

ground, for the purpose of opening up the 400 foot level. An agreement providing for the above has been signed and sealed by the two companies, and the same is undoubtedly of the greatest value to the Gertrude Mine.

After the closing down of the Gertrude Mine, an influential Scotch syndicate was given permission to inspect the mine, and after doing so, sought an option on the following terms:—

1—The syndicate to put up £5000 for development and improvements on the Gertrude, for which they receive 50,000 shares British Columbia Southern Mines stock.

2—The syndicate to have an option on the remaining 9/10 of the property on the following terms: The price of the 9/10 of the property to be £25,000 plus 2/5 of the shares of an English company to be formed to take over the mine. The cash payments to be made as follows:—

£5,000 to be paid in one year after signing the agreement.

£10,000 to be paid in eighteen months after signing the agreement.

£5,000 in two years.

The remaining £5,000 to be put up by the syndicate for additional working capital, and to be available for the continuance of the development, etc., of the property, after the expenditure of the original £5,000.

This proposition was laid before the Western shareholders, who refused to consider same. It therefore became necessary, for the time being, to abandon these negotiations.

Your directors desire to draw the shareholders' attention to the economical and business-like management of the company. The officers and directors of the company have acted without any remuneration, and practically the entire outlay has been devoted to the development of the Company's properties.