sary to proceed with the construction of this branch, and 22 miles of it, to Eganville, are now completed and in operation, the work having been done under the charter of the Atlantic & Northwest Railway which is owned by your Company.

Your Directors have agreed to lease the line of the Montreal and Lake Maskinongé Railway extending from St. Felix to St Gabriel, a distance of eleven miles, for the term of 99 years at a rental of 40 per cent of the gross earnings, with the option to your Company to purchase the line at the price of $6,000 per mile at any time during the said term. The lease will be submitted for your approval.

Negotiations are pending with the Alberta Railway and Coal Company for the lease and subsequent purchase of that Company's line extending from Dunmore to the coal mines at Lethbridge, 109 miles. Your authority will be asked to lease the line in question at a rental of 40 per cent. of its gross earnings on its being brought to your Company's standard, and to purchase it on or before December 31st, 1897, at the rate of $9,000 per mile. This line will be necessary to your Company in the event of the construction of a line through Crow's Nest Pass, and in any case it will be quite self-supporting.

A detailed statement of the expenditures for additions, improvements and equipment is appended to this Report.

Five hundred and fifty-one timber bridges were replaced with permanent work—masonry or iron, or earth embankments—during the year, and the work on ninety-nine more was partly done.

While a vast amount of work has been done within the past five years in the way of replacing wooden bridges