

In the foregoing statement it is taken for granted that the Southern Through Line will be as good a paying line as the Great Western Railway—that it will not draw any of the Great Western Railway's traffic; in other words, it is not a competing line, the former being dependent on the Southern Michigan Railroad, and the latter on that of the Central Michigan, and that it can be built for £10,000 per mile, or two-thirds of the cost of the Great Western Railway, including all contingencies.

At the time that the Directors of this Company had completed their arrangements and were in a position to commence the construction of the road to Port Dover, two courses were open for their adoption—the one was by a contract at a fixed low cash price per mile; the other at a far higher figure, by equal payments of cash, bonds and stock, with a charge in favor of the Municipalities for the cash (debentures) advanced by them to the extent of one-third the contract price. With a view to carrying out the future prospects and plans of this Company, now on the eve of being realized, the Directors did not deem it advisable to hamper these prospects and plans by building at a high price per mile, that portion of their road lying between Woodstock and Port Dover. A line built or building at a low cash price leaves a Company in a position to act to advantage as occasion may require; and coupled with the fact that they could at that time change the nature of their contract, (which was provided for in the original tenders) induced the Board after mature deliberation, to give out a cash contract, and times being then most promising, to order the works to be commenced; and the result so far as the amalgamation is concerned, has been such as to justify their decision. The extraordinary turn in political and financial affairs during the latter part of the past year, the severe and unprecedented pressure in the money market, at this time so totally unexpected, that it has paralyzed all public works throughout the world, has necessarily had its effect upon this Company in common with all others, of completely changing its position. The Board of Directors have not now the power to vary the form or nature of the contract, were it possible, at this moment, to find Contractors who could undertake such a contract, payable in cash, bonds, and stock; and with the prospect of amalgamation and extensions, would this be advisable? Still a change in the nature of the various Municipal Loans, as well as further aid, is imperatively called for, not only to enable the Directors to complete the line to Port Dover, but to place the Company in a position to carry out the proposed amalgamation, thereby securing the Municipalities from any loss from loans already made, which as always been a subject of paramount importance to the Directors, giving them the many advantages consequent on having a railway running through two of the most productive Counties in this Province, and securing for them a far better and safer position than was at first contemplated.

By the statement below it will be seen that on the part of the Municipalities, a further sum of £75,000 is required to place the Company in a position to borrow on their bonds at a reasonable rate, sufficient to complete the road to Port Dover—to enable them to perfect the necessary arrangements in respect to the amalgamation and extensions above alluded to—upon which the completion and ultimate success of this road materially depend; and we have no doubt if your Municipalities will increase their subscriptions, the balance can be raised on the security of the Company.

It is but due to the Contractors to state that the sum of \$50,000, which appears in the Financial Statement below, is a loan upon the same terms as the loans from the Municipalities made by those gentlemen to this Company, to assist in the construction of the road to Port Dover.

The amount required to complete this road to Port Dover, as above mentioned, would be Seventy-five Thousand Pounds, (£75,000) as shown by the following statement:—

No. 1.—Cost of 38½ miles of road at £7,000 per mile.....	£269,000
2.—Land for Stations, Right of way, Payments on account of Harbour Purchase, Improvements of ditto, and contingencies to date.....	38,000
3.—Balance due on the above item, (No. 2) including balance due to Government on Harbour, and completion of improvements to ditto.....	18,000
Total.....	£325,000
No. 1.—Amount already raised, including loan of £12,500 from Contractors.....	£160,000
2.—Additional amounts required in cash to enable the Company to borrow balance	75,000
Total.....	£235,000

To the 1st of January inst., the work has, with the exception of a temporary suspension, steadily progressed—there has been about 27 miles of road graded, bridged and fenced; the balance of money in hand the Company propose devoting almost exclusively to the forwarding of these portions of the works.

The Contractors are paid up in full to the 1st inst., and the Directors have the authority of those gentlemen for stating that their Sub-Contractors have been paid up to the same date.

As the Government have limited the amount to be issued under the Municipal Loan Fund Acts, nearly the whole of which appropriated to Canada West is taken up, the President and Directors of this Company would urge upon the Municipalities the necessity of immediate action being taken hereon—and as the matter may not only require consideration, but possibly some explanation, it is suggested that an early meeting of all parties interested would be desirable, for which purpose a special meeting of this Company will be held here on Wednesday, the 7th day of February, proximo, at 11, A. M., at which you are invited to attend, on behalf of the interests confided to you by your various Municipalities.

The foregoing I beg to submit, on behalf of the Board of Directors and myself, to your careful consideration.

And am, Gentlemen,

Your obedient servant,

ARTHUR A. FARMER,

President.

WOODSTOCK 16th January 1855.