

Montreal-London Gold & Silver Development Co. Ltd.
Capital \$1,200,000 in 5,000,000 Shares par. value each 24¢

WM. STRACHAN,
PRESIDENT.

HON. A.A. THIBAudeau,
VICE PRESIDENT.

S.H. EWING,
TREASURER.

CLARENCE J. Mc GUAIG, MANAGER,
TELEPHONE 923.

Montreal, August 10th, 1898.

T. JAMES CLAXTON, SECRETARY,
TELEPHONE 534
180 ST. JAMES STREET.

TO THE SHAREHOLDERS :

Herewith enclosed please find

- (1) A Copy of the Mining Engineer's Report, reviewing the operations of the Company for the past year.
- (2) The Secretary's Notice for a Third Call of 25 per cent. upon the stock subscribed.
- (3) Notice calling the Annual General Meeting of the Shareholders.

The Mining Engineer's Report deals with the character and condition of the various mining properties that have come under the control of the Company, briefly setting forth the wide scope of the Company's operations.

Owing to the large sums expended in the acquisition of the properties now owned by the Company, and their development and equipment and the expense incurred in outfitting and equipping the Klondike Expedition with two year's supplies, the Directors have resolved to make the Third Call of 25 per cent. All the Company's operations are carefully investigated by the Directors, and have their endorsement, and every means is taken to insure the success of all the mining properties now owned by the Company.

Many of the Shareholders are paying up their subscriptions in full, receiving certificates of fully paid shares, and will receive full dividends when declared.

This opportunity is offered to all Shareholders alike.

T. James Claxton
Secretary.

W. Strachan
President.

MONTREAL-LONDON GOLD AND SILVER DEVELOPMENT COMPANY (LIMITED).

(Incorporated under Companies' Act, British Columbia)

Imperial Act 1862.

Authorized Capital \$1,200,000, in 5,000,000 Shares.

Par Value, 24 cents each.

OFFICERS.

William Strachan, Esq.,
President,

Hon. A. A. Thibaudeau,
Vice-President,

S. H. Ewing, Esq.,
Treasurer,

T. James Claxton, Esq.,
Secretary, 180 St. James St.,
Montreal.

Bernard MacDonald, Esq.,
Mining Engineer & Supt.

William MacIntosh, Esq.,
Klondike Superintendent.

Clarence J. McCuaig, Esq.,
Managing Director.

BOARD OF DIRECTORS.

William Strachan, Esq.,
Pres. Montreal Stock Yards Coy.

Hon. A. A. Thibaudeau,
Senator.

R. Wilson-Smith, Esq.,
Ex-Mayor City of Montreal.

David Morrice, Esq.,
Pres. Montreal Investment &
Freehold Co.

S. H. Ewing, Esq.,
Vice-Pres. Molsons Bank.

T. G. Roddick, Esq., M.D., M.P.,

Robert Bickerdike, Esq., M.L.A.,
Ex-Pres. Montreal Board of Trade.

F. L. Beique, Esq., Q.C.

Robert Jaffray, Esq., President Globe Printing Co., Toronto.

Clarence J. McCuaig, Esq., Member Montreal Stock Exchange.

BANKERS.

The Molsons Bank, Montreal.

SOLICITORS.

Beique, Lafontaine & Co., - Montreal.

MacDonald, Clute & Cronyn - Rossland, B.C.

Cable Address:

Monlon — Montreal.

Codes:

Bedford McNeill.
Moreing & Neal.

ENGINEER'S REPORT.

To the President and Board of Directors:

With the close of the first year's active existence of your Company I wish to lay before you, for consideration, a general statement of the operations during that time.

FIELD WORK.--During the period under review, many of the principal mines and prospects, in various stages of development, in the most prominent districts of the Provinces of British Columbia, Ontario and Nova Scotia, have been examined and reported on by the undersigned, while an expedition (6 men), under the charge of Mr. William MacIntosh, was despatched to the Klondike Gold Fields in August of last year, under a two-years contract, to explore those regions and locate claims therein for the Company.

PROPERTIES SECURED.

NOVA SCOTIA.--The Company now owns the famous Dufferin Gold Mines in the Salmon River District, Halifax County, of this Province. The mining lands of this property are in a solid area measuring 8550 feet in length along the course of the veins by a uniform breadth of 1500 feet. Included with these are some 1500 acres of wood lands, making an aggregate area of about 2000 acres in the property.

The records in Mines Office of the Provincial Government show that while these mines were operated by the original owners 95,000 tons of quartz were extracted and milled, from which was recovered \$800,000 or \$8.42 per ton in gold bullion.

During the period of this production the methods used in working the mines were primitive and the machinery employed was antiquated and insufficient, thus accounting for the fact that of the total recovery of \$800,000 from the quartz milled only \$300,000 were paid to the owners in dividends.

The area from which the pay quartz was extracted had an extreme length of 2000 feet along the vein, and for this length it was lined to depths ranging from 20 to 300 feet. Throughout this area the width of the pay quartz varied from 18 inches to 15 feet. As to the future there is no reason to believe otherwise than that the pay quartz will continue downwards to great depths and extend horizontally for considerable distances in both directions into the remaining 6000 feet of the property.

The belief as to the future of the property is strengthened by the fact that the geological conditions surrounding the occurrences of the ore in the Dufferin Mines are identical with those of the famous Bendigo reefs in Australia, which have produced enormous quantities of gold, and are still being profitably worked at a depth of 3400 feet.

Since the acquisition of this property by the Company in December, 1897, the work of equipping it with a modern plant of mining machinery and of opening up the ore reserves, has been proceeding.

Machinery Installed.--A Battery of three 60 H. P. High Pressure Boilers; Two Double Hoisting Engines; a Compound Condensing Duplex Air Compressor of 12 Drill capacity; a Lathe; a Drill Press; a Cornish Pumping Plant; and Supplementary Steam Pumps; Electric Lights, etc., constituting a complete plant of mining machinery, have already been installed and are in successful and satisfactory operation. This plant is acknowledged to be the most complete in any of the Gold Mines of Nova Scotia.

Mining Work.--At the present the Mining Work consists of the sinking of two three-compartment shafts, one vertical and the other on the dip of the vein. These have already attained the depths of 200 and 300 feet respectively, and their sinking is being continued as rapidly as possible. From these shafts, at suitable levels, the veins will be opened up by Drifts and Crosscuts, through which the ore extracted will be trammed to the stations and raised to the surface.

Surface Improvements.--The machinery above described is housed in substantial buildings and offices, and boarding and lodging houses for the Company's employees have been erected and furnished. The necessary roads, approaches and yard-room have been completed, and are of the most suitable and permanent character.

Stamp Mill.--In accordance with your decision, a modern Stamp Mill, consisting of sixty 1000 lb. stamps arranged to drop 100 times per minute, is to be erected on this property. Grading for the foundations of this mill has been completed and the foundation stone-work is now being laid. The machinery for 30 stamps--or the one-half of this mill--has already been contracted for, and will be erected and put in operation at the earliest possible moment, while the remaining half will be added later on. Mills of this character have the capacity of treating four tons of ore per stamp per day.

The machinery is of the most modern type, and its arrangement is planned to make it as nearly automatic as possible.

Power.--The Mining and Milling Machinery installed on the mine, will, for the present be operated by steam, but I would recommend the splendid water-power, appurtenant to the property, being later on developed and utilized for this purpose.

Mining Facilities.--The facilities for Mining and Milling operations at the Dufferin Mines are exceptionally favorable. The plants are complete and compact; the machinery modern; arrangements automatic; fuel, labor and mining supplies are cheap, and the property is easily accessible, being within 4 1-2 miles of salt water transportation (via Salmon River Harbor), and 70 miles north-east of Halifax; the ore is the ideal free milling gold quartz; all of which combine to make the operations most economical.

Mines Profit.--I estimate that with the full milling plant of 60 stamps in operation, there would be an average of 200 tons of ore milled per day. Assuming, in order to leave a margin wide enough for absolute

safety, that the average recovery from the ore milled will be \$5.00, instead of \$8.00, as heretofore, and that the costs of mining and milling will amount to \$2.50 per ton, which is \$1.00 per ton more than probable, owing to the character of the veins, the favorable facilities and low wages, the recovery or net profit would be \$2.50 per ton, or \$15,000 per month, or \$180,000 per annum.

It is confidently expected that this production can be indefinitely maintained, owing to the extensive area of the property, and the comparatively shallow depth to which any portion of it has been worked.

IN BRITISH COLUMBIA.

The Company is the owner, by outright purchase, of the following named Mineral Claims:--The Slocan-Sovereign, the Iron Crown Group (comprising the Iron Crown, San Berdino and Kenneth) and the Silver Queen.

Slocan-Sovereign --This mine is situated near the Town of Sandon, and is located on the southerly extension of the famous Reco vein, covering within its boundaries 1400 ft. of such extension.

Under the immediate supervision of Mr. B. C. Riblet, the Company has been developing this property since October, 1897, with very favorable results.

The developments consist of two adit tunnels, upraises, and winzes, aggregating 1800 ft. in length. In the tunnels the vein is shown to have a width ranging from 4 to 12 ft., and to carry pay streaks of high grade galena ore, ranging from a few inches up to 2 feet. The first-class ore assays from 80 ozs. silver and 60 p. c. lead per ton up to 226 ozs. silver and 70 p. c. lead per ton.

In the course of development work there has been extracted a large amount of concentrating ore, which remains on the dump at the mines: Returns from shipments of the first-class ore already made have given from \$26.68 to \$32.50 net per ton, after deducting duty and cost of freight and treatment.

To complete the development of this property, and place it on a permanent dividend paying basis, a third tunnel on the vein is necessary. The site for this tunnel has been selected, and work upon it has already commenced, and when completed the vein will be developed and drained to the depth of 600 ft., between which depth and the surface the ore will be then blocked out, ready for stoping.

Iron Crown Group.--This group of mines is situated about 2 1-2 miles north of Sproule Station, on the Kaslo and Slocan Railroad, and covers an area of 150 acres.

Four fissure veins, ranging in width from four to ten feet, and carrying streaks of high-grade silver-lead ore, traverse the claims of this group. Owing to the steepness of the mountain upon which these claims are located, the veins may be developed to depths up to 1600 feet by adit tunnels, a comparatively inexpensive and efficient method.

The Eureka Group, which adjoins the Iron Crown Group to the west, has recently been developed into a steady and profitable shipper and, in my opinion, the Iron Crown Group will become a dividend paying property when the veins are properly developed. I would recommend that the systematic development of this group, as indicated, be commenced at an early date.

Silver Queen.--This claim is situated some four miles south of the Town of Nelson, adjoining the famous Silver King Group of mines, owned by the Hall Mines Company, Limited. It covers an area of 1500 feet in length by 600 feet in width, and contains the southerly extension of the Silver King vein, which is easily traced into it by a very prominent outcropping.

The developments on the Silver King vein has been carried up to within 250 ft. of the Silver Queen in pay ore, and it is believed that similar ore bodies will be found in the Silver Queen. As the working of the Silver King Group are being extended towards the "Silver Queen"

Par Value, 24 cents each.

As may be seen, these claims cover an area of 1124 acres, and upon nearly all of them veins of free milling gold quartz have been discovered. Upon a few of them a considerable amount of development work has already been done. The Montreal Group, Claims No. D. 233 and D. 239, immediately adjoins the celebrated Mikado, and has the extensions of one of the rich veins now being worked on that property. (Note.--The Mikado is owned by an English Company, and during the past year a 20 stamp mill has been in successful operation on it, and a very large amount of gold has been produced.) The other claims have been examined by local experts, who gave encouraging reports as to their future.

In conclusion, I desire to congratulate the Company upon the successful operations of the past year. There can be no doubt but that a large amount of this success can be directly attributed to the fact that the Company has avoided the expensive mistakes which almost invariably attend the early operations of new companies.

After the development and equipment, now progressing on the properties owned by the Company, shall have been completed, I am confident the Company will be in a position to begin and continue indefinitely the regular payment of dividends.

Respectfully yours,

(Signed) BERNARD MACDONALD

MONTREAL, August 8th, 1898.

Montreal-London Gold & Silver Development Co. Ltd.
180 St. James Street, Montreal, Canada.



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