

The secretary (Mr. R. Roy Meldrum) having read the notice convening the meeting,

The chairman said: Gentlemen, the directors have found it necessary in the interests of this company to call you together for the purposes set out in the notice which the secretary has read. We are not in a position to realise our assets to such an advantage as to pay off our liabilities, and consequently we have no alternative but to go into liquidation. This has happened by reason of circumstances which I will tell you. The Granite mine did not continue to bear out the prospects with which it started, although your directors were fully convinced from the reports received from that company that it was, in fact, a really sound and valuable one. Although it opened so well, the fact that a "horse" intervened, splitting up the vein into numerous stringers, caused considerable sums to be spent in following these stringers and opening up the property. After sinking over 200 feet the vein was found again with a width of $1\frac{1}{2}$ feet. The Granite company were informed that it could be worked much more economically by driving tunnels through the Poorman property, which latter they had acquired, and I have already told you the details of this transaction. The directors felt it to be in your interests to assist the Granite as much as possible, because we are, as you know, large shareholders in that company. The result is that the Granite Gold Mines became considerably indebted to us. In order to protect you and your interest on that indebtedness, we obtained and registered a judgment against the Granite Gold Mines, Ltd., in British Columbia, which we believe, and are advised, fully carries out that purpose. We are convinced that the Poorman and Granite worked together will prove a sound asset of your company. We further have an independent report to be submitted to you with the scheme of reconstruction (with which I will deal shortly), and from which you will see the desirability of doubling the number of stamps now on the property. It is obvious that we must have capital to do so. You will recollect I dealt with the value of the Queen Bess property at our last general meeting, and Mr. Hart, the chairman of that company, gave you some very good statistics. Nothing has happened since then to make us alter our opinion of the value of the Queen Bess property. We consider our holding of shares in it a valuable asset. Now as regards the course for us to adopt in the circumstances I have detailed. I should tell you that when the board found itself confronted with so many difficulties an informal meeting of the largest shareholders of this company was invited to discuss the position with the board. They represented about £90,000 of the issued capital of the company. After an animated discussion, an independent committee was appointed, and those who were most critical were appointed members of it. They, I should tell you, have independently investigated the affairs of the company, every information available being placed at their disposal. Three of these gentlemen were strangers to the board. They are here and can tell you themselves what they think of the position of the company, and its prospects if the necessary additional capital we require can be raised.

THE PROPOSED SCHEME OF RECONSTRUCTION.

A scheme of reconstruction has been under consideration which, if carried out, will place this company on a sound basis and provide sufficient capital for the purposes I have indicated. Shortly it is as follows: The liquidator will sell our assets to a new company, who will take over the liabilities. You will have the right to apply for shares in the new company pro rata with your holding in this company, and to raise the neces-

sary capital I have referred to, the new shares will be issued as £1 shares, with 15s. paid; the 5s. will be payable in small assessments. The capital to the amount of 100,000 shares will be guaranteed. I may add that the Granite shareholders, it is proposed, shall have the opportunity to apply to the liquidator for shares in the new company. The chairman concluded by moving the resolution, of which notice had been given.

Mr. Griffiths seconded the resolution.

In reply to a question regarding the directors' fees, the chairman said that he and those of his colleagues who were present had written to the secretary expressing their willingness to forego their fees, providing the others would do the same. He could speak for one of the two absent directors, and it only remained now for Mr. Drummond, who was in America at present, to acquiesce in the arrangement. He might also mention that the directors of the Granite company had waived their fees and, further, that the directors of the Duncan company gave up their fees last year.

Mr. Little expressed regret that the directors had not presented a formal scheme of reconstruction at that meeting. He wished to know by whom the underwriting was guaranteed, and what would be the expense of the underwriting. Further, was it proposed that there should be any new directors in the reconstructed company?

The chairman said it was proposed that the new company should have a capital of £300,000, and that this should be underwritten to the extent of 100,000 shares. The proposal to underwrite came from some of the committee of shareholders to whom he had referred, who expressed the wish that the scheme might be an assured success, and this could only be done by underwriting. He himself proposed to write a large block of shares, as did also Mr. Charles Shephard, another director, and Mr. Bett. The terms of the underwriting would be sixpence per share, and, as far as he and Mr. Shephard were concerned, they would take no commission in respect of their holdings. (Hear, hear). The chairman added that at the meeting of large shareholders to which he had referred, £90,000 out of a total of £133,000 of capital was represented. He further stated that upon the passing of the liquidation resolutions it would be necessary for the liquidator to get the consent of the court to call a meeting for reconstruction. The solicitor thought that something like six weeks to two months would complete the matter.

A shareholder asked if the mines were working at the present time, or whether they were closed down.

The chairman replied that the Duncan company did not work any mines—they were worked by the subsidiary companies. The Queen Bess, in which they held 47,000 shares, was one of the companies, and the Granite company was being worked and was making a profit monthly.

Mr. Griffiths said he was perfectly satisfied to leave the matter in the hands of the board, although he hoped the board of the new company would be strengthened by the addition of one or two thoroughly experienced gentlemen.

The resolution was carried unanimously.

The chairman said that he was quite satisfied that the company had turned the corner. They had that day received official notice of a new vein being discovered in the Granite; and this No. 2 vein, as it was called, if it bore out the position it was in now, would double the output of the mine quite easily. When they obtained the fresh capital they required, there was no doubt they would go forward again, and he hoped much more successfully than they had done in the past.

A vote of thanks to the chairman closed the meeting.