March 19th., 7

Irving T. Bush, Esq.,

27 William Street,

New York.

Dear Sir,

I have just received yours of the 16th. inst., and carefully considered the questions you ask. I understand that , while you are to have an option on the Company's stock, no immediate purchase is contemplated: but that a 100-ton mill is to be erected at once. You would therefore require - (1), to reimburse yourselves the cost of the mill: and (2), to obtain all possible information as to the future of the property.

These two objects are to some extent contradictory: information can only be obtained by development work, and the more of this you do, the greater will be the cost reckoned on the ton of ore stoped. But I assume that you will wish to do a fair amount of development work, so as to keep the mine in at least as good a position as you find it.

As I mentioned in my report, the Perigo mine is not now in a position to turn out steadily 100 tons of ore per day: and if a mill of that capacity has to be erected, it should be built below the Gold Dirt Tunnel, where it could draw on the other mines for part of its ore-supply. But you could safely reckon on an output of 50 tons per day of Perigo ore, to cost as under:-

Mining, development, & tramming, (vide report), ----------	$2.00
Hauling to mill by road ----------	.25
Milling ----------	.65
Management and general expenses ----------	.35
	$3.25 per ton

Present net yield in gold and tailings, $5.00 per ton: extra saving from better milling, 0.75 per ton: probable total yield, $5.75 - or a profit of $2.50 per ton, or $125 per day, on 50 tons of ore. This would mean an output of about 16000 tons, and a profit of $40,000 per annum. From the appearance of the mine, I have no doubt that you will find this ore and earn this profit, within a year of starting the mill. The erection of the mill would take 4 to 5 months.

Once the property were thoroughly opened, I should expect to meet with more or less ore like that found in the old upper workings, raising the general average yield per ton from $5.75 per ton to $7.00 or $8.00: but it is hardly probable that a larger milling capacity than 100 tons per day would be needed. This is a large tonnage for bunchy fissure veins: excepting the California and the Gregory-Bobtail, no Gilpin County mine has exceeded this output for more than a month or two at a time. With a sufficient supply of ore of the present grade, running a 100-ton mill, the daily profit would be about $250 - while every extra dollar of yield would be clear profit, and might reach a very large sum. This however can hardly be "estimated" at all in any real sense of the word.

Irving T. Bush.   March 19th., 1897.

Answering your other question, - a mine almost without plant, and with comparatively small ore-reserves, has a very speculative value, which I should be very diffident to attempt to express in figures. My view as to the value of the Perigo property would perhaps be best suggested by a comparison: I should consider it worth prospectively much more than the Buell, but less than the Gregory-Bobtail group: and thanks to the work of the present lessees, it has enough ore available to guarantee the cost of erecting a good mill upon it.

I am,

Yours faithfully,