

called the Porcupine and Hudson's Bay Gold Mines Limited. A charter was obtained for the company on the 29th May, 1911; some of the documents, however, refer to the company as though it had been incorporated at an earlier date.

By a document dated 27th May, 1911, between Baugh, Stimson and McCaffery the incorporation of the company is recited. The parties agree to convey the mining property to the company for \$2,500,000 stock, of which \$700,000 was to be left in the treasury, \$1,800,000 to be divided, \$900,000 to Stimson, \$450,000 to McCaffery and a similar sum to Baugh. By agreement of the 29th May, 1911, Stimson and Baugh, for the purpose of equalizing their holding, each agreed to convey to the other a half interest for one-half of what the purchase had cost him. Each of them would thus become entitled to hold one-half of three-quarters of the property, or the stock which would represent it.

On June 28th, 1911, McCaffery, Baugh and Stimson conveyed the property to the company in consideration of one million eight hundred thousand shares. On the same day a pooling agreement was made between the three co-adventurers, the terms of which are not of any particular moment. The stock, it was agreed, should be transferred to the Trust and Guarantee Company for the purpose of the pool.

On the 1st August, 1911, an agreement was made between the company and Baugh by which it was recited that a by-law had been passed for a sale of stock at a discount of fifty per cent., and that it had been agreed to give to Baugh the exclusive right or option to purchase two hundred thousand shares at this discount. This was followed by an agreement of the 7th December, 1911, extending the period of the option until the 12th April, 1912.

On the 1st August, 1911, an agreement was also made with Proctor, reciting the option that had been given to Baugh and the authority under the charter to give a commission on the sale of stock of twenty-five per cent. and by this agreement this commission is to be paid to Proctor. This device was resorted to because it was thought that Baugh, being an officer of the company, could not take commission.

To understand these agreements and the situation created some reference to the oral evidence is advisable. The mining property was situate close to other property that had been successfully placed upon the market. A company oper-