogether, the TWELVE MILLIONS look like a cinch with a big extra margin. This Wingdam location was very rich on the surface for miles, as worked in the early days.

THE DRILLERS WE HAD

five of them swore to the reports of their work as being true. This drilling was not done for a sale purpose, but for our own guidance in our own money. The drillers we found quite reliable, and we would not hesitate to re-employ any one of them at any time. We have the data for all the figures and conclusions or statements herein shown. Also the sheets showing opinions of Engineers, Drillers, Workmen and others, who have actual personal knowledge of the property and values which will be sent on request.

Also full information on pumping and other requirements sent if requested. In fact, any sort of information can be given at short notice. The statement of the Government Engineer that the drill work was extensive and systematic and showed large values in coarse Gold ought to satisfy any reasonable person, more especially as this Government Engineer was on the ground during one season when drilling was being done by William Brown.

The values shown by this drill work are practically the same in amount of Gold per mile as was actually mined and recovered by the old timers at the upper end of the creek, in the past, which goes to show that the Lightning Creek Gold channel is continuous and regular in values as the old timers say they found the ground to be where they mined.

Including time and money, the latter much the larger sum, I have a HALF-MILLION stake or investment in this matter, and am better informed generally and specifically on the facts relating to this Lightning Creek property than anyone else.

.....
CHARLES H. UNVERZAGT.

AFFIDAVIT :

Personally came before me C. H. Unverzagt to me known, and made affidavit this 6th. day of April, 1929, that the foregoing statement is true without mental reservation or doubt, and that the information about pumping the water is true, as attached to this paper, and likewise the papers giving excerpts of opinions are true quotations from the originals.

P. R. LORAN

.....
NOTARY PUBLIC in and for the
Province of British Columbia
residing in Vancouver.

P U M P I N G W A T E R

PRELIMINARY NOTE: The false tales and printed and verbal reports about pumping water at Wingdam on Lightning Creek came about as follows: 1. By schemers aiming in all cases to break up the financing of the property so the company would be forced to a cheap sale; 2. By the same influence and money being able to corrupt official reports and likewise official acts for the same purpose; 3. For spite work and malice and envy; 4. For pure robbery purposes; 5. General and malignant lying cussedness.

ON THE MATTER OF PUMPING LIGHTNING CREEK WATER AT WINGDAM, B.C.

THE CHIEF PUMP ENGINEER IN WINGDAM SHAFT-SINKING SAYS :

"I understand a statement has been made that the water could not be pumped at this mine. This statement is false. I was pump engineer when the No. 2 shaft was sunk into the gravel and we pumped the water with ease and we got it all in that operation.

"Our only trouble was a bad fuel supply to keep up steam and too small rated boilers. Now all this is changed, with new and more powerful boiler capacity and superior fuel, no one need apprehend any trouble of this kind in the successful mining of the ground". --- (sgd.) GEO. NIGHTINGALL, Certified B.C. Engineer, Quesnel, B.C.

ONE OF THE SHIFT BOSSES IN SHAFT-SINKING SAYS :

"Having been asked to deny statements I am told are being made that the water drove us out of the No. 2 shaft at Wingdam, I am quite willing to do so. I am a practical miner with 25 years' experience in the Cariboo district of B.C. and was employed as a shift boss during the sinking of the No. 2 shaft at Wingdam.

"The pump was always able to control the water during that operation, and when ordered to cease operations by the management, we were able to make everything secure in the bottom of the shaft before quitting and this would not have been possible if the water had not been kept pumped out". --- (Sgd.) JOHN BUTTS, Barkerville, B.C.

A PLACER GOLD MINING ENGINEER OF 18 YEARS' EXPERIENCE SAYS :

"My Dear Miller:-

"Your inquiry regarding the amount of water necessary to pump at Wingdam on Lightning Creek, in order to mine the rich bedrock deposits there, has reached us, and I take this means of answering you.

"I am well aware that various British Columbia publications, written by subordinates in Government service, for several years past have made reference to the heavy water pressure on Lightning Creek, and the apparent inability of the Company to cope with the 'problem'.

"From an engineering standpoint a statement of this kind is the merest drivel and certainly is not based on facts.

"The handling of water is merely a mechanical detail under most circumstances; all that is necessary is to have some basis upon which to work in order to compute volume of water which will have to be handled for 24 hours. Then it is a simple matter to install pumping equipment sufficient to handle this amount, of course being careful to allow a large factor of surplus capacity for contingencies. I am speaking in general terms.

"The amount of water in the ground at Wingdam has been computed long ago and the Company's estimate is based on actual pumping tests in sinking shafts right on the ground in question and their findings are that the ancient channel of Lightning Creek makes about 1000 gals. per minute after the hydrostatic head has been reduced.

"This amount of water is easily handled by pumping plants now there; besides pumps on the ground they have a new turbine pump of twice the capacity necessary, in storage in Vancouver, B.C. I do not know if you are aware of the fact that two miles of the ancient channel of Lightning Creek have been drifted out years ago at a time when pumping was more or less in the embryo stage, as compared with the efficient pumps of today.

"Another matter in connection with pumping water on Lightning Creek that I wish to bring to your attention is the fact that the bedrock pumping on the upper two miles on this creek was accomplished in spite of the fact that there is no intervening impervious stratum of clay between surface and underground water at this point while there is such a stratum at Wingdam.

"Hoping that this puts an end to misinforming government employee reports on a matter that they have no knowledge whatever of, I stand prepared to challenge any statements contrary to what I herein write you.

"It is deplorable that the real facts are not always brought out in these reports but much so-called information is based on hearsay. This could easily be prevented by securing official company reports, based upon engineering data, instead of securing information through other channels.

Very truly yours,

N.C. de RONNE, M.E." (Salt Lake City).

Mr. Edward Bagley, an expert Australian mine superintendent who examined Lightning Creek several times and investigated these water-pumping tales, writes:-

"I have looked into this matter and for many reasons that are not necessary to detail here, I consider that this is no problem whatever. An efficient plant capable of handling 3,000,000 gallons per day should be more than sufficient. This plant is quickly installed and can be easily duplicated. Pumping so far done indicates a daily average of about 1000 G.P.M., a small amount."

P.M. HAMLIN, ENGINEER, ON PUMPING THE WATER

"I spent several months at Wingdam when the No. 2 shaft was sunk to the 125-foot intermediate stratum, or gold deposit on a clay sub-base. This shaft being through gravel, all of the way, naturally drew all the underground water in the valley to the shaft as it was sunk. We pumped it easily with three stages of a No. 6 four-stage Turbine, pump belt driven. Below 100 feet the water fell off about 40% and appeared to get less with depth, owing of course to the accumulated water (or head) in the valley being pumped down".

ANOTHER PUMP ENGINEER SAYS :

George Wilson, formerly pump engineer at Wingdam and other points on Lightning Creek, now residing in Vancouver, wrote of his work at La Fontaine as follows:-

"We had two 18" Cornish pumps. The water was pumped easily with both pumps running on a 6 ft. stroke at about six strokes per minute, but we handled the same water with one pump on an 8 ft. stroke and about Nine strokes per minute.

"We had two boilers (70 H.P. each) which operated the pumps, air compressors and drills, and we used five cords of dry wood per day, but it took more green wood. The pump handled all the water easily and there was no drain tunnel.

"The shaft was 185 ft. deep, but the water was pumped out through a side drift 35 ft. below the collar of the shaft, making the net lift 150 ft."

NOTE:- This is an average pumping of about 1000 gals. per minute, -- very easy pumping.

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SHAFTS SUNK ON LIGHTNING CREEK AND THE WATER PUMPED O.K.

A dozen or more were sunk on upper Lightning Creek in the early days. Not one of these could have been sunk if the water could not have been pumped, -- nor could the FIFTEEN MILLIONS in GOLD have been taken out by mining if the water had not been pumped.

One shaft was sunk at La Fontaine on Lightning Creek. The above Wilson statement shows that pumping the water was not much of a job after all. The water was handled and gold taken out by mining for several years.

Two shafts (6 x 11) are sunk at Wingdam on Lightning Creek and are now ready to mine gold. It would have been impossible to sink such shafts if the water could not be pumped. If the water can be pumped successfully in sinking such shafts, it can be pumped just as well in mining and with more ease.

One shaft was sunk at Big Bonanza on Lightning Creek on the rim rock about 100 ft. deep. The water was handled O.K. and Gold mined there for several years.

THE FOREGOING PROVES

that the tales that the water cannot be pumped on Lightning Creek (by whomsoever made) are deliberate lies and known by their authors to be lies, because if true the mining work done there,--the two shafts sunk and the MILLIONS taken out,--could not have been done unless the water could be handled.

FURTHERMORE :

The amount to be pumped is small, the lift not very high and the job comparatively easy. For years this moss-covered lie has been used by the unscrupulous to prevent the financing of the mine. In one case (in 1923) a considerable sum of money (Ten to Twenty Thousand Dollars) was sent to Vancouver by predatory interests to buy false official reports and attacks on the Lightning Creek Company and property at Wingdam, B.C. in official publications and in other official and semi-official ways. Mr. de Ronne in his above statement refers to such work done for the purpose of swindling the company's shareholders.

All this lying was for the sole purpose of scaring off financial deals and thus force the property into other hands cheap, but the game then failed. These tales also have another source in official corruption.

I personally sank two shafts and know the history of others, and it is as above stated. There is no water problem about mining Lightning Creek at all. It is easy with our present equipment.

RE THE MATTER OF GOLD VALUES IN LIGHTNING CREEK IN THE
CARIBOO DISTRICT OF BRITISH COLUMBIA AT WINGDAM

---oOo---

EXTRACTS FROM REPORTS AND STATEMENTS OF ENGINEERS, MINERS,
DRILLERS, ET AL, ON THIS SUBJECT. OUR WORKS AT WINGDAM.

---oOo---

NOTE:- The TWENTY-EIGHT MILLION DOLLAR record already made by Lightning Creek in three and one-half of the twenty-five miles of its gold channel is testimony stronger than anyone's opinion pro or con.

---oOo---

R. D. MACKAY, Esq., Dominion Govt. Engineer says:- "Extensive and systematic prospecting by keystone drilling to obtain cross-sections of the valley and the Gold values contained in the gravels has been carried on. The buried channel, which has a width of about 100 ft. is found to lie about 165 ft. below the present stream bed, and to be bordered in places by rock terraces 10 to 20 ft. high. BOTH BENCH AND DEEP CHANNEL GRAVELS CONTAIN HIGH VALUES IN COARSE GOLD."

WILLIAM BROWN, Esq., Drilling Engineer says under affidavit:- "I am a drilling Engineer of 25 years' experience during seven of which I was employed by the Orange River Free State, the Transvaal Government, and by the Indies Government, the other periods being in the United States and Canada at various points including four (4) years at Wingdam on Lightning Creek. I say without hesitation or reservation that the Lightning Creek mine is the greatest and richest I have ever drilled or heard of in its line (except Williams Creek),- a Drift Placer Gold Tunnel Property. I found rich values in coarse gold. I endorse the Company's published statements of the values. I bought stock in the Company because of my knowledge of the richness of the ground. I believe it is by far the greatest gold mine in Canada, owing to its large size and tonnage values. Mr. Mackay saw me while drilling at Wingdam."

"The underground water at Wingdam can be pumped with comparative ease as proved by five years' pumping at Stanley and four years' pumping at La Fontaine while mining operations were going on, and by the shafts sunk at Wingdam."

JAMES MURPHY, Esq., Expert Miner, says:- "You have the best prospects (values) in Gold I ever saw. When opened, you have one of the best properties in the mining world. I have had an experience of 24 years in California and Cariboo, and am competent of judging."

HON. J. H. TURNER, Esq., ex-Premier of B.C., and Agent General in London, said:- "Lightning Creek is known as one of the richest in that country; not half its riches have been touched; there is plenty of gold in this district, especially in this Creek which always bore such a good name."

COL. E. G. PRIOR, Esq., ex-Premier of B.C., said:- "It has always been looked upon as one of the richest pieces of that great gold mining district."

HON. JOHN A. FRASER, Cariboo Member Dominion Parliament, says:- "Lightning (Creek) has a splendid reputation as a gold-producing stream. Production about Twenty-five Millions. Personally have no knowledge of values proved by development work at Wingdam, but have heard experienced miners who worked there and on whose judgment would rely, assert positively that splendid prospects (recoveries of Gold) have been disclosed."

GEO. H. HOOPER, Esq., Engineer, says:- "I believe there is more Gold concentrated in the bed of this creek than in any one place I ever saw or heard of."

J. H. THAIN, Esq., Engineer, says:- "The bedrock of this creek is an immense sluice box or dump for Gold for ages. I know it to be one of the richest creeks."

F. T. HAMSHAW, Esq., Engineer, says:- "The run of Gold has proved to be continuous. This, I think, is one of the two richest creeks in the world. I believe the unworked portion will be as rich as that worked."

GEORGE WINCKLESS, Esq., Engineer, says:- "I have seen some of the gravel. IT WAS VERY RICH. Values on bedrock will be phenomenal."

SAMUEL KEAST, Esq., Engineer, says:- "The drilling I did showed up big values in Gold on bedrock, and we did not recover all of them. It is considered by far the best property in that district."

NEWTON B. KNOX, Esq., Engineer (London) says:- "I believe you have a very good mine that will stand investigation."

H. J. GARDNER, Esq., Cariboo Magistrate says:- "Lightning and Williams Creeks most important in Cariboo. Combined produced more Gold than whole district in this richest Gold belt for its area in history. Your Company's property universally considered of exceptional merit."

McLAREN, London Engineer and Geologist, and author of "Gold and Its Geological Occurrences," says:- "Lightning Creek has been quite as rich as the better-known Gold gravels in the Yukon (Klondike)."

CHARLES P. BASYE, Engineer, says:- "There is more Gold in and on the ground you have than any mine of any kind ever on earth so far discovered. Your literature is the cleanest, clearest and most sensible of any mine I have ever read about."

HON. JOHN BOWRON, Gold Commissioner, said:- "My opinion is that the Cariboo District, B.C., has produced more Gold in her placer mines than within a certain area was ever discovered in any part of the world, especially from two creeks, Williams Creek and Lightning Creek."

A DIRECTOR, Geological Survey of Canada, said:- "There seems to be no doubt that they (the gold gravels) carry high values in Gold."

N.C. deJRONNE, Esq., Engineer, says:- "I have had 18 years' experience in the Placer fields of Alaska, California, Siberia, etc., and have made this phase of mining my life-work. I am well informed on the Lightning Creek mine at Wingdam, B.C. I believe it to be a rich gold property. This is an exceptionally well-located, appointed and equipped Gold Placer Mine Camp, having many natural operating advantages for cheap production."

EDWARD BAGLEY, Esq., Mine Superintendent, says:- "BORE HOLE VALUES: The values reported from the bores are sensational. I have not yet met anyone who doubts the results."

ON THE MATTER OF THE FIVE POINTS THAT MAKE UP A VALUABLE GOLD PLACER PROPERTY AS FOLLOWS, HE SAYS THAT LIGHTNING CREEK HAS ALL OF THEM.

1. The Gold Channel should be narrow.
2. The Gold Channel should run through good feeder ground the whole way.
3. The Gold lead should cut across the combs or gold-bearing rock strata.
4. The Gold channel should be fed along its entire course by tributary channels.
5. The Gold channel should not have much fall or grade.

E.L.E. ARMSTRONG, Esq., Driller and Miner, says under affidavit:- "I have drilled all over the Cariboo country but never have I found ground as rich as that at Wingdam. I have no hesitation in saying that the company was not properly treated by many of the men employed in superintending capacities, or it would have been paying long ago. I regard this by far the largest and most valuable property in the district and one that can be easily operated with a fair amount of money and with proper supervision. My friend Tom Gray served several years on the machine in drilling for Gold values at Wingdam under other drillers. His report to me of large gold values taken out, at first made me doubt such large values, but, as a result of my own drilling, I now believe his statements.

"I took more gold from one bedrock hole on "D" line at Wingdam than I did in 18 months' drilling on other properties in the district. Both as a result of personal work as a miner and driller and from reliable information from other test drill work at Wingdam I do not hesitate to say that I believe the Lightning Creek mine property is very rich."

PROVINCIAL MINERALOGIST of B.C., says this of Mr. Armstrong:- "With regard to Mr. Armstrong, he worked on Government Keystone drill work a few years ago, under my supervision, and was entirely satisfactory in every way. So far as my own experience goes, I consider Mr. Armstrong a thoroughly reliable man and I know that in the District where he resides he has a good reputation for the three qualities you mention, namely, "integrity, ability and veracity."

P.M. HAMLIN, Esq., Engineer, said:- "You undoubtedly have a wonderful property in size, richness and future operating profits. I cannot conceive of any business enterprise on a more solid basis of real tangible value. Because of my personal investigation, I believe this property to be the richest in North America. When I tapped the channel the amount of gold that came through in a few minutes with the gravel and water showed phenomenal values. Experienced miners working there at the time claimed it exceeded any evidence of values they ever encountered, either in California or this District. The operation of mining the ground is feasible."

THE HON. HARRY JONES, "Old Timer" Mine Superintendent, and residing on Lightning Creek for over a half century, says:- "Lightning Creek is among the richest creeks in this district. The ground worked was rich and very regular in producing Gold. No poor spots. The work at Wingdam is strong evidence of the richness of the ground. Situated as it is in the valley of Lightning Creek, nothing else than gold in great quantity could be expected."

D.J. HOUGHTON, Esq., Stockholder and Mechanic, says:- "I worked at Wingdam on Lightning Creek several years. I was there when small drill holes from the side entered into the channel. I washed the gravels forced through the holes by the water. Big values in Gold came through."

DR. W.H. SHANNON, says:- "I was at Wingdam on Lightning Creek. I am satisfied the property is valuable. I believe it to be the richest mining property in British Columbia."

FROM REPORT OF MR. R.C. CAMPBELL-JOHNSTON, Engineer, Geologist and Metallurgist: "The values per cubic yard, as sworn to in Court (on the main drill lines) show on their shoots as:-

Line A, near Wingdam Camp,	165 ft. deep,	per cubic yard	\$166.00
" B, 3000 ft. up Creek,	130 (1st. pay stratum)	"	48.00
" C, 1500 ft. from A,	165 " " "	"	48.00
" D, 1500 ft. " C,	161 " " "	"	109.00

THESE FIGURES ALLOW AN AVERAGE FROM ALL OF \$ 92.75

"Deducting 25% for possible excess error in measurement of gravel extracted in each hole, gives a conservative return of \$69.50 per cu. yd. or net on the lower six (6) ft. of bedrock gravels, estimated by them.

"Calculating on the figures stated above, namely, at a value per cu. yd. of Sixty-nine Dollars and Fifty Cents (\$69.50) this yearly output will yield a gross value per annum of \$4,170,000. NOTE: Cost to mine is about \$6 per yard.

"The writer feels quite confident now that enough evidence has been here produced to make sure that Lightning Creek carries alluvial gold in great quantities continuous across a deep channel, 60 to 100 ft. wide, encased by solid rock bottom and sides, being approximately below the contour of the surface to a depth averaging 165 ft."

(NOTE: Address of any party given on request.)

AFFIDAVIT of EDMUND L. E. ARMSTRONG, on the matter of values on Lightning Creek.

I, Edmund L.E. Armstrong, residing near Quesnel, B.C., my post office box address being Box 5, Quesnel, B.C., and by profession a rancher, miner and driller, make oath and say:

1. That on September 6th, 1924, I wrote a letter To Whom It May Concern, which reads as follows:

"I am now ranching on my 320 acre farm near here. I have lived in this section for the past 25 years. I am an experienced underground drift placer gold miner and as such have worked at Wingdam in both No. 1 and No. 2 shafts. As a result of this work I personally saw the evidence of large gold values. I am also a driller, having done considerable work in this Cariboo district, also for the B.C. Government.

"During my drilling experience I was employed at Wingdam and found much greater values in Lightning Creek than anywhere else I drilled in the district. My friend, Tom Gray, served on the machine in drilling for gold values at Wingdam for several years under other drillers. His report to me of large gold values taken out, at first made me doubt such large values, but as a result of my own drilling I now quite believe his statements.

"I took more gold from one bedrock hole on the "D" line at Wingdam than I did in 18 months drilling on other properties in the district. Both as a result of personal work as a miner and driller and from reliable information from other test drill work at Wingdam I do not hesitate to say that I believe the Lightning Creek mine property is very rich and will pay large profits to the owners under competent direction as many millions have been taken out on other parts of the stream".

2. That I have worked at Wingdam at different times for considerable periods and am well acquainted with the property, its values and reputation, both of which are considered first class by those who have any personal knowledge of the same, My letter above is an index of how I regard this. From my knowledge of matters, this property has been assiduously worked according to circumstances but owing to the necessary absence of Mr. C.H. Unverzagt in raising money in N.Y. to carry on operations, I have no hesitation in saying that the company was not properly treated by many of the men employed in superintending capacities, or it would have been paying long ago.

3. In my opinion this property is well worth in cash the present net developed values owing to its large extent and high grade values. I have never made any computations as regards this, but others have and I would regard such an amount as a proper minimum valuation of the property.

4. Owing to the very large extent of the property and the fact that at the upper end of Lightning Creek, 14 or 15 miles from the Wingdam camp aforesaid, similar values to those proved up at Wingdam were actually taken out by miners, goes to show that the gold channel through this vast property is continuous and apparently does not deviate much in value per mile.

5. I regard this by far the largest and most valuable property in the district and one that can be easily operated with a fair amount of money and with proper supervision.

Personally appeared before me the said E.L.E. Armstrong, this 23rd day of May, A.D. 1927, to me known, who made oath that the foregoing statement is true to the best of his knowledge and belief.

(Sgd) Edmund L.E. Armstrong.

Alfred S. Vaughan,
A Notary Public in and for the
Province of British Columbia.

Note: The Provincial Mineralogist wrote this of Mr. Armstrong:-

"So far as my own experience goes, I consider Mr. Armstrong a thoroughly reliable man and I know that in the District where he resides he has a good reputation for the three qualities you mention, namely, "integrity, ability and veracity".

STATE OF WASHINGTON)

COUNTY OF KIND)

SS:

A F F I D A V I T

of

William Brown, Drilling Engineer.

I, WILLIAM BROWN, bring first duly sworn on oath, depose and say

That I am a drilling Engineer of 25 years' experience during seven of which I was employed by the Orange River Free State, the Transvall Government, and by the Indies Government, the other periods being in the United States and Canada at various points including four (4) years at Wingdam on Lightning Creek. I previously made oath to the correctness of my report to the Company of my Wingdam work.

That I WAS THERE ENGAGED IN DRILLING DURING THE SEASON THAT R. B. MACKEY, CANADIAN GOVERNMENT ENGINEER AND GEOLOGIST MADE HIS EXAMINATION OF THIS LIGHTNING CREEK MINE AT WINGDAM, THE VALUES OF WHICH HE SO HIGHLY ENDORSED.

That during Mr. McKay's visit no pumping was done in the two shafts equipped for that purpose. I unhesitatingly say the underground water in Lightning Creek at Wingdam can be pumped with comparative ease as proven by five years pumping and mining at Stanley, and by four years' pumping and mining at La Fontaine, both places being on Lightning Creek, and by the further fact that at Wingdam two shafts have been sunk and are now ready to mine, which shafts could not have been sunk unless the water could be pumped.

That I believe no one but the Drilling Engineer who personally does the job can so well understand or testify to the value of mining ground. I say without hesitation or reservation that the Lightning Creek Mine is the greatest and richest I have ever drilled or heard of in its line (except Williams Creek), -- a Drift Placer Gold Tunnel Property. I found rich values in coarse gold.

I endorse the Company's published statements of the values. I bought stock in the Company, because of my knowledge of the richness of the ground. I believe it is by far the greatest gold mine in Canada, owing to its large size and tonnage values.

I know the Mine Manager, (Mr. C. H. Unverzagt), I have always found him reliable, honest, truthful, with a proper knowledge of the business, and with but one purpose and that, to make the mine pay for the benefit of those who put money in it. His loyalty to our interests, and his integrity of purpose is unquestionable.

I have no hesitation in saying under oath that if I had the funds I would finance the entire balance under the Mine Manager's direction, with the full assurance that I would be honestly treated and my interests protected to the best of his ability.

I believe that in due time this Lightning Creek Property will become the greatest producing Gold Mine in North America, unless there are those which exceed \$6,000,000 Net Profits per annum.

(Signed)

WILLIAM BROWN

SUBSCRIBED AND SWORN TO
before me this 2nd day
of April, A.D., 1924.

MARIAN H. HARRIS,
Notary Public in and for the
State of Washington, Residing
in Seattle.

A
PERFECT
SCORE

"A "PERFECT SCORE"
HIGH LIGHTS ON THE LIGHTNING CREEK PRO-
POSALS OF A FINANCIAL NATURE, et al.

A
PERFECT
SCORE

(1)
The Title to the property is exceptionally sound and the result of two special Legislative Acts. A Supreme Court Judge said: "THE best or one of the best in Province."

(2)
The Property is one of very superior high grade value in Gold and of fine record.

(3)
The Operating Expense is lower per \$1 of Gold recovered than any mine we know of; certainly not over Ten (10) per-cent of the Gold recovered on the bedrock stratum.

(4)
The Record of Production and proven up values of this Gold creek is TWENTY-EIGHT MILLIONS in Fifteen (15) per-cent of it, or EIGHT MILLIONS to the mile,--something great. The Net Values equal \$80 per cubic yard or \$60 per ton, on bedrock.

(5)
The Management as proven by audits and a Government examination has been entirely free from every form of graft or personal emolument. Few equal, none exceed this.

(6)
The Opinions on this property, its values, etc., of Engineers, Drillers and others who actually know it could not be more favorable. The statements are emphatic.

(7)
The Operating Conditions are in every respect favorable, and the location of the property is an exceptionally good mining situation. Few are so well situated.

(8)
Absolute Freedom from promotion methods of any kind or description, which is against the investors' interests. Likewise, Gold Mining is the one business free of competitive methods and price fluctuations. The management are heaviest investors.

(9)
The Present Management Committee makes direct reports to the Supreme Court and is under its supervision which is as the present investors voted they wanted it done for the general good of all. It best insures honest and capable management.

(10)
The Lowest Capitalization going, as compared with the size and value of the property. This is of great advantage to Investors or shareholders,--a fine score.

(11)
The Company has a greater amount of proved up Net Values ready to be mined than any other Company had on its paid in cash capital of which we have any record. This is six to one on the paid in cash, or four to one on the entire capital stock.

(12)
Because of the large property, the high-grade Gold Values, the low capitalization, the stock of this Company, based on dividend earnings, will necessarily rise in value and demand with the best mines. This should please the bona-fide investor.

(13)
The Investor is not buying watered stock, but on the contrary, solid, proved Values in Gold, at least four times the cost of the Stock for a beginning.

(14)
Immediate Production is a present factor, as shafts are sunk and thoroughly equipped in every way. Best mining plant in the whole District. Four months mine work will produce \$1,000 net daily; eight months, \$5,000; twelve months, \$10,000, and double the latter the ensuing year. The Drill records prove this. Data given on request.

(15)
Two Leading Engineers of age and special experience in our line, residing in Vancouver, B.C., say: (1) "Lightning Creek has all the earmarks of a first-class Drift Mining proposition." (2) "Lightning Creek has a history which places it in the list of the most famous known Gold streams in the World."

(16)
One Hundred Millions is a sort of top-notch dividend record in the more famous big mines. We have the soundest reasons to believe our property will be in this select class in due time. Its great length and values per mile indicate this.

(17)
One Distinction on Values which our Company does not enjoy is the fact that owing to the known values of our property, it has been made the object of a most vicious piratical attack by one of the World's wealthiest and most predatory mining firms abetted by certain corrupt officials in two Governments,--but they lost out. This explains all adverse tales as by those who believe in such methods. (See Item 9.)

(18)
Sworn Records have been made in Court and elsewhere of the foregoing data. In our opinion no Company that ever existed had more or better confirmatory evidence of ALL its claims. This evidence can be seen at the Company's office.

(19)
Not a "Gamble" or "Prospect" in any sense. No property was ever further removed from gambling or doubt before the dividend stage. "Tips" don't figure with us.

(20)
Everything points to the facts that Lightning Creek Stock is THE ONE to acquire for income, earnings, safety and a perfect score.

WHAT THEY SAY
SAMPLES OF HUNDREDS OF REFERENCES

re
Mr. C. H. Unverzagt
- - - ooOoo - - -

JOHN R. SEAL, Esq., of Charleston, W.Va., prominent banker and coal mine operator and co-director in several matters with Mr. Unverzagt, wrote of him, saying among other things:- "I have known and have been associated in the past with Mr. Unverzagt (the Manager) in several other enterprises and have found him honest and correct in all of his dealings. He is industrious and watchful in all he undertakes in his effort to protect those interested with him. I HAVE ALWAYS FOUND HIM WORTHY OF CONFIDENCE."

HON. PHILIP P. BAKER, of Vineland, N.J., President of the Tradesmen's Bank, and one or two Trust Companies, wrote:- "I was co-director with Charles H. Unverzagt in two enterprises, of which he was manager and treasurer. We found him accurate and diligent in his duties and an extended examination of the financial affairs of the companies SHOWED THAT HE HAD TRANSACTED THE SAME HONESTLY AND IN GOOD FAITH.

"He impressed me as being a capable and energetic business man and I have always believed him to be honorable in his business transactions, and that in the affairs of any company he might be connected with that he would, to the best of his ability give it assiduous and careful attention with a view to bringing it to a successful issue."

J. A. HARRON, Esq., Pres., HARRON, RICKARD & McCONE, of San Francisco, machinery merchants, wrote:- "During the period which covers our acquaintance with Mr. Unverzagt, we have had numerous business transactions with him and our experience in all of them has been most satisfactory. WE HAVE FOUND MR. UNVERZAGT TO BE A MAN OF THE HIGHEST STANDARD OF INTEGRITY. Our experience justifies us in endorsing Mr. Unverzagt's integrity, and we do so with pleasure and without hesitation."

THE VANCOUVER ENGINEERING WORKS OF VANCOUVER, B.C., wrote:-

"As far as we know he is reliable and a man of integrity - - - From looking over the correspondence we should imagine that he is very thorough and a great master of detail."

MR. E. W. KELLY, formerly financial editor of "The New York Herald", wrote:- "It has been my pleasure to know Mr. C.H. Unverzagt for about 18 years, and I have had business dealings with him, and although I have seen but little of him in recent years, I am now, as in the past, willing to trust him any place with anything and under all conditions. If he is not honest, then I DO NOT KNOW AN HONEST AND 'STRAIGHT' MAN."

THE FORMER COL. E. G. PRIOR, Merchant at Victoria and ex-Premier of B.C., wrote:- "With regard to your request that you may be allowed to refer to me, I shall be only too glad for you to do so in so far as our business relations are concerned, as they have always been of the most pleasant kind, and you have always met your liabilities promptly."

MR. WILSON M. TYLOR, of Easton, Maryland, then Editor and proprietor of the Easton Gazette, wrote:- "C.H. is, in my mind, an example of the highest type of perseverance and method, ACCOMPANIED BY A STRICT SENSE OF FAIRNESS, I HAVE EVER KNOWN."

THE BALTIMORE JOURNAL OF COMMERCE, by Mr. John B. Levy, Editor, wrote:- "I have known Mr. Unverzagt for 20 years. I am convinced he is a man whose word can be relied on and whose integrity is unquestionable."

ST. GEORGE'S SOCIETY OF NEW YORK, 19 Moore St., New York, N.Y., on May 7th, 1926, wrote to the same Society in Vancouver, saying:- "The bearer, Mr. C.H. Unverzagt is well known to us. I came in contact with him a number of years ago, when he greatly assisted one of our country-women in distress. I shall be greatly obliged to you for any assistance you can give him." L. D. Langley, Almoner,

HON. JOHN A. FRASER, Merchant and M.P., Quesnel, B.C., wrote:- "We have done a large amount of business with him and have found him in every way a desirable customer. The impression he gave was that he was an energetic and capable business man."

HARVEY, BAILEY, LTD., Ashcroft, B.C., wrote:- "This is to say that we have had considerable dealings with Mr. C.H. Unverzagt in the past and have always found that he lived up to his promise in every way, and always met his obligations as arranged, and we believe that he will live up to any agreement he undertakes."

NOTE:- THIS STATEMENT IS MADE BECAUSE OF THE INCREDIBLE AND WHOLESAL LYING ABOUT the property, the Company, and the Manager, by unscrupulous rogues in a game for over ten years to rob the Stock and Bondholders, and to scare off others from taking part in the mine work. As this property when mined out will be in the small class exceeding \$100,000,000 in dividend payments, it would be a grand steal. The notorious Nome scandal in 1900, set out by Rex Beach in "The Spoilers" and filmed under the same title, a game to rob the miners, found the U.S. Department of Justice the chief culprit among the thieves, as it is today in the game to rob us, and which we have practically flattened out and exposed. Among the scores of lies it has put in circulation through its corrupt agents serving Guggenheim interests from 1915 on, is one that the Company was robbed of \$1,250,000 by the management, and that the property consisted of a pile of sand with no Gold in it, a broken-handled shovel and a decrepit wheel-barrow; this, after examining both and finding everything as represented by us. The corruption existing in this department is almost beyond belief.

STATEMENT OF FACTS RE THE MANAGEMENT.

NOTE:- THE COMPANY HAS A SIMILAR STATEMENT OF TWENTY-FIVE FACTS RE THE PROPERTY, all of which the above conspirators and prevaricators know to be true in all respects.

1. THE COMPANY IS LEGALLY CHARTERED IN BRITISH COLUMBIA, WHERE IT OPERATES UNDER the distinction of two private special Legislative Acts.
2. ITS MANAGEMENT HAS NOT RECEIVED ANY SALARY IN CASH OR COMMISSIONS OR OTHERWISE, has paid for their stock holdings, and has never been accused of dishonesty by any mine investor, and has never misapplied a penny of money, as audits prove.
3. THE U.S. GOVERNMENT EXAMINED THE BOOKS BACK FOR FIFTEEN YEARS AND FOUND THEM 100% O.K., and made no criticism though the examination had a hostile intent.
4. THE U.S. GOVERNMENT CAUSED THE PROPERTY TO BE EXAMINED THREE TIMES, AND NEVER claimed that the Company's statements were wrong as a result thereof in any way.
5. A CANADIAN GOVERNMENT INSPECTOR EXAMINED THE PROPERTY TWICE AT THIS SAME TIME and reported that it was a good property and that the work was legitimately done.
6. IN SPITE OF ALL THIS, THE SAME U.S. OFFICIALS THAT FIRST BEGAN TO SERVE THE Guggenheims in the game to grab our property continue the same misrepresentations to this day, whenever they think they can do injury. In this they are served by a small crew of lying rogues whose records would disgrace a respectable penitentiary. Perjuries, lying and forgeries are their chief stocks in trade and official usage.
7. IN OCTOBER, 1921, THE STOCK AND BONDHOLDERS HAD WHAT THEY THOUGHT WAS A FRIENDLY temporary Receiver appointed to thwart the Predatory attacks to rob them. It took six years, or until October, 1927, and much money, to get rid of this Receivership and a disloyal Solicitor, both strenuously but unsuccessfully aiding the said Predatory interests to despoil us. During this time our Manager (Mr. Unverzagt) was furiously attacked in all imaginable ways, merely because he stood like a stonewall in defense of our interests. He is now one of a Receivership Committee of three, and approved by the Court to operate and manage our property. The mine investors are now in control, and the conspirators are foiled in their game.
8. A SUFFICIENT ANSWER:- THIS PAPER SHOULD BE A SUFFICIENT ANSWER TO FALSIFIERS and their repeaters. No greater tribute to the value of any property can be conceived than this scheme of a wealthy concern to steal it by Government aid. If it was not of such value, no such attempts would be made. The treatment our Company has received is one of the worst cases of gross and criminal injustice in the World. Two of the former Presidents of the Company were in this conspiracy to rob the Bond and Stockholders, and when found out, were fired under charges of theft, lying, forgery and conspiracy. It was their corrupt and treacherous work while in charge of mine operations that gave the management a "bad name," as some say who are ignorant of the real facts. They wasted money to crimp the Company and then job it.
9. MANAGEMENT RIGHT NOW:- THIS IS BY A COMMITTEE SELECTED BY THE MINE INVESTORS and one appointed by the Court as recommended by them. The Court in turn approved this Committee, which reports to the Court. The Committee handles the property. By this plan the interests of everyone are more secure and protected against a renewal of our previous experiences. This we consider a fine way to protect investors and end the corrupt schemes of others to get control of the property. We thus operate the property without hindrances. This should favourably impress any right-minded person. The Committee makes regular reports to the Court, open to all.
10. IT CAN BE TAKEN AS A CERTAIN FACT THAT ALL ADVERSE REPORTS ARE INSPIRED BY corrupt U.S. officials (as well as the piratical crew referred to) and are 100% lies, and known by them to be lies. Two departments are in on the "steal." Also that no other Company in existence has a cleaner record, or one more free from graft, misrepresentation, or anything else culpable; and is never exceeded for straight-out honesty, fairness and truth. We pay no salaries, commissions, or per cents to our management, and many audits and some hostile examinations show that everything has been carried on with scrupulous honesty. Much more could be said, but more cannot be put on one sheet. This also conveys enough of the facts to judge the whole.
11. AT A RECENT MEETING OF THE STOCK AND BONDHOLDERS BY ORDER OF THE COURT A great majority vote was cast. Every vote was in favor of Mr. Unverzagt and his plans. What, more than this, can show the true situation and expose the lying character of reports put in circulation by the corrupt elements referred to, who stop at nothing to effect a big steal?

ENGINEERS' OPINIONS
RE THE LIGHTNING CREEK GOLD MINE AT WINGDAM, B.C.

EXAMINATIONS.

Telegraph:-
Wingdam, B. C.
CANADA.

NEGOTIATIONS

NICOLAS C. de RONNE,
mining Engineer and Geologist.

REPORTS

P.O. COTTONWOOD,
B.C., CANADA.

(A C O P Y)

October 8th, 1924.

TO WHOM IT MAY CONCERN:-

I have had 18 years' experience in the Placer fields of Alaska, California, Siberia, etc., and have made this phase of mining my life-work.

I am a technical graduate, and hold two degrees from the New Mexico State School of Mines.

I am well informed on the Lightning Creek Mine at Wingdam, B.C. Canada. From the many data available, I believe it to be a rich gold property, and that its operation will pay large profits.

This is an exceptionally well-located, appointed, and equipped Gold Placer Mine Camp, having many natural operating advantages for cheap production.

(Signed) N. C. de RONNE,
Mining Engineer and Geologist.

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EXTRACTS.

FROM RECENT (1925-26) REPORTS BY EDWARD BAGLEY, AUSTRALIAN MINING ENGINEER, etc., 1428 Beach Ave., Vancouver, B.C., who made three examinations of the property.

BORE HOLE VALUES. The values reported from the bores are sensational. I have not yet met anyone who doubts the results.

WATER. I have looked into this matter and for reasons that are not necessary to detail here, I consider that this is no problem whatever.

TIMBER. There is a plentiful supply of good timbers for all mining and fuel purposes along the banks of the creek.

ON THE MATTER OF THE FIVE POINTS THAT MAKE UP A VALUABLE GOLD PLACER PROPERTY, HE SAYS, IN SUBSTANCE.

1. The Gold channel should be narrow.
2. The Gold channel should run through good feeder ground the whole way.
3. The Gold lead should cut across the combs or gold-bearing rock strata.
4. The Gold channel should be fed along its entire course by tributary channels.
5. The Gold channel should not have much fall or grade.

In all these, Mr. Bagley says that Lightning Creek is a No. 1. He also recently stated verbally that he considers Lightning Creek as the greatest Gold property in the Province. (6/1/26)

RE PUMPING WATER - Mr. Bagley says:-

"I have looked into this matter and for many reasons that are not necessary to detail here, I consider that this is no problem whatever. An efficient plant capable of handling 3,000,000 gallons per day should be more than sufficient. This plant is quickly installed and can be easily duplicated. Pumping so far done indicates a daily average of about 1000 G.P.M., a small amount.

- - - -oOo- - - -

THE BEST EVIDENCE OF VALUE.

This is the test drilling which in one section of $1\frac{1}{2}$ miles has proven up net values of \$12,000,000 after paying operating expenses. There are 14 of these sections.

- - - -oOo- - - -

RONALD C. CAMPBELL-JOHNSTON

Mining, Geological
and Metallurgical Engineer.

(copy)

Registered Professional
Mining Engineer

1337 Alberni Street,

Vancouver, British Columbia

April 18th, 1929.

TO WHOM IT MAY CONCERN:

I am a registered Mining Engineer under the law providing for registration in the Province of British Columbia.

Not long ago the writer had occasion to look into the drilling and other records of the Lightning Creek Gold Gravels and Drainage Company, Limited, of this Province, and make a report thereon. This report showed exceptional results from the log boreholes.

The Company owns a very large extent of Gold-bearing Placer ground, which, all the evidence and Government records show, runs high in Gold values, as my report indicates.

The official reports record that over Seventy (70) Million Dollars worth of Placer Gold have been taken out, in and around Barkerville and the nearby country, mostly from Williams and Lightning Creeks. Only a small part (some 2 miles) of Lightning Creek has so far been mined out, from the 25 miles prospected.

The above Lightning Creek Company now has two shafts sunk and equipped, ready to begin mining Gold on a large scale, when provided with additional funds for expenses and payroll.

There have been at least twenty or more shafts sunk on this property and the old workings at the upper end of the creek, where the Government actually vouches for Twelve Million Dollars mined in the past.

Lightning Creek has a history which places it in the list of the most famous known Gold streams of the World, as only two of its twenty-five miles have been mined, and drilling on this property being mentioned confirms similar values equally on its ground also, so it is possible to anticipate similar production here, along the main channel of Lightning Creek. (See Malcolm McLaren's "Gold and its Geological Occurrences.")

(sgd.) RONALD CAMPBELL CAMPBELL-JOHNSTON.

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Mr. Campbell-Johnston's more detailed report will be furnished on request and a score of other Engineers' reports.

Lightning Creek Gold Gravels and Drainage Company.*(Sub-head to Barkerville Section)*

In the following report on the Lightning Creek Gold Gravels and Drainage Company, the affairs and business of the company have been discussed at considerable length and some candid statements have been made by the Resident Engineer. This has been deemed necessary owing to the unenviable notoriety the company has attained and to answer the numerous requests for information that have been received by this Department from dissatisfied stockholders and others. Regardless of the merit of the ~~company~~ property,

when it is remembered that the company has been operating for over 25 years without producing appreciable gold or any profits, it is quite apparent that the mining business of the company has been very inefficiently handled and until some radically different management is introduced prospective investors would be well advised to have nothing to do with the organisation.

In discussing this company and its subsidiaries no pretense is made to legal accuracy but the main facts with regard to the whole organisation are substantially correct. With reference to the actual merit of the property it is believed that the company now has sufficient data to determine ~~just~~ approximately just what the possibilities are. While none of this data has been obtained by the writer it is considered that the property has some gravels containing values but it has yet to be proven that these gravels can be worked at a profit. The statements of net profits that will be realised which are made in the company's literature are wholly unreliable and no one should pay any attention to them.

The affairs of this company and its subsidiaries are the subject of a special pamphlet issued, under date of June 21st, 1923, by the Buffalo Better Business Commission, Inc., which is affiliated with the National Vigilance Committee of the Associated Advertising Clubs of the World. The unsavoury record of the financing of the Lightning Creek Gold Gravels and Drainage Company is dealt with and much useful information is given about the methods used. It concludes with the sound advice:- "Before you invest, investigate. It costs you nothing ~~xxx~~ - it may save you from serious loss".

Delete

The property of this company is situated at Wingdam, 28 miles from Quesnel on the road to Barkerville. A number of leases on Lightning creek were acquired by the company and later consolidated into one group by Private Act in 1896. Intermittent operations have been carried on ever since. The actual operating of the property is under the Mines Operating Company, and it is stated that this latter company controls 85 per cent of the stock of the Lightning Creek Gold Gravels and Drainage Company. Other interlocking companies are also connected with the enterprise but the relation of one to the other is not definitely known. The president or manager or controlling head of the whole organisation is C. H. Unverzagt who has at all times managed its affairs. Stock in the component companies is held all over the United States and Canada, the organisation having been more successful in selling stock than in producing gold, as no appreciable production has ever been made. Sale of stock ^{for} ~~in~~ the Lightning Creek Gold Gravels ^{and} Drainage Company, or the Mines Operating Company or ^{for} ~~in~~ both is handled by the Standard Finance Company - for a substantial commission; this Standard Finance Company is owned ~~by~~ or controlled by C. H. Unverzagt. Yet it is stated in literature issued on behalf of the companies:- "----- Mr. Unverzagt gets no salary or commission on stock sales or income from the company, and is the largest single cash investor in it -----". Further comment is unnecessary.

The published literature of the company or companies is ~~most~~ voluminous. From a perusal of a small percentage of this it is apparent that much internal dissension has been going on for years in the inner working of the companies. An ^t ~~active~~ minority interest has for some years been attempting to wrest the control from Unverzagt's hands but apparently without success. Both sides to the quarrel have issued much literature, frequently signed by dummies or unsigned, in which extremely strong charges have been made involving the veracity, honesty and morals of the other side. Successive local ~~managers~~ managers have been blamed by Unverzagt for the failure to put the property on a productive basis. It should be explained that the management has always been in Unverzagt's hands although as a rule he has not actively directed affairs by residing at

Wingdam, but has had local managers who were directed by him from New York or other points in the United States where he was residing. The claim is made by Unverzagt or his agents that several of the local managers have been in league with the minority interests to "steal" the property : just how this was to be accomplished is not quite clear. There is however no doubt that the continual dissension within the ~~company~~ organisation has been most detrimental in preventing the economical and efficient working of the property.

About three years ago or possibly longer a new method of financing ~~the~~ ^{was} started by the organisation. This consisted of selling "Bullion Warrants". Under this plan the "un-mined" gold in the property was sold to anyone wanting it at \$4.00 an ounce (in some cases the price may have been different) and the Mines Operating Company agreed to buy back this gold, when mined, at \$18.75 an ounce. The buyer of ~~this gold only had to wait until~~ one of these bullion warrants, calling for so many ounces of gold, only had to wait until the gold was mined by the company. Later on the Buffalo Cariboo Syndicate, which is in some way connected with the Thrift Finance Corporation was entrusted with the task of raising \$50,000 for the Mines Operating Company by means of the sale of ~~bullion~~ these bullion warrants. Incidentally it may be mentioned that the Buffalo Cariboo Syndicate was to get 50 per cent commission for handling this business. In ~~xx~~ a very short time further trouble commenced and it is now claimed by Unverzagt that the Buffalo Cariboo Syndicate got, not 50 per cent but most of the proceeds, from the sale of the bullion warrants. In any case the investing public got the worst of the deal.

As a result of operations in ~~1923x~~ 1919-20 the company went in debt for wages, cordwood and supplies. By ^{an} order of the Court ^{H W Dwyer, Genl Mgr &} the Yorkshire and Canadian Trust Ltd., Vancouver, was appointed Receiver for the property. The company is not bankrupt ^{but} it is the business of the Receiver to see that the old debts are paid up whenever funds are ^a available.

In all a large sum of money has been spent on the property, variously estimated at from \$750,000 to \$1,250,000. Four

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Rec'd MAR 10 1924

Lightning Creek Gold Gravels and Drainage Company.

The property of this company consists of some ~~twenty miles of placer~~ leases situated on Lower lightning creek; a number of the leases acquired by the company were consolidated into one group by Private Act in 1896 (Chapter 56, of 1896). The main operations of the company are at Wingdam which is 28 miles from Quesnel on the road to Barkerville and about twenty miles below the town of Stanley.

Other interlocking compaines are connected with the enterprise in some way but the exact relation of one to the others is not definitely known. All these ~~foreign~~ other companies, however, are foreign corporations not registered ^{nor licensed to do business} in British Columbia, ~~and therefore they are not eligible to transact business, nor hold mining property, nor sell stocks of the companies in British Columbia.~~ These companies must therefore be considered as non-existent in British Columbia and attention in this report will be confined to the Lightning Creek Gold Gravels and Drainage Company as the only one which has any legal status in this Province.

Lightning creek, on which the company's leases are held, has its source above Stanley and near Barkerville. The large output of gold ~~which~~ from this creek in the pioneer days was from the upper reaches, above and in the vicinity of Stanley. The important productive area ~~was limited~~ up to the present time has been limited to a stretch of from two to three miles.

Since its inception this company has carried on intermittent operations at Wingdam and in the aggregate a large amount of work has been done. Regardless of the merit of the property, when it is remembered that this company has been operating for over 25 years without producing appreciable gold or any profits, it is quite apparent that the mining business of the company has not been very efficiently handled. As a result of operations in 1919-1920 the Company went in debt for wages, cordwood and supplies. By order of the Court, H. W. Dyson, general manager of the Yorkshire and Canadian Trust Limited, was appointed Receiver for the company and the property; and the Court has issued an order restraining ^{anyone} the Government or others from alienating or disposing of any of the company's possessions. The company is not bankrupt but it is the business of the Receiver to see that the old debts are paid up whenever funds are available.

In all a large sum of money

has been spent on the property

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Lightning Creek Gold Gravels and Drainage Company.

The property of this Company is situated at Wingdam on Lightning creek, some 28 miles from Quesnel on the road to Barkerville and about 20 miles below Stanley.

A number of the leases acquired by the Company were consolidated into one group by Private Act in 1896, (Chap 56, of 1896). Intermittent operations have been carried on ever since then.

Other interlocking Companies are connected with the enterprise in some way but the relation of one to the others is not definitely known. However, as all these other Companies are foreign corporations not registered in British Columbia and therefore are not eligible to do business, nor to hold mining property or sell stocks of same in B.C. These companies must, therefore, be considered as non-existent in B.C. and attention, in this report, will be confined to the Lightning Creek Gold Gravels and Drainage Company as the only one of these companies which has any legal status in the Province.

Unfortunately, as this Company is involved in some sort of litigation the Courts have appointed a Receiver (H.W.Dyson, Genl.^{Vancouver} Mgr., Canadian Trust Co.Ltd. of Vancouver, B.C.) who has possession of all the holdings and property of the Company, and the Courts have issued an order restraining the Government or others from alienating or disposing of any of the Company's possessions.

Lightning creek, on which the Company's leases are held, has its source near Barkerville; in its upper reaches the river has a fairly steep grade, but from Stanley to its mouth the grade becomes less, and therewith the overburden on bed rock increases. The large output of gold in the pioneer days was from the upper reaches. Regardless of the merit of the property, when it is remembered that the Company has been operating for over 25 years without producing appreciable gold or any profits, it is quite apparent that the mining business of the Company has not been very efficiently handled.

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In all a large sum of money has been spent on the property veriously

variously
estimated at from \$750,000 to \$1,250,000.

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or more shafts have been sunk, ~~a drift tunnel was started and driven some distance but never completed~~, and much machinery and equipment have been placed on the property. Extensive camp buildings have been erected and flume lines to convey water from Lightning creek have been built. Much pumping machinery has been installed on the property, the power to run which is partly supplied by water-power and partly by steam boilers.

More or less continuous work has been carried on by the company at the property for many years past, but some years all work ~~is~~ was suspended. In recent years, operations, ~~namely~~ ~~consisting of~~ consisting of Keystone drilling, construction work or shaft sinking, were carried on in 1917, 1918, 1919 and 1920. Practically nothing was done in 1921 and 1922 but in 1923, by arrangement with the Receiver, operations were resumed. ~~C. H. Unverzagt took personal charge of this work at Wingdam with~~ Repair work and new construction were carried on for a few months but no actual mining was done. When the property was visited in November operations had practically ~~been~~ ^{received} been stopped. In a communication from C. H. Unverzagt it is

stated that about \$30,000 was spent during the year for labour, supplies and equipment, including a new Layne and Bowler turbine pump. Also :- "Some additional capital is being raised for fuel, labour and general supplies after which it is stated that the actual mining of gravels will begin".

The gravel deposits that this company has been attempting to ~~work~~ mine consist of a considerable thickness of gravels and clays in the valley of Lightning creek. The company ^{holds} something like twenty miles of leases along the creek, commencing near Beaver pass and extending down-stream to below Wingdam. All the work ^{done by} of the company has been ~~done~~ in the vicinity of Wingdam, ^{with} in a distance of about two miles along the creek.

The class of mining carried on, is known as "deep-drifting methods", in which only the bed-rock gravels are mined. The width of the channel at Wingdam is estimated to be about 100 average feet and the ~~maximum~~ depth from the surface to bedrock at the centre of the channel is about 165 feet. In this type of mining, shafts are sunk, either in the channel or in the rim, to a

M.C. de Hone as engineer.

development system has ever been carried out by the management. The results so far attained are hardly commensurate with the amount of money that has been spent. The repeated ~~starting and stopping~~ starting and stopping of operations have used up a lot of money with but little to show for the [?]necessary expenditure.

The questions of importance with regard to this property, ^{aside from} ~~outside of~~ management, are, what gold content the gravels carry and how can the gravels be economically mined.

Regarding the values in the gravels, ^{extravagant} ~~extravagant~~ ^{and misleading} ~~and highly misleading~~ statements have been made in past years in literature issued ~~by~~ ^{for} the company. The rich placer ^{ground - bedrock gravels -} which was worked out in the vicinity of Stanley 20 miles up Lightning creek from Wingdam, in the early days of the Cariboo gold rush, is quoted as evidence ^{indicating} ~~as~~ that the lower part of Lightning creek controlled by the company should be correspondingly rich. Of course the inference is entirely unjustified and no credence ^{need} ~~should~~ be placed in it. Of much more importance in determining the ~~values~~ values in the Wingdam gravels is the testing by Keystone drilling that the company has carried out. Several cross sections of drill holes have been made across the channel of Lightning creek in the vicinity of Wingdam and the results from all this drilling should give a fair ~~idea~~ indication of the values contained in the gravels at the points drilled. ~~Literature issued for the company contains~~

~~various affidavits by drillers that have been engaged to the effect that the bedrock gravels are rich in gold.~~ ^{on the work} Exact figures giving ^{this} ~~information in~~ dollars to the cubic yard have not been seen by the writer but, in some instances, the grains of gold taken from a 6-inch drill hole are given. ⁵ (One driller, known personally to the writer as a reliable man, says that the bedrock gravels are rich.) Summing up the evidence it would seem that some of these gravels do carry values but whether sufficient to pay to work, under the conditions, is not yet proven. Values in the overlying gravels are also claimed but for the present these can be disregarded as the method of working would be, for the most part, to work out only the bedrock gravels.

It has always been known that there was a heavy flow of water through the gravels in this part of Lightning creek with a consequent heavy water pressure in the gravel faces of any shafts and drifts. In the four shafts sunk by the company this water pressure has given great trouble and in more than one instance a shaft has had to be temporarily abandoned due to the inflow of water and slum. It has always been maintained by the company that, if sufficient pumping equipment is provided and the water taken out at two or more shafts, ~~that~~ the water pressure ~~will~~ would be sufficiently lowered so that mining ^{might} ~~can~~ be carried out ^{practically} ~~without difficulty~~. But ~~it~~ is significant that up-to-date ^{no} actual mining of gravel has been accomplished. It is quite possible that with requisite pumps and efficient management that the ground can be mined. It is also quite apparent that the costs per yard of gravel mined, ~~owing to~~ the conditions, will be high. Whether or not the gold content of the bedrock gravels is high enough to yield a profit after this cost is a question which the writer is unable to answer, because of insufficient detail information. But definite figures of this kind would be more useful in the literature of the company than glittering generalities about the "millions" of gold contained in the property.

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Lightning Creek Gold Gravels and Drainage Company.

¶ The property of this company consists of some ²⁰~~twenty~~ miles of placer leases situated on ~~Lower~~ Lightning creek; a number of the leases acquired by the company were consolidated into one group by Private Act in 1896 (~~chap.~~^{chap.} 56, of 1896). The main operations of the company are at Wingdam, which is 28 miles from Quesnel on the road to Barkerville and about ²⁰~~twenty~~ miles below the town of Stanley.

¶ Other interlocking companies are connected with the enterprise in some way, but the exact relation of one to the others is not definitely known. All these other companies, however, are foreign corporations not registered nor licensed to do business in British Columbia. These companies must therefore be considered as non-existent in British Columbia, and attention in this report will be confined to the Lightning Creek Gold Gravels and Drainage Company, as the only one which has any legal status in this Province.

¶ Lightning creek, on which the company's leases are held, has its source above Stanley and near Barkerville. The large output of gold from this creek in the pioneer days was from the upper reaches, above and in the vicinity of Stanley. The ^oimportant productive area up to the present has been limited to a stretch of from ²~~two~~ to ³~~three~~ miles.

¶ Since its inception this company has carried on intermittent operations at Wingdam and in the aggregate a large amount of work has been done. Regardless of the merit of the property, when it is remembered that this company has been operating for over ^o(25) years without producing appreciable gold or any profits, it is quite apparent that the mining business of the company has not been very efficiently handled. As a result of operations in 1919-1920 the Company went in debt for wages, cordwood, and supplies. By order of the Court, H.W. Dyson, General Manager of The Yorkshire and Canadian Trust, Limited, was appointed Receiver for the company and the property; and the Court has issued an order restraining anyone from alienating or disposing of any of the company's possessions. The company is not bankrupt, but it is the business of the Receiver to see that the old debts are paid up whenever funds are available.

¶ In all, a large sum of money has been spent on the property, variously estimated at from \$750,000 to \$1,250,000. Four or more shafts have been sunk and much machinery and equipment have been placed on the property. Extensive camp buildings have been erected and flume-lines to convey water from Lightning creek have been built. ^{Much} ~~Large~~ pumping machinery has been installed on the property, the power to run which is partly supplied by water-power and partly by steam-boilers.

¶ More or less continuous work has been carried on by the company at the property for many years past, but some years all work was suspended. In recent years, operations, ^sconsisting of Keystone-drilling, construction-work, or shaft-sinking, were carried on in 1917, 1918, 1919, and 1920. Practically nothing was done in 1921 and 1922, but in 1923, by arrangement with the ~~Receiver~~, operations were resumed. Repair-work and new construction were carried on for a few months, but no actual mining was done. When the property was visited in November, operations had practically been stopped.

¶ The gravel-deposits that this company has been attempting to mine consist of a considerable thickness of gravels and clays in the valley of Lightning creek. The company holds something like ²⁰twenty miles of leases along the creek, commencing near Beaver pass and extending down-stream to below Wingdam. All the work done by the company has been in the vicinity of Wingdam, within a distance of about ²~~two~~ miles along the creek.

¶ The class of mining carried on ~~is~~ is known as "deep-drifting methods", in which only the bed-rock gravels are mined. The width of the channel at Wingdam is estimated to be about 100 feet and the average depth from the surface to bedrock at the centre of the channel is about 165 feet. In this type of mining, shafts are sunk, either in the channel or in the rim, to a depth slightly below the lowest point in the channel, and the bedrock gravels are mined out by means of drifts and crosscuts from the shaft. As a rule, a height of about 6 feet of gravel lying on bedrock is extracted, and, after hoisting to the surface, this gravel is washed in the ordinary way in sluice-boxes. It is evident that in mining of this nature, that high-grade gravel must be obtained, as the yardage of gravel handled is relatively small and costs per yard are consequently high.

At Wingdam four shafts from 100 to 200 feet deep have been put down. According to the company's statement, two of these shafts are in working condition and practically ready for operation. Drives have been made from these shafts out into the gravel, but owing to heavy water-pressure these workings, at least in some instances, could not be maintained. No actual mining of gravels has as yet been done from any of these drifts from the shafts into the gravels. In this connection the Annual Report for 1902 contains the following: "We were then breaking through with the last drive — in fact, had broken through some little time and were going through the gravel — when we had a sudden rush of water with considerable slum in it which was more than the pump could handle." For several years after 1902 the company devoted its attention to equipping the property with more pumping machinery and with testing the gravels by means of Keystone-drilling. Shafts were worked or sunk after this time, but up to the present, no success has been achieved in drifting out into the gravel-filled channel. It should be remembered that the company has not operated continuously, but only when money was available. As soon as a good start had been made at operation, either the money would play out or the local manager would be discharged and all work would be stopped for a time. The history of the company is a record of repeated starts and stops, with much purchasing of new machinery and equipment. Confident promises of better luck with new ~~machinery~~ pumping machinery and new development plans are repeatedly given in literature issued for the company, but no continuous efficient development system has ever been carried out by the management. The results so far attained are hardly commensurate with the amount of money that has been spent. The repeated starting and stopping of operations have used up a lot of money, with but little to show for the necessary expenditure.

The questions of importance with regard to this property, aside from management, are, what gold content the gravels carry and how can the gravels be economically mined.

Regarding the values in the gravels, extravagant and misleading statements have been made in past years in literature issued for the company.

¶ The rich placer-ground (bedrock gravels) which was worked out in the vicinity of Stanley, 20 miles up Lightning creek from Wingdam, in the early days of the Cariboo gold-rush, is quoted as evidence indicating that the lower part of Lightning creek controlled by the company should be correspondingly rich. Of course the inference is entirely unjustified and no credence need be placed in it. Of much more importance in determining the values in the Wingdam gravels is the testing by Keystone-drilling that the company has carried out. Several cross-sections of drill-holes have been made across the channel of Lightning creek in the vicinity of Wingdam, and the results from all this drilling should give a fair indication of the values contained in the gravels at the points drilled.

¶ Summing up the evidence, it would seem that some of these gravels do carry values, but whether sufficient to pay to work, under the conditions, is not yet proven. Values in the overlying ~~gravel~~ gravels are also claimed, but for the present these can be disregarded as the method of working would be, for the most part, to work out only the bedrock gravels...

¶ It has always been known that there was a heavy flow of water through the gravels in this part of Lightning creek, with a consequent heavy water-pressure in the gravel-faces of any shafts and drifts. In the four shafts sunk by the company this water-pressure has given great trouble and *much pumping machinery has been installed* ~~in more than one instance a shaft has had to be temporarily abandoned due to the inflow of water and slum.~~ *to handle the flow of water.* It has always been maintained by the company that, if sufficient pumping equipment is provided and the water taken out at two or more shafts, the water-pressure would be sufficiently lowered so that mining might be carried out. But it is significant that up to date practically no actual mining of gravel has been accomplished. It is quite possible that with requisite pumps and efficient management that the ground can be mined. It is also quite apparent that the costs per yard of gravel mined, owing to conditions, will be high. Whether or not the gold content of the bedrock gravels is high enough to yield a profit after this cost is a question which the writer is unable to answer, because of insufficient detail information. But definite figures of this kind would be more useful in the literature of the company than glittering generalities about the "millions" of gold contained in the property.