

Proposition No. 1.

We propose to work the several Coal districts within and adjoining "The Nagasaki Ken", which may hereafter be named and described by H. E. The Governor or the Ministers of H. M. The Tennō in the following manner that is to say: We will provide and supply all the necessary Capital, Machinery and skilled Foreign labor that may be requisite for their proper working; so that the Government of Japan will not be required to make any outlay of Money whatever. — The Mines will be worked under our management; the Government to have their own Officers to watch proceedings and to keep their accounts, so that our accounts and theirs may be regularly compared for the satisfaction of both parties. — The Coal shall be sold by us in the best market, but with the Consent of the Government Official in charge. — The proceeds of the Mines are first to be applied towards paying off the Capital with interest, advanced.

After all expenses are cleared off, the profits shall then be divided into three equal parts, one of these parts to go to the Government, and the other two parts to our Company. — The division of profits and settling of accounts, to be made twice in every year. — The Government being interested in the Profits, and Success of these Mines with us, shall not charge any Royalty, but the Coals shall be subject to the usual Duty if exported from Japan. — The Government are to assist us in every way so as to facilitate the produce of the Mines realizing the best profits, and they shall have the one-third of all interests and responsibilities attach to them, and our Company the other two-thirds. —

Proposition No. 2.

We propose to work the Coal districts mentioned in the foregoing proposition, if more agreeable to the Government in the following manner that is to say: — We will provide and supply



supply one-half of the necessary Capital and the Government are to provide and supply the other half. - The Mines shall be worked by us in the most approved Foreign manner under skilled supervision. - The Government to have their own officials to assist us in Superintending and keeping accounts. - The Coal produced shall be sold in the best market by mutual consent. - The profits to be equally divided share and share alike; say one-half to the Government and the other half to us. - The division of profits and adjusting of accounts to be made twice every year.

In consideration of the Government supplying one-half of the Capital, we undertake to pay them a Royalty upon the one half the produce or our share of twenty five Mexican Cents ($\$25/100$) per Ton, upon all marketable large Coals, the Royalty to be revised at the end of the first year, and if found to be too much, it shall be reduced, and if found to be too little, it shall be increased to a just value, at which it shall be permanently fixed.

Proposition No. 3.

If the Government should prefer to work these Mines in the usual manner in which they are worked in Foreign Countries, that is by allowing us to work them exclusively upon payment of a Royalty. - We propose to work them by our Company and pay the Government a Royalty of twenty five dollar Cents ($\$25/100$) per Ton, on all large marketable Coal for the first year, at the termination of which, a fair valuation can be made of the true worth of each Mine, by the Government and ourselves, and a Royalty permanently fixed accordingly. - This is the only just way to settle a Royalty, as in this manner neither party can be deceived.

The Coals shall be subject also to the usual duty if exported, The Government to allow us the requisite facilities for working and shipping the Coal so as to enable us to render the development of

of the lines as productive as possible.