

As the whole capital stock of the company had thus been disposed of, it was necessary, if the property was to be mined, that money should be advanced by those interested. Operations were carried on upon a somewhat extensive scale, and the required funds were contributed by the three promoters equally. These moneys passed to the company's credit, and were from time to time disbursed for the company's purposes. No security was given to the promoters, and all liabilities were met. The three promoters realised that, although in form the undertaking was the undertaking of the company, in substance they alone were concerned; and everything that was done was done in perfect honesty and without any suspicion of impropriety.

After the amount already advanced, including a comparatively small sum necessary to discharge current obligations, had reached a total of about \$43,000, a critical situation developed. The three gentlemen had been for some time drifting apart in their ideas as to the policy and management of the affairs of the mine. As the result, Hughes and Mackechnie found themselves on one side; Kirkgaard on the other. The merits of this dispute or difference are not in any way now material. It concerned matters of policy and administration upon which they honestly differed. None of them was willing to spend more money unless his policy was followed. A deadlock resulted. The upshot of negotiations, in which offers to buy or sell were made, was an arrangement by which Kirkgaard agreed to buy out his two co-adventurers; security for the purchase-price to be given upon the property. In all this, probably little regard had been paid to the company as a separate entity. The arrangement ultimately made had the sanction and approval of all the shareholders, for Wills and Bleeker were consulted and approved. They sided with Hughes and Mackechnie in the controversy, and in the result handed over their qualifying shares to nominees of Kirkgaard, so that the corporate entity might be maintained.

The form which the transaction took is indicated by the agreement of the 23rd April, to which Mackechnie, Hughes, and Kirkgaard were parties, and under which Montgomery, Kirkgaard's solicitor, acted as trustee. By this agreement the two-thirds of the stock held by Mackechnie and Hughes was sold to Montgomery for \$60,000, this sum to be secured by a mortgage on the property of the mine, with power of sale, but with no personal covenant on the part of Montgomery. Upon this mortgage being given, the stock was to be transferred to Montgomery.