

Don F. Kizer,  
President,  
Spokane, Wash.

L. F. Sainsbury,  
Sec'y-Treasurer,  
Yakima, Wash.

W. J. Priestley,  
Vice Pres. & Mgr.  
Miller River, Wn.

NATIONAL GOLD CORPORATION

DIRECTORS:

M. A. Peacock, Yakima,  
C. Starcher, Yakima,  
Nicholas Codd, Spokane,  
O. E. Driver, Wenatchee.

Mines at  
Miller River, Wn.

DIRECTORS:

Don F. Kizer,  
W. J. Priestley,  
L. F. Sainsbury,

December 17, 1929.

TO THE STOCKHOLDERS OF NATIONAL GOLD CORPORATION:

Ladies and Gentlemen:

This report is intended primarily for our stockholders who were unable to attend our annual meeting, which was held in Yakima, on December 10th. The meeting was very well attended. The following named trustees were elected by a unanimous vote: Wm. J. Priestley, Miller River; Clarence Starcher, Yakima; M. A. Peacock, Yakima; L. F. Sainsbury, Yakima; O. E. Driver, Wenatchee; Nicholas Codd, Spokane; and Don F. Kizer, Spokane. Messrs. Starcher, Peacock and Driver were elected in lieu of Thomas Ward, Dan Murphy and E. H. Thies. Each of these last named gentlemen desired to retire from the board by reason of personal business which rendered them unable to give as much time to the affairs of our corporation as they felt was warranted. It is with a feeling of genuine regret that the officers of the corporation see these three gentlemen leave the board because they have been faithful and have answered any calls for assistance that we have made upon them. We are indeed fortunate in being able to replace them with men of the fine caliber of Messrs. Driver, Starcher and Peacock. The officers of the corporation remain the same, to-wit: Don F. Kizer, President; Wm. J. Priestley, vice-president and manager; and L. F. Sainsbury, secretary-treasurer.

The following report was made at the meeting as to work accomplished during the year. Work was commenced at the mine about the latter part of April. At that time the crosscut had intersected the Damon vein but no work had been done on it. We have drifted 176 feet westerly on the Damon vein and about 350 feet easterly, making a total of about 525 feet of drifting on this vein. The ore in this vein will probably average about \$40.00 a ton in gold and silver and runs from about 1 foot to 2 feet high grade in width the greater portion of this distance. In going easterly we have not yet reached the portion of the vein which on the surface shows any considerable width. We figure that we have roughly a little more than 100 feet yet to go easterly before we get under the wide portion of the vein. As this vein has been stripped on the surface for over 2000 feet and shows nice ore for that distance, you can see that we have every right to believe that our drifting will expose a tremendous tonnage of ore. This stripping on the surface has all been done east of the crosscut. We do not know what we have west of us because it has not been stripped on the surface at all, but the short distance we have gone westerly exposed such a nice body of ore we have every reason to believe that further drifting in that direction will undoubtedly continue to disclose profitable bodies of ore.

We advanced our crosscut 442 feet where we intersected the Priestley vein. We have only driven 49 feet in an easterly direction and 51 feet in a westerly direction on this vein. On the west end of this vein is about 4 feet wide, on the east end between 7 and 8 feet wide. We have no thought that our values in this vein will run nearly as high as they do in the Damon but its greater width will compensate for lower values. There are some high grade streaks in this vein that assay very high, one assay showing \$95.00, but in the main the ore is low grade. We took one assay across the face, excluding the high grade streaks, and this assay ran a little better than \$19.00. As we are proceeding easterly we are developing two high grade streaks, one on the foot wall side and one on the hanging wall, which may eventually mean richer ore but we will be quite content if we can mine ore out of this that will run \$18.00 or \$19.00 a ton because with a vein of that size we could make a very handsome return upon ore of that grade.



We have yet about 900 feet of crosscutting to do before we reach the Apex vein and this work may not be done for some time because we have ample ore in the Damon and Priestley veins to operate a 100 ton mill for a long time without going to the expense of crosscutting to the Apex. It is between 800 and 850 feet to the surface on the Damon vein and between 1400 and 1450 feet on the Priestley vein so you will see that we have a tremendous amount of ore overhead.

We expect to spend the winter in drifting on these two veins. We have equipped the mine with a two drill compressor and by working two machines two shifts we ought to open up 1500 feet more of stoping ground by the first of May. If this ground opens up as satisfactorily as that which we have now opened, we will be in a position to erect a 100 ton mill and should be shipping by fall.

We figure that \$25,000.00 will be necessary to carry out this program of work until May 1st. We have money and notes on hand for part of this and will sell 60,000 shares more of stock to make up the balance of this needed amount. This stock will be sold at 30¢ net to the company and will be sold, as has been all treasury stock during the last year, by stockholders themselves. What I mean to say is that a large group of our stockholders have unselfishly given their time and energy to raising the funds necessary for this corporation without a cent of compensation. Every cent we have taken in during this last year has been spent for the development of the mine and this will continue to be the program. The following resolution was passed by the directors:

"Only 60,000 more shares of Treasury Stock will be sold at 30¢ and no further Treasury Stock will be disposed of at this price."

When we have disposed of this last block of stock we will still have roughly 200,000 shares of stock left in the Treasury. With the depth, value and continuity of ore deposits proven by our past 6 months work the trustees feel fully justified in stating this stock is easily worth par and would prefer to borrow the funds for mill construction rather than sell stock below the par value of \$1.00.

This is not a promoter's letter because I have paid for my stock just as you other stockholders have and I have always prided myself on being rather hard-boiled and not easily subject to enthusiasms but I must say that I think we have as promising a mine as I ever saw and like all other trustees and those who have personally viewed the year's developments I have very materially increased my holdings of Treasury Stock, confirming my confidence in National Gold's future.

During the past three weeks our Mr. Starcher has for the purpose of comparison visited a number of important mining properties in Coeur d'Alenes, Southern Oregon, Southern Idaho and California and for your information I quote from his report:

"Among all the mines inspected The National Gold, by comparison, is surely an outstanding property, in ore values, depth and persistence of ore bodies. The surface showings are proven by the crosscuts of the same veins in the new tunnel. All veins of importance outcropping on the surface have been found in place in the crosscut tunnel showing a true fissure system extending to great depth."

I forgot to mention the fact that the by-laws were amended so that hereafter the stockholder's meeting should be held the second Saturday in July. This change was made so as to get the meeting at a more seasonable time of the year when more of our stockholders could attend the meeting. The property is not being operated by any clique or gang and we want all of our stockholders to attend the meetings when possible and it is our urgent wish that every stockholder should, when possible, go up and look at our property and see what he has bought. I think every stockholder who has visited the property is an enthusiast about it and we would like to have all of our stockholders enthusiasts and we therefore urge upon each stockholder to visit the mine as soon as possible, and keep in touch with its development.

At the close of the year a financial report will be mailed you from the Secretary-Treasurer's office.

Yours very truly,

*Don F. Rizer*  
President.  
NATIONAL GOLD CORPORATION.