

Klamath River Gold Mining Company

(EXCLUSIVELY GOLD DREDGING)

PROPERTIES: KLAMATH RIVER, SISKIYOU COUNTY, CALIFORNIA

Berkeley, Cal., Jany. 8th, 1908.

Mr. James C. Gray,
Oroville, Cal.

Dear Sir,-

At the suggestion of my Brother-in-Law, Mr. J. A. Black, I enclose you herewith a booklet briefly outlining the History of this Company.

The profit from dredging is too well known by you to require from me either argument or proof.

Having a piece of gravel adapted to dredging and containing values above the cost of recovering them is but a simple mathematical calculation after being properly equipped.

My business training and association with business men has taught me that no mere statement of facts would appeal to you. I am too reasonable for that. On the other hand if the question of investing hinged simply upon the factors of safety and profit, I would consider you unfair to condemn us without a hearing.

Therefor, if you are interested I expect you to investigate us in any way your judgement dictates but reserve the right to prove to you from a more than reasonable stand point, say positively, that

First, we own 80 acres of gravel on the Klamath River.

Second, we have proven it to be immensely rich; (a) by seventeen shafts to the water level, twenty feet, the values to that depth are away above the cost of recovering them; (b) one shaft was put to bedrock and found the ancient channel which is fabulously rich. (The crisis tied up the money but we are advised to expect the money in full this month. Were it not that all our plans are under way and not wishing to delay them, we would not offer stock for sale.

Third, that we have proven the practicability of a dredge that operates from the surface and can work any gravel that is possible to work with pick and shovel.

Fourth, that we have an interest in the patents controlling these plants.

Fifth, that we have perfected a simple device that separates the fine from coarse material and recovers the gold and other metals WITHOUT riffles or shaking or revolving screens. A patent is now pending.

Sixth, that our stock was withdrawn from market in August last as we gave a contract for sale of stock to the amount of \$35,000. This stock was pooled in Iowa and money was to have been delivered in November.

Briefly, we own a proven area of gravel and are building two electrically driven dredges thereon which will work at a very large profit.

I will be pleased to hear from you and expect to as this is simply a business proposition.

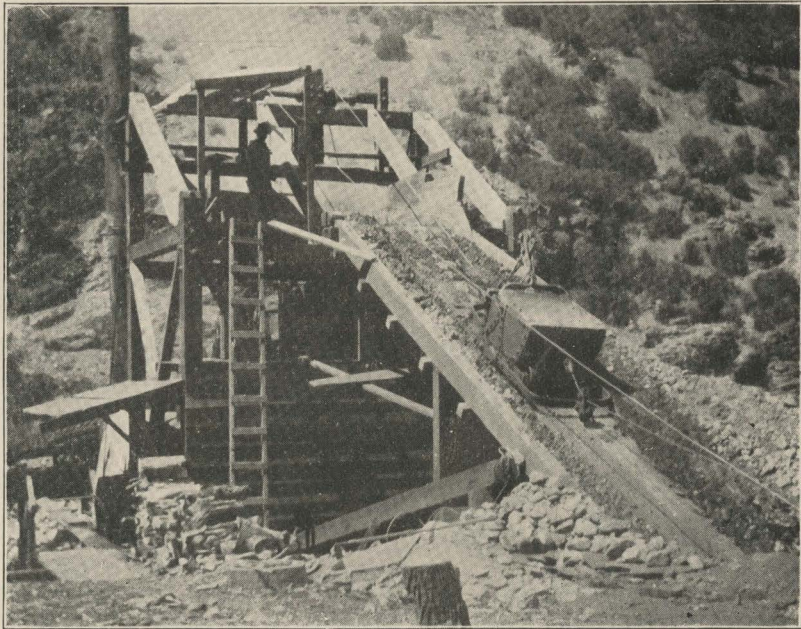
Yours very truly,

W. S. La Shells
Secty. & G. M.

Klamath River Gold Mining Co.

**Klamath River, Siskiyou County
California**

1907



OUR DREDGER SHOWING SHOVEL ELEVATING GRAVEL

REFERENCES

T. J. NOLTON, Secretary Siskiyou County Chamber of Commerce.
SACRAMENTO VALLEY BANK, Biggs, California.

J. L. COYLE, State Assemblyman, Hornbrook, California.

L. A. HILLBORN, Attorney at Law, Crocker Building, San Francisco.

L. F. COBURN, Attorney at Law, Yreka, California.

HARVEY J. SARTER, Deputy U. S. Surveyor, Yreka, California.

THE T. JONES COMPANY, Hornbrook, California.

Any business house, public official, attorney or prominent person
in Siskiyou County.

We refer you to any stockholder.

Klamath River Gold Mining Co.

(Gold Dredging Exclusively.)

PRINCIPAL PLACE OF BUSINESS, BENICIA, CALIFORNIA.

Incorporated under Laws of California, October 22nd, 1903.

Capital Stock \$250,000.00, divided into 250,000 shares of
par value of \$1.00 each.

Outstanding issued Stock 127,000 shares, balance is Treasury Stock.

OFFICERS AND DIRECTORS

O. G. TRAUTZ, President.....	Benicia, Calif.
HENRY A. JOHNSTON.....	647 Capp St., San Francisco, Calif.
JNO. M. BROUGH.....	Biggs, Calif.
J. R. CHADBOURNE.....	Suisun, Calif.
SACRAMENTO VALLEY BANK, Treasurer.....	Biggs, Calif.
W. S. LASHells, Secy and Gen. Mgr.,.....	2516 Ashby Ave., Berkeley, Calif.

Mining as a Conservative Investment.

The *Mining and Scientific Press*, or State Mineralogist, Lewis E. Aubury, Ferry Building, San Francisco, or any authority in mining will tell you that more Capital is seeking investment in mining to-day than ever before. That mining in general is considered a legitimate industry, and when entered into from a purely business standpoint, is conservative and offers greater safety than many other industries.

These favorable conditions are made possible through numerous reasons. *First.* Legal protection to mining and investors. *Second.* Cheaper and more efficient machinery—thus reducing initial cost and economy of operation. *Third.* New and practical processes. *Fourth.* Eliminating risk through careful and reliable examination and tests of properties, thus proving the values before considerable expense is incurred. *Fifth.* The low rate of interest yielded from other industries.

Gold Dredging.

California has within its boundaries all kinds of mining, yet no other branch is looked upon with such favor as Gold Dredging. Safety in investment in connection with large returns are responsible for this favoritism.

Many conditions are essential in order to permit successful dredging of Gold bearing gravel even though the values are present. These conditions as well as values are only determined in testing the gravel by expert miners. The only real risk assumed by a company organized for Gold Dredging exclusively is in the cost of proving that the gravel has the values and is adapted to Gold Dredging. After this is done the element of risk is practically eliminated, for

if your gravel yields a certain amount of gold per cubic yard and you have a dredge that will handle an amount daily bringing the yield in excess of cost, you know each 24 hours you have just so much to side of profit. This sounds easy and simple, nevertheless it is a fact. The dredgers at Oroville, Folsom and other places places it beyond question.

History of Gold Dredging in California.

Less than ten years ago the major portion of the gold bearing gravel, suitable for dredging around Oroville, California, was practically worthless, yet since the advent of the Gold Dredge this same land cannot now be bought at any price. The latest sales run from one to three thousand dollars per acre. The wonderful daily returns from a dredge has stimulated the leading dredge owners to send their men into every gold bearing district in the world to find suitable copditions.

Brief History of Our Company.

The promoters of this Company lived at Biggs, which is just without the district at Oroville. Like all home people of moderate means the opportunity was soon out of their reach. Realizing this and yet appreciating the possibilities of Gold Dredging they formed a practically closed corporation and turned to the richest placer country in the West, viz.: Klamath River, Siskiyou County, California. A tract of 78 acres was selected. It was soon shown that while the values were present the conditions were entirely unsuitable for any known dredge. However we were not discouraged, for the history of this river and its tributaries show that hundreds of millions of Gold have been taken out and

yet the crudest and simplest means were employed, and to have yielded so enormously, the values must have been excessive. In conversation with Mr. F. S. Mayhew, General Manager of several different dredge companies at Oroville, he said: "Mr. LaShells, when the time comes that a successful and economical device is used on the Klamath, the Oroville district will not be mentioned in the same breath." We saw an opportunity in a kindred field. We immediately devoted our time, money and energy to find that device. We did. We installed and proved the practicability of an inexpensive, economical, durable and efficient dredge. We also found excessive pay. Midst our happy congratulations we were stopped and plunged into litigation. We were enjoined by a party from whom we received the option. I won't attempt to go into details here as they are unnecessary, suffice it to say that after lawing three years a compromise was effected whereby we were given full title to the property on the 19th of last August by paying the sum of \$10,000 cash.

To give an idea of the richness of the property I wish to state two facts. *First.* The day we were enjoined the pay on the dump was running \$200 per cubic yard. *Second.* The party adverse to us got possession under a technicality and took out what he claimed was \$22,000 in less than six weeks' time. We could, however, prove that he took out over \$10,000 in that time. Please bear in mind that the work was done by hand, two men working to the shift in a drift. We had stopped the dredge in order to put a shaft to bed rock at the end of our cut and struck an old channel 100 feet wide. Our opponent commenced where we left off.

It is not our purpose to work the property by hand but with dredgers. The one used and still on the property is a steam plant. This plant is the first ever constructed of its kind and while not a perfect plant is a very practical

one and handled gravel at the rate of 675 cubic yards per 24 hours and at a cost of 6 cents per cubic yard. We could, of course, operate the present plant or work in the drift underground. This we do not wish to do as both methods cost more than it would to put in an improved plant which will greatly simplify the work and increase the yardage handled and besides greatly reduce the cost of operation. We will install two dredgers which will work in conjunction with each other and the combined work will at least treble the work of a steam plant and the cost per yard will not exceed 3 cents. These plants will be electrically driven.

Our plans, drawings, etc., are very complete and are open for inspection, as patents have been applied for.

Since we took possession of the property we have filed upon a quarter section of fine yellow pine one-half mile from the property, placed a saw mill on our property and are now sawing lumber and timber daily. As soon as the timbers are seasoned the construction will be commenced.

To give an idea what dredging means I will make a true comparison on that river. For miles at a stretch the Klamath River and bars have been worked by hand using the most primitive methods and hence the cost is excessive. It costs from \$1.50 to \$3.00 and even \$5.00 per cubic yard to work the gravel, hence the ground must run excessively rich to make it pay. Nevertheless hundreds of millions have been taken from the Klamath and its tributaries. On our own property the work done in the shaft and in the drift cost us over \$5.00 per cubic yard. Now with our dredge it will cost not to exceed 3 cents per cubic yard. In the shaft from top to bedrock the average was over \$1.00 per cubic yard. Now the dredge should give us a profit of at least \$1.00 from surface to bedrock. If we only handle say 1,000 yards per day we would have

a profit of \$1,000 per day or \$365,000 per year with one plant and as our property is nearly one mile long averaging 600 feet across it would be our business to place additional plants to work as fast as practical. \$365,000 in one year to be divided on a basis of not to exceed 150,000 shares would give say \$2.00 per share profit on ONE PLANT. Now to show you this has been more than done by an Oroville dredging company I wish to state that for the months of July, August and September, 1906, they declared a dividend for the QUARTER of $4\frac{1}{4}$ per cent or a yearly dividend of 17 per cent or if they had the same basis of division it would amount to \$4.25 per year dividend per share. Now when you take into consideration further that the average of the Oroville gravel is but 17 cents per cubic yard whereas the average on the Klamath must run into the dollars the comparison should have a still further significance. Again the dredgers used cost from \$100,000 to \$150,000 each whereas ours will cost much less than \$10,000 each. The cost of operation and gravel handled being slightly in our favor.

We have been incorporated for over four years. Every cost has come from the stockholders and we are all in. Could we put up the money necessary we would do it gladly. To wait until we could do it would take too long, we prefer to ask help. We have our own money in the Company. Each and every stockholder is perfectly satisfied with his investment. We have no figure heads as directors or officers. The directorate are composed of hard headed business men who have buffeted the world and are successful. With these men at the head we cannot go wrong. Our property is easily accessible. You can see what it is and see the plant, the work it has done, and what it is destined to be. Our property is known throughout Siskiyou County for its richness. The people know nothing about our dredger hence cannot recommend it. Three

days' absence from the city will take you to and from the property at an expense of \$25.00.

Please note finally that we own 78 acres of gravel that would sell in open market for not less than \$100,000 but we would not sell for a QUARTER OF A MILLION. We have 160 acres of fine yellow pine and a saw mill cutting daily. We will control these new dredgers and should reap a heavy royalty. We have a device that is simplicity itself which separates the black sand from the main body of gravel. This black sand is composed of minerals of high specific gravity. On our property there is platinum, chromite, ilminite, monazite, and many more minerals each of some value. The values in black sand can be appreciated when it is authoritatively stated that the highest per cent of gold saved is at Oroville on the dredgers and they save but 67 per cent, while on the Klamath River but 40 per cent is saved. As the lost gold is conceded to be associated with the black sand and as we can save this material without any material cost, and as a patent is now pending for this invention, we feel we have a valuable patent that is properly in our line with the dredge.

We are selling our stock at \$2.50 per share. This may seem high but bear in mind that we have a proven property of immense richness and we will soon have a plant of two dredgers working thereon at a big profit.

We feel that the element of chance is now practically eliminated.

By W. S. LASHells,

Secretary and General Manager.

2516 Ashby Avenue, Berkeley, Calif.

DATED, NOVEMBER 12TH, 1907.

STOCKHOLDERS

San Francisco, Cal.

H. A. Johnston, 647 Capp St.
G. A. Young, 139 Belvedere St.
Miss Pearl Wyckoff, 2519 Pine St.
Miss Olga B. Zachau, 237 4th Ave.
Mrs. Emma Trautz, 237 4th Ave.
Mrs. E. A. Zachau, 237 4th Ave.
E. A. Zachau, 237 4th Ave.
Louis Thoke, 348 Clement St.

Rolla S. Sexton, 50 Haight St.
Mr. and Mrs. G. Carle, 237½ Henry St.
Wm. and Anna Sattler, 348 Clement St.
Miss Marie Fuchs, 257 Waller St.
James F. Goddard, 1519 Pt. Lobos Ave.
Mrs. Julia Claus, 237 Waller St.
G. W. White, 14th and Sanchez Sts.
J. W. Stern, 14th and Sanchez Sts.

Oakland, Cal.

Mrs. Jane Springer, San Pablo Ave.
A. Cuthill, Jr., 1220 9th Ave.
Miss L. A. Morehouse, 1376 12th Ave.
Frances B. Bradley, 1366 12th Ave.
J. T. Banfield, 4990 Dover St.

Dr. E. C. Wood, Physicians' Bldg.
T. J. Reddy, Broadway
G. E. Schad, 2125 Gessex St.
Arthur F. Burghardt, 1014 E-30th St.

Berkeley, Cal.

Mr. and Mrs. W. S. La Shells, 2516
Ashby Ave.
O. O. La Shelle, 2510 Telegraph Ave.

A. F. Estes, 2529 Hillgard Ave.
Mary E. G. Estes, 1518 Milvia St.
C. C. McCarty, 2217 Fulton St.

Biggs, Cal.

W. G. Pearne, Jr.
F. C. Kemper
W. D. Parker

Miss J. McQueen
Wm. Cratt
A. J. Pelham

Mrs. S. Hiett
Mrs. E. Kemper
Mrs. Gertrude Hodson
E. Looney
I. Looney
S. McKee
J. T. McQueen

Otto G. Trautz
J. B. Johnston
F. W. Quinn
M. R. Doty
Dr. G. C. Brown
G. E. Furbush
J. R. Chisholm
Mrs. N. M. Chisholm
D. Cereda

Thos. H. Wood
E. A. Thurber
J. R. Chadbourne
S. H. La Shelle
J. F. Shields
Geo. L. Nelson
E. M. Brown

A. F. La Shells
Mrs. R. H. Palmer
J. M. Brough
L. H. La Shelle
Miss N. Palmer
J. H. Brough
Mrs. A. A. Bradford

Benicia, Cal.

A. Bizzini
J. Fantoni
F. G. Fitzgerald
L. Dedini
Geo. C. Morton
Melvin A. Shade
Frank A. Hoffman
Geo. H. Seaver
Maud M. Fairfield

Suisun, Cal.

Mrs. Eva S. Pollard
J. B. Crooker
E. F. Bayley, Jr.
Mrs. Belle La Shelle
Blanche G. Collins, Cottonwood, Cal.
W. L. Rose, Cottonwood
Thos. E. Collins, Cottonwood