

the reply in question; and I think it is altogether likely that he did shew it to Stimson. It conveyed nothing new to Stimson. Both Stimson and Baugh knew that money had been spent in development work under the old option and that it had been abandoned. I do not think that Stimson regarded as at all material, and I do not think that he acted in any way fraudulently in failing to disclose. It had no effect upon his own conduct. He went on, and put his own money into the property.

Far more significant is what took place when Baugh went up to inspect. He was so convinced that everything was all right that he went behind Stimson's back and endeavoured to arrange for a new option in his own favour if Stimson did not put up the money and take up the property himself.

Shortly after the purchase Stimson left the province for some time. Baugh undertook to carry on development work. He advanced a good deal of money, sent up a diamond drill, and co-operated with McCaffery in working the property. This was done without any particular consultation with Stimson, but on the understanding that Stimson would be answerable for his share of the cost. On Stimson's return Baugh complained of the amount that had been advanced and of the fact that he had had no refund from Stimson, and some little difficulty arose owing to the inclusion in Baugh's demand of items which Stimson thought he ought not to contribute.

Stimson was not entirely in favour of the policy pursued by Baugh. He would have preferred to market the stock before too much was done upon the ground.

McCaffery had suggested to Stimson his desire to purchase Stimson's stock in the company. Stimson, of course, knew what McCaffery had no money with which to purchase on his own behalf, but thought that there was some one behind him who desired to acquire control of the property. Stimson felt himself bound to protect Baugh, who had come into the company upon the understanding that they were to co-operate.

At this stage Stimson had made up his mind to get out of the whole transaction if he could do so without heavy loss. He therefore telegraphed to Baugh on December 5th, 1911, "Have decided to sell my interest Hudson Bay. As promised, give you first offering. Price five cents share for immediate acceptance."