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**SALLY MINES LIMITED**  
BEAVERDELL, B. C.

Vancouver, B. C.,

February 26, 1940.

**TO THE SHAREHOLDERS of the SALLY MINES LIMITED:**

In response to the request made at the last General Meeting, a statement is now being made outlining the progress which has been made at the Mine during the past year.

Enclosed is copy of a letter from Mr. R. H. Stewart, our Consulting Engineer, which gives in some detail the work which has been done underground, and the contemplated work for the near future. In this report it will be seen that some progress has really been made during the past year.

Considerable development work has been done and the ore taken from this development work has paid for the work. If we are as successful in locating ore during the next two or three months as we have been in the past we shall undoubtedly be justified in sinking the main shaft and drifting from it to our present workings.

It is impossible for us to make any money in handling the ore and muck four or five times as we do at present. If we could handle the ore through our own shaft substantial profits could be made. We do not feel justified, however, in incurring expense to sink the shaft and drift to the present workings until more development work has been done.

I feel that the future of the mine is much brighter today than it was at the time of the last Annual Meeting.

Yours very truly,

SALLY MINES LIMITED,  
S. J. Crocker, President.