

English Letter.

LONDON, July 6, 1898.

Canadian mines have not been so much before the public recently, but it must not therefore be assumed that the interest aroused in the potentialities of the Dominion's mines has ceased, or that the European investor is regarding less kindly the exertions of those who have been your champions in this country. The fact of the matter is that Canada has felt the adverse influence of the series of political developments which have kept enterprise in check, and caused capitalists to view with shyness even those most tempting stories from the wondrous Klondyke. Markets have been dull for a long time now, and Canadian investments, after their brief spell of activity, have eased off again. Disappointing traffic and the continuance of the rate war have weaned a certain amount of support from Canadian Rails, although an exception has to be reported in the case of Quebec & Lake St. John Bonds which have been freely bought by well informed people on the happy issue out of all their afflictions. Hudson's Bays have not maintained their quotation at that high level created by last year's gamble, but this is not surprising when we remember the steady character of the company's business and its modest dividends. Canadian banks, however, are firmly held and a glance at the following table which I have prepared will show you that English investors are by no means ignorant or neglectful of the field opened up by Canada for the investment of their spare cash. That there is ample capital available for all the reasonable requirements of the Dominion may be gauged from the fact that the Bank of England minimum rate of discount which was lowered to 3% at the beginning of June, on the last day of the half-year just ended was further reduced to 2½%, at which it now stands. In the open money market they are discounting 3 months bank bills at the absurdly low level of 1% *per annum*. According to the latest return the Public Deposits of the Bank of England are £10,080,000 and the Other Deposits (which include the general Banks' reserves) £45,405,000 while the reserve percentage works out at 48%. All this shows that we have plenty of capital only awaiting employment in sound investments. Canada can certainly be as freely supplied as less desirable customers; but it is to be hoped that the nefarious tricks practised on the public by South African and West Australian promoters will not be allowed to hinder the development of the mines of a Colony which has of late been so much in men's minds.

In the appended representative list I give the prices current at the end of June, while the interest yield at those prices is calculated on the basis of latest dividends.

	p. c.	
Canada 2½% Inscribed price.....	£ 92 yield £ 2 14 0	
B. C. 3% Inscribed price.....	100 " 3 0 0	
Newfoundland 4% Inscribed price.....	106 " 3 8 3	
Quebec 3% Inscribed price.....	94 " 3 3 9	
Canadian Pacific R. shares.....	85 " 4 13 6	
Grand Trunk Pref. Deb. stock.....	140 " 3 11 0	
Bank of B. N. America.....	64 " 3 17 0	
Bank of B. C.	19½ " 4 10 0	
Montreal (City of) Perm. 3½% Deb. stock.....	95 " 3 1 9	
Quebec (City of) sterling 4% Debs.....	108 " 3 11 6	
Toronto (City of) 3½% bonds.....	105 " 3 5 6	
Winnipeg (City of) 5% Debs.....	117 " 3 11 9	
Brit. & American mort. 4% Deb. stock.....	101 " 3 18 6	
Hudsons Bay.....	20½ " 3 3 6	
Trust & Loan of Canada.....	4½ " 6 6 3	

A glance at the above table will show how we esteem Canadian investments of every description. It will be seen that with only three exceptions we are so well satisfied with the securities offered as to be prepared to pay prices for them which will only yield us from 3 to 4% upon the capital. Making every allowance for the favor with which Canada is now regarded, these figures furnish eloquent, flattering, and incontrovertible testimony as to the high place now occupied by the Dominion and its securities in the chief financial centre of the world.

There have been several appeals for capital this month. Newfoundland,—whose Premier Sir James Winter, and Mr. Morine, the Receiver General for the Colony have been staying here on a special mission to the Imperial Government, having particular reference to the French Treaties—has been issuing through the Bank of Montreal £200,000 of 3% Sterling bonds, ranking *pari passu* with the issue of £492,500 similar bonds. The price at which applications were invited was 96½%.

Then there was the issue of £151,200 Five per cent First Mortgage Debentures by the Cobourg, Northumberland & Pacific R. Co. at 102%. The Canadian Pacific leases the line for 999 years and contracts to pay the Cobourg Company 40% of gross earnings, providing rolling stock &c., and paying all rents and taxes.

Among the more recent Canadian mining floatations on this side are: The Associated Gold Mines of B. C. Ltd.; The London, Yukon and British Columbian Mining and Investment Corporation Ltd.; The Klondyke 20 miles Concession Ltd.; and The Pacific North-West Mining Corporation Ltd.

The last named has a capital of £200,000 in £1 shares, 180,000 of which are now offered to the public. This company proposes to prosecute mining undertakings in B. C., and the adjacent parts of the United States, locally known as the "Pacific North-West." The company has acquired 7 properties in the region named, for which it is paying £130,000.

The Klondyke 20 miles Concession Ltd., with its capital at £100,000 proposes to acquire and work a concession over 20 miles of river beds in the Klondyke Yukon Gold Zone from the Dominion Government. I don't think it got much of the £50,000 asked for, and I am not surprised at this. Mr. Franklin S. Wiley, Managing Director Sawbill Lake Gold Mining Co. Ltd., of Ontario, is apparently the vendor, while another of the directors is Mr. H. Chester-Master connected with the Morris Cutton-Turner Pooley grab. £60,000 was asked for the concession, but I do not think the issue was a success.

Regarding the remaining two concerns a little independent testimony may be worth quoting, if only to show that, despite Mr. Hooley's charges, we have a few independent financial organs in the city. For this purpose I have selected the expressions of opinion of our two leading financial weekly newspapers, the *Statist* and *Economist*, both journals having long and deservedly enjoyed the confidence of the investing community. Criticising the London, Yukon & B. C. Mining & Investment Corporation, the *Economist* says:—

"Formed with a capital of £175,000 for the exploitation of claims and properties in the Klondyke district, and for carrying on the business of a financial and development company in British Columbia, the enterprise presents no new features, as compared with many that have preceded it, and investors would be well advised not to put funds into undertakings of the kind until something more definite is known as to the capabilities of the district."

As the Associated Co. is the work of Mr. Hardiman of Vancouver, the *Statist's* comments will be interesting to your British Columbian readers. The criticism is as follows:—

ASSOCIATED GOLD MINES OF BRITISH COLUMBIA LIMITED.

A duke, (sic) an earl, a baronet, a knight, and a major figure on the London board of eight directors in this concern, and the secretary is a gentleman who is apparently permitted to issue with the prospectus a syllabus of a book he has published, and who in another work, eulogised the facilities offered by the Universal Stock Exchange (a firm of outside brokers). The capital is £500,000 in £1 shares, to be apportioned as follows:

Purchase price for properties	£ 375,000
Working capital	30,000
Working capital reserved for future	75,000
	£ 500,000

Of the 405,000 shares to be issued, 200,000 go to the vendor, who, if the public subscribes the rest of the offered capital, may get £175,000 beyond in cash. The vendor seems to be an intermediary who acquires properties from two colonial-registered companies called the London and B. C. Gold Venture Syndicate, Ltd., and the B. C. Mining Prospector's Exchange, both to become agents of the Associated Co., at Vancouver. Is it not, therefore, the case that a London promoting company is formed that will give an intermediary a profit, and the two original colonial promoting concerns cash and shares, the latter, perhaps, to be more readily disposed of to the public than their own shares? This procedure of promoting and finance companies passing on properties to another similar undertaking is getting really wearisome, and instead of assisting a colony that requires capital for developing mining properties, creates the idea that financing, and not real mining work, is too much the basis of the majority of companies that come to England for public support. The present undertaking represents it has 96 properties. These are shown to be scattered in little groups all over B. C. The assertion that "clean solid ore in sight can be shipped in large quantities immediately" and the alleged richness of some of the "partially developed and proved" properties, raises the question of why the colonial companies owning them have not gone a little further and produced ore, before parting with "what are believed to be among the most promising mining properties in B. C., the large majority of which are gold mines."

Mr. Mabson of the "*Statist*" seems to have got hold of an early prospectus, for in that published there appears no duke as director. As a matter of fact the Duke of Manchester was to have graced the board with his presence, but apparently he decided that it was not good enough. Several other leading men were included in the draft prospectus or approached, but finally they were not secured. It will be interesting to see how much Mr. Aubrey and Mr. Hardiman's exertions draw from the public. They ask for £205,000, but I heard from a gentleman who has been following the whole thing very closely that they only got £28,000 subscribed. I very much doubt myself whether they got so much as this. The issue was largely underwritten, I hear, and it seems probable that the underwriters will get stuck with a very large proportion of the £200,000 they are said to have guaranteed at 70%.

A company is now being formed with a capital of £80,000 under the title of the Klondyke & Kootenay Venture Syndicate, to enter into two agreements, and carry on a general business. The Chairman is Sir Albert Rollit, the President of the London Chamber of Commerce.

The Canadian Mining section closes with a dull appearance. The weakness of B. A. C's, has been a feature, the shares having been down to ¼, owing to a sharp attack on the Whitaker-Wright group. It is rumored here that after all the B. A. Corporation has not secured the Le Roi. If this prove correct it will be another reverse for the financier who has attached himself to B. C. and the Klondyke, with so far but indifferent results. The Morris Cutton-Turner Pooley grab, which includes the Klondyke and Columbian Goldfields, the Dawson City Trading Corporation and the New Golden Twins, have been weak, largely, no doubt, on the reproduction of your sensational article in last month's issue, about the last named company, by Mr. Hess' journal "*The Critic*". Mr. Hess commented on your comments, and at once called upon the group for an explanation. The New Goldfields (Tupper) Co. have been firm, and it is announced that since Sir Charles Tupper's arrival a new company has been formed with a capital of £100,000, to acquire the Velvet property on Sophie Mountain. Hall Mines have been very close to par, but Whitewaters were kept steady by the satisfactory statements made at the statutory meeting, held on the 6th of June. War Eagles have been in strong demand, on the Canadian reports regarding the promising prospects of this mine. Ontario shares have seldom been dealt in and there is no life in this section, and but little movement in either B.C., or Klondyke companies. I am told that the Canadian Pacific Exploration Ltd. have ordered the plant for their Porto Rico property, recently recommended by their local managers. Fraser & Chalmers have, I believe, got the order. Hudson's Bays have not benefited much from their report and close at 20½, Bank of B. N. America at 64, and Bank of B. C. at 19½. Canadian Asbestos and Asbestic 4. Canadian Pacific Ry. 86½. Grand Trunk guaranteed 77½. Canada Co. 30. Canada N. W. Land Co. 4. British American Land 22.

I am pleased to be able to report that several British Columbian companies have arrived at the decision to open London Registers for the facilitation of the transfer of stock held by European investors. The Dundee, (a Ymir Co.) has opened a London office, with Mr. Donald Kennedy, of this city, as London Director. The Wild Horse Gold Mining Co., acting upon the advice of Mr. Frank Scrulton of the well known Stock Exchange firm of Scrulton & Son, who has been appointed London Director, have initiated a Register at 53 Victoria Street, Westminster, in charge of Mr. H. E. Baker. This is a step in the right direction. Up to the present, those who have been over here peddling old script, have never seemed to bother themselves about the possibilities of purchasers bye-and-bye finding it necessary to realize their shares. Where there is no London Register of course the holder will have to send out to some Canadian broker, entailing delay and disappointment. It is absolutely imperative for those who wish to have a good sprinkling of English investors among their shareholders, that they should open a London office, and a London Register. It would, of course, also be necessary to have someone to act as London Director to sign all documents, but leading companies, with any pretensions to either respectability or influence, would find no difficulty in accomplishing this. As for the expense, it should be moderate, for Secretaries of other companies, possessing all the machinery in the way of offices, clerks, &c., would be pleased to undertake the duties at an inclusive figure. It would, of course, be advisable for the Canadian company to set aside a certain number of shares for the London Register, with distinctive numbers, which could only be transferred through the London Register, while, of course, the Canadian could