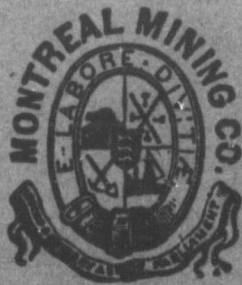


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REPORT
OF
THE DIRECTORS
OF
The Montreal Mining Company,
TO
THE SHAREHOLDERS,
AT THE
ANNUAL GENERAL MEETING,
15TH FEBRUARY, 1860.



Montreal:
PRINTED AT THE HERALD JOB OFFICE.
1860.

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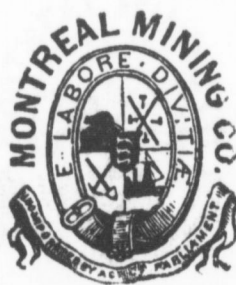
TO

THE SHAREHOLDERS,

AT THE

ANNUAL GENERAL MEETING,

15TH FEBRUARY, 1860.



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REPORT OF THE DIRECTORS
OF THE
MONTREAL MINING COMPANY,
TO THE SHAREHOLDERS :

SUBMITTED

At the ANNUAL MEETING, on the 15th February, 1860.

The year that has closed exhibits a gradual improvement in the Company's affairs, quite equal to the anticipations held out in the last annual report ; they have notwithstanding, been subject to some discouragements, incident to the nature of such enterprises.

When the ore produced from the new lodes came to be dressed, its produce was found to be considerably under what had been expected, so that some of the miners who had taken bargains on them, made but very small wages, others lost money, and very few did well by them. The consequence was, that, their working on tribute had to be abandoned for the time. Captain Hodge, nevertheless persevered in sinking upon the largest of the lodes, one discovered by himself in the autumn of 1858, until it was found that the expense was likely to exceed what could be reasonably afforded in one season for such a purpose. Although the shafts were discontinued, Captain Hodge continues to think favorably of the chance of finding a good Mine here.

Explorations were also vigorously prosecuted to the West of the old diggings, but the nature of the ground prevented

much being accomplished before the closing of the season. A promising lode was, nevertheless, discovered to the South of the old lodes. It has not yet been opened on to any extent, but on what has been uncovered, tributers have readily taken bargains.

Arrangements were made early in the season to get Mr. Coatsworth to visit Maimanse with an exploring party, but a severe indisposition prevented the possibility of his undertaking, the task which it is hoped may be accomplished in the ensuing summer.

In consequence of liberal terms offered by the Company, Mr. Palmer made an examination of Merritts' location on the Island of St. Ignace, and located the Laurel Mine bordering on a small Lake, within the Island. He has good hopes of success, and proposes to raise a Company to work a native Copper Mine there, paying this Company the same rate of Lordship as they receive from the Wellington Company. Such restrictions are imposed as will ensure the working of the Mine, otherwise the lease becomes forfeited. Beside the above, there is a discovery reported on the Bruce Mine location, said to be of value, found by the same person who discovered the rich lodes for the Wellington Company. Its locality has not been made known, the discoverer insisting on a larger reward than the Company's Agents were authorized to give him. They made no terms with him, and whether it be from not considering it of importance or otherwise, did not report it to the head office, until very recently. Mr. Davidson mentions having assayed a small specimen of the ore which produced 20 per cent. It is easy to get a rich specimen from any lode. The Directors are not in a position to form any opinion as to what value it may contain. They would suggest

that no sanguine might yet pro through Mr. Co prospects from

The Pigeon son by an expl esting report of a natural harbor best on the No some timber an tion of mineral engaging in the entrance to the by the Western

The sum s will be betwee operations; ne produce of the to a large sum buildings in ge the chances of count for the e

In conseq the Directors portions of the poor to work with beneficial

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that no sanguine expectations be raised on the subject, as they might yet prove entirely unfounded. Reports that come through Mr. Coatsworth indicate that he thinks highly of the prospects from this vein.

The Pigeon River location was examined early in the season by an exploring party under Mr. Davidson, and an interesting report on its capabilities obtained. It appears to possess a natural harbour of a very superior description, probably the best on the North Shore of the Lake, unlimited water power, some timber and an extent of good soil, but very little indication of mineral wealth. It is conveniently situated for persons engaging in the Lake Fisheries, and may become an important entrance to the interior, although another route has been chosen by the Western Transportation Company.

The sum spent on prospective work during the past season will be between £500 and £600. It is included in Mining operations; nearly half the amount is returned in Ore, the produce of the explorations. The reparation account amounts to a large sum, say £610; but puts the Wharf Machinery and buildings in good condition for the future, and greatly reduces the chances of any considerable charge being made on this account for the ensuing year.

In consequence of the recommendation of Captain Hodge, the Directors authorized him to lease for a Lordship those portions of the mine which had been abandoned, as being too poor to work on tribute. This has been carried into effect, with beneficial results.

The settlement of the location for agricultural purposes has not taken place, as was expected. The reduction in the price of the Government lands and some of the restrictions imposed by the Company have operated against the project, but it is hoped that, with some modifications, it may yet succeed.

Mr. Fletcher completed his smelting and refining furnaces and made a successful trial of them, turning out about 11 cwt. of Ingot Copper, but has been prevented from doing anything extensive, from disappointment in getting a supply of coals.

Although the exertions of the Company for the production of Ore, by persons directly in their employ, have from circumstances necessarily been limited, it is satisfactory to know that the export of that article from the locality, is gradually augmenting, and the produce for the past, greatly exceeds that of any former year.

This Company's own operations have produced

456, 2, 7, 8 tons..... £8003 14 4

The produce of the Wellington Company is esti-

mated at about 1400 tons..... 35160 0 0

Ditto from the Huron Bay Location about 254

tons..... 6374 0 0

Making an aggregate of about 2110 tons, of about 20 per cent. Ore, estimated to be of about the value of £50,000 currency, which might have remained wholly unrealized, but for the perseverance of this Company.

A Court is hereafter to be held at the Bruce Mine. It has not been fully organised and no session of it has yet taken place.

The expences of management have been further reduced by dispensing with Mr. McKenzie's services. The Books being handed over to Mr. Davidson, who takes charge of them.— When this reduction was made it was apprehended that the number of Miners would be greatly under those of the previous season, but the result has been that about the same number remain, and it seems likely to eventuate in a permanent saving to the extent of £200 per annum.

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MONTREAL, 15th February

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The financial condition of the Company has materially improved, as will appear by the statements given with the present report.

The increase of population since last year, including those residing on the Huron Bay Location, will be about 10 per cent., and the number will now be about 900. The great salubrity of the locality is well established.

Captain Hodge, in his report which is hereto appended, has given a full explanation of mining operations.

A portion of last year's produce of Ore, which might have been shipped, has remained over the winter at the Mine, it was thought that Mr. Fletcher might have been able to smelt it, and it was retained to afford him the opportunity of doing so. Should he not be ready to accept it in Spring, on the terms of his contract, the present appearances of an improving market are likely to render it available at that time, to greater advantage than if it had been disposed of in the Autumn.

Unless some unexpected event of a calamitous character should occur, the Directors see no reason to doubt the ability of the Company to pay a dividend the ensuing summer.

The Directors who go out of office are Messrs. Cartier, Bouthillier, Muir and Anderson.

A. CROSS,
President.

MONTREAL, 15th February, 1860.

STATEMENT OF THE PROFIT AND LOSS ACCOUNT OF THE
MONTREAL MINING COMPANY, 31st DECEMBER, 1859.

Cr.

Dr.

<p>Voted A. Cross, Esq., President, Feb., 1859, at the annual meeting, for two years,.....</p> <p>Voted the Secretary, May, 1859, for extra services at the Mine from Sept, '57 to June, '58,</p>	<p>£250 0 0</p> <p>75 0 0</p>	<p>By Balance, 31st Dec., 1859,.....</p> <p>Amount erroneously standing to the credit of a party on the Store Books,.....</p> <p>Cash received from Gullen on account of a debt considered bad,</p>	<p>£6055 15 11</p> <p>£46 13 4</p> <p>4 11 5</p> <hr style="width: 100%;"/> <p>51 4 9</p>
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**Dr. STATEMENT OF THE PROFIT AND LOSS ACCOUNT OF THE
MONTREAL MINING COMPANY, 31ST DECEMBER, 1859. Cr.**

<p>Voted A. Cross, Esq., President, Feb., 1859, at the annual meeting, for two years,.....</p> <p>Voted the Secretary, May, 1859, for extra services at the Mine from Sept, '57 to June, '58,.....</p> <p>Paid W. & R. Muir, on John Davidson's account, for a case of Gilling twine lost on board steamer, Bruce Mine,...</p> <p>North Western Assurance Co.;—difference between the loss per "Java," as invoiced them, \$9421 90, and the value by the Policy, \$9216 57,—difference being the freight always deducted,.....</p> <p>Foundry account written off,.....</p> <p>Allan & Gillespie, for Mining Journal, Swansea Ticking, &c.,.....</p> <p>Charges—</p> <p>Secretary's Salary, Office Rent, Taxes, Cleaning Office, Advertising, Printing, Postage, &c.,.....</p> <p>Half of Mr. Fletcher's expenses to the Mine, Oct., '58,.....</p> <p>Secretary's expenses at the Mine, 1859, May to July,.....</p> <p>Johnston Beers & Co., for pair Scales,.....</p> <p>Balance,.....</p>	<p>£250 0 0</p> <p>75 0 0</p> <p>55 3 3</p> <p>51 7 1</p> <p>50 0 0</p> <p>11 2 10</p> <p>342 8 2</p> <p>7 12 1</p> <p>23 5 0</p> <p>0 15 0</p> <p>374 0 10</p> <p>9819 7 1</p> <p>£10686 1 1</p>
<p>By Balance, 31st Dec., 1859,.....</p> <p>Amount erroneously standing to the credit of a party on the Store Books,.....</p> <p>Cash received from Cullen on account of a debt considered bad,.....</p> <p>Bills payable, for an old bill at credit—</p> <p>Bills payable written off,.....</p> <p>Balances at credit of Sales of old Iron,...</p> <p>Interest account,.....</p> <p>Bruce Mine, working, 1859,.....</p> <p>Lordship Wellington Mine, 1859,.....</p> <p>At credit of rental acct, 1859, £756 19 8</p> <p>Less houses occupied by parties from whom no revenue is derived,.....</p> <p>Profit on Store, 1859,.....</p> <p>Less 25 per cent J. Davidson's Share,.....</p>	<p>£6055 15 11</p> <p>£46 13 4</p> <p>4 11 5</p> <p>18 18 0</p> <p>93 15 9</p> <p>96 16 1</p> <p>1223 12 7</p> <p>1734 2 6</p> <p>673 19 8</p> <p>737 17 10</p> <p>4569 2 5</p>
<p>N.B.—Against the profit of the year there is an expenditure for repairs of £619 10s. 11d., taken as an asset until ascertained to what branch of the business they apply.</p>	
<p>£10686 1 1</p> <p>ADAM HANDYSIDE, Secretary.</p>	

J. H. WINN
Geo. Templeton, } Auditors.
31st December, 1859.

Dr. **STATEMENT OF THE AFFAIRS OF THE MONTREAL MINING COMPANY, 31ST DECEMBER, 1859.** Cr.

Real Estate, Bruce Mine,.....	£150391 1 8			£179243 10 3
Locations on Lake Superior.....	22887 16 7			821 13 3
Cash—In the office,.....	13 3 5			
“ “ Bank,.....	53 15 5			
Loan on Call,.....	500 0 0	£173278 18 3	79 0 3	
			1541 4 4	
Office Furniture,.....		506 18 10		1620 4 7
		86 19 10		9819 7 1
Accounts due the Co.:—				
At the Bruce Mine,.....	838 11 3			
In Montreal,.....	1493 12 10			
Balance due by the Store,.....	6796 15 3			
Materials at the Mine,.....	1953 18 7			
Transactions in <i>transit</i> with the Mine,.....	82 15 7	11165 13 6		
Ore on hand at the Mine, 5th Nov:—				
212 tons 10 cwt 3 qrs 21 lbs, valued at,.....	3642 2 2			
Lordship on the Wellington Mine—				
24 tons 8 cwt 3 qrs 19 lbs, valued at,.....	519 1 1	4161 3 3		
Reparation account, year 1859,.....		619 10 11		
Doubtful debts, Montreal,.....	1185 14 6			
At Mine,.....	442 16 1	1628 10 7		
		£191507 15 2		£191507 15 2

J. H. WINN, } Auditors.
GEO. TEMPLETON, }
31st December, 1859.

ADAM HANDYSIDE, } Secretary.

MEMORANDUM
Assets
Balance

Cash,.....
Debts due the Company,
Office Furniture, valued
Less estimated value of
Company, f

Ore at the Mine, produced

Materials per Inventory
Store, due the Company,
Transaction with the
Debts due by sundry

Bills payable, Fall 1859,
Debts due at the Mine,
Debts due at Montreal,

N.B.—The £61

MEMORANDUM showing the Liabilities and the Estimated Assets of the Montreal Mining Company, from the Balance Sheets, 31st December, 1859.

£191507 15 2
 ADAM HANDYSIDE,
 Secretary.

619 10 11
 1628 10 7
 £191507 15 2
 1185 14 6
 442 16 1
 J. H. WINN, }
 GEO. TEMPLETON, } Auditors.
 31st December, 1859.

ASSETS.

Cash,.....		£566 18 10
Debts due the Company per Balance Sheet,.....	£1493 12 10	
Office Furniture, valued at,....	30 0 0	1523 12 10
Less estimated value of the debt by the Ontario Assurance Company, £1373 3s. 6d., valued at 10s. in the £,...	686 11 9	
	<hr/>	837 1 1
Ore at the Mine, produce, 1859.....		4161 3 3

ASSETS AT THE MINE.

Materials per Inventory,	1953 18 9	
Store, due the Company,.....	6796 15 3	
Transaction with the Mine in <i>transitu</i> ,.....	82 15 7	
Debts due by sundry parties at the Mine considered good,....	749 10 6	
	<hr/>	9582 19 11

£15148 3 1

LIABILITIES.

Bills payable, Fall purchases,.....	821 13 3	
Debts due at the Mine to Miners, &c,.....	1541 4 4	
Debts due at Montreal,.....	79 0 3	
	<hr/>	2441 17 10

£12706 5 3

N.B.—The £619 10s. 11d. expended in Repairs is not noticed in the above.

ADAM HANDYSIDE,
Secretary.

EXTRACT taken from Profit and Loss Account in the Books of the Montreal Mining Company from January, 1848.

<p>The First Board of Direction retired in the year ending 31st December, 1851, at which date their stood at the debit of Profit and Loss Account,.....</p> <p>On retirement of the Second Board of Directors in the year ending December, 1854, Profit and Loss Account was increased.....£30005 16 4</p> <p>To which add loss in 1855, arising from transactions originating in 1854..... 517 4 2</p> <hr style="width: 100%;"/> <p>£30523 0 6</p> <p>To which add payments made in the years 1856, '57, '58, '59, and at the debit of Profit and Loss account in these years, but connected with the Direction previous to December, 1854... 2556 9 3</p> <p>To which add debits contracted previous to 1854, deducted from the statement of Assets and Liabilities, as shown in statement submitted 15th Feb., 1859,..... 2461 12 11</p> <hr style="width: 100%;"/> <p>£35541 2 8</p>	<p>The present Board of Direction entered into office February 1855. In the year ending 1856 a gain is shown of,.....</p> <p>1857.....£1231 2 3</p> <p>1858.....£3236 3 9</p> <p>1859..... 1588 9 11</p> <p>3763 11 2</p> <hr style="width: 100%;"/> <p>£9819 7 1</p> <p>To add to this is the amount charged to the Direction of 1854, standing at the debit of Profit and Loss Account, 1856, '57, '58, '59,..... 2556 9 3</p> <hr style="width: 100%;"/> <p>Net ascertained gain to December 31, 1859.....£12375 16 4</p> <p>To which may be added this amount saved in consequence of the arrangement the Directors effected with the Government in August, 1856, on Lake Superior..... 20133 7 0</p> <hr style="width: 100%;"/> <p>Showing a total saving of (instead of loss as heretofore) effected during the administration of the present Directors.....£32500 3 4</p>
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A. CROSS, E
President M

DEAR SI
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to submit the

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OFFICE OF THE MONTREAL MINING Co., }
Bruce Mines, 13th January, 1860. }

A. CROSS, Esq.,
President Montreal Mining Co.,

DEAR SIR,—In furnishing, for the information of the Stockholders, a Report of the past year's operations at the Bruce Mines, with its present state and future prospects, I beg to submit the following :—

It will be seen, by reference to my last Annual Report, that I then informed the Board I was apprehensive, from the general falling off in the productions of Copper Ore from the various Pitches, then working on the Old Mine, that our mining force would thereby soon become so small as, unless new Lodes came to relieve us, to make it doubtful whether the establishment would long continue to pay its own expenses. The worst features of which remarks were being fully borne out by facts when, early last Spring, our force of 52 miners was reduced to six.

Since which, acting on my advice, you have apportioned out such parts of the Mine as were considered too poor to let on tribute system, to parties of Miners to work on a short lease, and the result is, we have now 46 Miners employed raising Ore on this and the tribute system.

I will here proceed to point out such parts of the Mine whereat we have Miners employed, accompanying the same with appropriate remarks on each place, separately.

The first is a Pitch, immediately West of No. 1 Shaft, and is about eight fathoms below the surface. Three men are employed here, at £8 per ton of 15 per cent. Ore. The expectation is, that this piece of ground will improve in depth, and, after a while, be wrought at a less tribute.

The second is a Pitch, immediately West of the former, and is about from 10 to 15 fathoms below the surface. Four men are here employed, at £7 10s. per ton. The Lode, at this point, is much split up and mixed with Trap; but the North portion of it is about 1½ feet wide, being free from Trap, is

very good, and if, as it looks likely to do, will get more settled going down, it may be expected yet to make a good Lode. The Horse and branches altogether are about 12 feet wide.

The third is a Pitch yet further West, and extends to Trial Shaft, it is about 20 fathoms from the surface. Two men are employed here, at £7 10s. per ton. These men are sinking about 4 fathoms East of Trial Shaft, which shaft is but a few fathoms below them. The ground here may be considered as yet unproved, and I judge the men are making fair wages. The Lode here is about three feet wide, and pretty good.

The fourth is a Pitch, in the back of the 25 fm. level, East of Scott's Shaft. We have here four men employed, at £7 per ton. I think this Pitch will continue to be wrought on tribute for some considerable time to come. Two men have been employed here during the Summer, at £7 10s., and the Lode, which is from two to three fathoms wide, has somewhat improved. I have added two more hands, and let it for the Winter at 10s. less tribute.

The fifth is a Pitch in the bottom of the 25 fathom level, East of Scott's Shaft. This place is occupied by two men, at £7 10s. per ton. The Lode here, although not as good as the Pitch last-named, yields veins of good Ore, but is very irregular in size, varying from 1 to 3 feet wide, and, I am persuaded, will be wrought on tribute for a great while yet to come.

This, at present, comprises all our force of Tributers, save four men, who are at work on a recently discovered Lode, and of which more hereafter.

All the Western part of the Mine, from President's to beyond Meredith's Shaft, West, has been let to fourteen Miners, for a term of one year, at a lordship of 5 per cent. Also, the ground, East of Dodge's Shaft, to four men. Prideau's Shaft, with a portion of ground, East and West, to three men. A piece of ground, further East from same Shaft, and extending to the whim round at Trial Shaft, to two men. A piece of ground, East and West of Adit Shaft, to two men; and a piece of ground, West of Moffatt's Shaft, to two men. Almost all of which places, I am confident, although not rich enough to work on tribute, will, in this way, give employment to Miners for years to come; and I am persuaded, after the

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system has been fairly established, at a higher rate of lordship. Also, there are other places in the Mine where, on this new mode of letting, miners may, and I have no doubt, if the system be continued, will work and earn fair wages.

It argues nothing against the above plan of letting, that there are those who oppose and condemn it before it has been tested, for I am well aware of the fact, that the competency of such parties to judge of the matter exists only in their own imagination. I have seen it work well elsewhere, and have no doubt but it is doing so at the present time, and I know of no reason why it should not do so here.

I am sorry at having to remark that our hopes and expectations from the year's operations on the new Lodes have not been realized. But although we have witnessed at every point, at which we have opened on them, a far less production of Copper Ore as we increased in depth, I still consider that these are very promising Lodes, and believe that a great quantity of Copper Ore will be raised from them at some future period. Also, if they were inspected and reported on by one hundred practical Miners, but few of them would differ from me in saying that, for every £100 spent in testing these Lodes, there should be £1000, ere they should be abandoned.

I do not say this with the view to induce the Company to spend more money on them. But I give it as the honest impression of my mind. At the same time, I would beg to say, seeing these Lodes are too poor to work on the tribute system, possibly Miners may be induced to work them on a short lease, in doing which the Company would give encouragement to such to explore at their own expense, which might lead to valuable discoveries, and ultimately prove to be of incalculable advantage to all concerned.

The following table presents an approximate estimate of Ground Cut last Winter by Tributaries working on the new Lodes, with their Productions, &c., following:—

Names of New Lodes.	Ground Cut.		Cop. Ore Rais'd.	Tribute	Sample Prod.	Real Amt	Cost.	Balance.	Earnings on each ton.		At per Month per man.	Total per man.	No of Months.	No. of Men.
	Fth.	Ft. In.							£ s. d.	£ s. d.				
Nain's Lode	5	0 0	2 13 2	19 7 0	16 3-10	20 16 10	£ s. d. 13 0 7	£ s. d. 7 16 3	£ s. d. 1 11 3	£ s. d. 1 6 ½	£ s. d. 3 18 1½	3	2	
Do. do.	5	0 0	4 0 0	7 10 16	16	32 16 0	£ s. d. 12 15 4	£ s. d. 20 0 8	£ s. d. 2 0 1	£ s. d. 5 0 2	£ s. d. 10 0 4	2	2	
Palmer No. 1 East.	35	1 0	20 2 1	21 7 7	17	167 12 8	£ s. d. 79 5 11	£ s. d. 88 6 9	£ s. d. 2 6 3	£ s. d. 2 17 0	£ s. d. 21 7 3	7½	4	
Palmer No. 2.....	3	0 0												
2nd Pair No. 1....	5	0 0	1 10 2	7 0 16	16	11 10 0	£ s. d. 8 10 0	£ s. d. 3 0 0	£ s. d. 0 12 0	£ s. d. 0 15 0	£ s. d. 1 10 0	2	2	
Palmer West	15	5 0	12 0 0	6 15 17	8-10	102 17 0	£ s. d. 30 0 0	£ s. d. 72 17 6	£ s. d. 4 12 0	£ s. d. 4 11 1	£ s. d. 36 8 6	8	2	
The Lode East, cubic measure...	28	2 0	14 11 0	3 7 10	12 7-10	85 11 6	£ s. d. 50 1 1	£ s. d. 35 10 5	£ s. d. 1 5 1	£ s. d. 2 7 5	£ s. d. 11 16 10	5	3	
The Lode West, cubic measure...	27	4 8	16 17 1	5 7 0	10 2-10	63 18 7	£ s. d. 62 0 7	£ s. d. 1 8 0	£ s. d. 0 1 4½	£ s. d. 0 1 9	£ s. d. 0 9 6	5 1-3	4	
S. W. of Meredith.	12	0 0	12 0 0	7 10 17	17	106 16 0	£ s. d. 37 16 3	£ s. d. 68 19 9	£ s. d. 5 15 0	£ s. d. 4 6 3	£ s. d. 17 4 11	4	4	
Total	137	0 8	83 12 3	20		591 18 7	£ s. d. 293 9 9	£ s. d. 298 8 10	£ s. d. 2 3 6	£ s. d. 2 10 7				

From the ab
23 Miners broke
Cubic or Square
thus raised into
18s. 7d., or £4 5s.
the average £2 10
Miners working
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Shaft on Palmer
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Sunk 2 fathoms,
at £35.....

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squaring shaft

Sinking 4 fathom
at £35.....

Sinking 5 feet 4

Total

From the above table it will be at once seen, that these 23 Miners broke 137 fathoms of ground, 56 of which were of Cubic or Square measurement, and dressed or brought the Ore thus raised into a merchantable state for the sum of £591 18s. 7d., or £4 5s. 4d. per fathom; and making thereby on the average £2 10s. 7d. per month for each man, or say two Miners working four years and eleven months for about \$10 per month.

Having earned so little the Winter, these men refused to take tribute on these Lodes again, consequently we commenced working on the Tut-work system, and sunk four shafts in the manner following:—

Shaft on Palmer Lode No. 1, East, sunk 9 feet by 5 for squaring shaft.....	£ 2 0 0	
Sinking 2 fathoms, 1 foot, 1 inch at £18.....	39 5 0	
	<hr/>	£ 4 1 50
Sunk shaft on Palmer's Lode, No. 1 West, 9 feet by 5 feet, at £18 per fathom for sinking 1 fathom, 0 feet, 9 inches.....		20 5 0
Sunk shaft on <i>The Lode East</i> , two fathoms square, at £30 a fathom for sinking 1 fathom, 5 feet, 2 inches at.....	£ 55 16 8	
Sunk 2 fathoms, 3 feet, 11 inches at £35.....	92 16 8	
	<hr/>	148 13 4
Sunk shaft on <i>The Lode West</i> , 18 feet by 10, at £35 per fathom for squaring shaft.....	£8 0 0	
Sinking 4 fathoms, 4 feet, 3 inches at £35.....	172 15 9	
Sinking 5 feet 4 inches at £38.....	23 15 7	214 11 4
	<hr/>	<hr/>
Total		£424 14 8

Total 137 591 18 7 293 9 9 298 8 10 2 3 6 2 10 7

When we add to the above the amounts spent in Costeening during the past year, which is about £100, it will be seen that the expenditure on prospective operations, has exceeded considerably that of former years.

The following is the present depth of the above Shafts respectively :—

		Fathoms.	Feet.	Inches.
Shaft on Palmer's Lode	East.....	5	2	9
Do.	do. West.....	4	1	0
Do. on <i>The</i> Lode	East.....	7	2	7
Do.	do. West.....	8	5	7

The Ore produced from sinking the above Shafts is yet in the bush, and will be taken in this Winter, to be crushed and dressed next Summer. I judge it to be about 30 tons of 16 per cent. Ore.

Our recently discovered new Lode, is situated about 100 yards South of the main Lode West, and is opened on for about 6 fathoms in length, just immediately South of Meredith's Shaft. We have four Miners employed at £7 per ton, 15 per cent Ore. This Lode averages about two feet wide, producing good gray Ore, about 4 tons of which is already on the surface. The walls of the Lode are well defined and almost perpendicular. It should be opened on next Summer, both East and West, from this point, where it may be expected we will be able to let yet other pitches on it.

Also between this and the Main Lode, there are about 50 yards yet under cover, in which space, the probability is, there are yet other Lodes, and which also, should be proved at our earliest convenience.

ORE DRESSING.

The alterations effected during last Winter in the Crushing and Jigging apparatus are found to be a considerable improvement, in that we have a less number of breakages with the machinery,—are able to dress our Ore more expeditiously, and consequently at much less expense.

The production from the Bruce Mine for the past year is as follows :—

Tons.	cwts.	qrs.
169	9	0
41	18	0
32	6	0
16	17	1
122	12	0
44	2	3
20	0	0
—	—	—
447	2	3

Of 169 tons skimming Ore, and of the above Lordship system

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Tons.	cwts.	qrs.	lbs.			
169	9	0	25	—20	3-10 p. ct., humid assay	} shipped per the Arabia.
41	18	0	18	—19	per cent., do	
32	6	0	8	—21	2-10 p. ct., do	
16	17	1	5	—10	2-10 p. ct., dry assay.	} now on the floor.
122	12	0	3	—17	1-10 p. ct., do.	
44	2	3	24	—19	2-10 p. ct., do.	
20	0	0	0	—18	p. ct., from Skimpings	
—	—	—	—			
447	2	3	27			

Of 169 tons shipped: 50 tons 15 cwt. 2 qrs. 5 lbs., was skimping Ore, of 20 1-2 per cent., dressed during last Winter; and of the above 44 tons: 6 tons was raised by Miners on the Lordship system.

SMELTING.

I am sorry to say that here very little has yet been done, nor is it likely that much will be done till another Summer, there being no fuel with which to smelt. But Mr. Williams says the want of success hitherto is attributable only to a want of the proper materials. The Coal with which he has been supplied was not fit for the purpose. But from what he has already effected, bad as it was, any little doubt he may personally have had of ultimate success has been entirely removed, and he only regrets his not having been furnished with the means whereby he would have been enabled to banish all doubt on the subject from the mind of others.

The 1108 lbs. of refined Copper shipped last Fall is the product of a small parcel of Ore raised by Palmer on the Huron Bay location, and a quantity of Slag and Slime from the Bruce Mine.

The present force in the Company's employ at the Mine is as follows:—

Miners.....	46
Engineer	1
Stoker.	1
Blacksmiths	2
Carpenters	2
Haulers	2

Crusher Men.....	1
Ore Dressers.....	25
Teamsters.....	2
	<hr/>
Total.....	82
	<hr/>

WELLINGTON MINE.

This part of the Company's property is in great prosperity, and the whole concern, in every department, is worked with energy.

At present four Shafts are being sunk on the Main or North side; in each of which the Lode is more productive than on the adjoining Slopes above. This is a very encouraging feature and is indicative of a continued prosperity.

The Ore shipped from thence during the Summer was 5743 Barrels,—the Royalty included. Captain Plummer will give the gross weight when able. The following are the number of hands here employed :—

Miners.....	72
Fillers and Landers.....	6
Spallers.....	12
Trammers.....	4
In general work	6
	<hr/>
	100
There are also Crusher Men and Jiggers.....	31
Engineers, Carpenters and Smiths.....	13
	<hr/>
	144

These latter are employed both on the Wellington and Huron Bay Location, as circumstances may require.

I remain, Sir,

Yours most respectfully,

WILLIAM HODGE.