TO THE STOCKHOLDERS OF THE CONSUMERS COAL COMPANY

Informing them of an unfair and malicious effort on the part of some of the present directors to wrest control of the property from rightful owners, the stockholders, at less than 5 per cent of its actual value

With such conditions staring the Consumers Coal Company in the face as will certainly visit dire financial calamity upon the Company, unless checkmated, I am compelled to make a plain straightforward statement of certain facts known only to the Board of Directors and myself, in an endeavor to keep the control of the Consumers Coal Company in the hands of the stockholders who have furnished the money to develop the property. This statement will include a complete summary of the financial condition of the Company and will also reveal a rank conspiracy by certain parties to sell out an immensely valuable coal property at less than five cents on the dollar. To turn the tables on these manipulators and establish the Company on a firm financial basis, I have suggested a plan for the placing of the stock, at the bottom of the page, that will interest every present stockholder as well as prospective stockholders.

The Company's Financial Condition

The company's property consists of 851 acres, of which 849 were purchased from J. H. Johnson, now president of the company, and I. W. Baird, for the sum of $33,980. The other two acres were bought from John Staff for $200. Of this we have paid in cash $8,200, leaving a balance due to Johnson and Baird of $13,980. Of this amount $2,000 is past due and $1,000 will be due each Wednesday for the next five consecutive weeks with $6,980 due on the sixth Wednesday. In addition to this, the company has assumed two notes of $5,980 each, secured by a mortgage on the property. One of these notes was due on the 15th of September and remains unpaid; the other one will be due on the 15th of March, 1908. In addition to these, there is due for material and supplies now on the ground approximately $8,000, with a payroll of $2,900 due on the 15th. The company has sold to date about $20,000 worth of stock from which they have paid the $8,000 above referred to on the property and $12,000 for material and labor. Every dollar the company has received from the sales of stock has been used in developing the property and not one cent has been spent for office rent, salaries or advertising.

The cause of the company's present embarrassment is due to their having contracted for the sale of 10,000 shares of its treasury stock for $60,000 to develop the property, on the strength of which it had contracted a number of its present unpaid bil[illegible] Bad judgment on my part in advancing the price of the stock a doll[illegible] share every week and running it to a premium of 100 per cent before the property commenced shipping coal and paying dividends is responsible for our present embarrassing position.

The Company's Prospects

The company's prospects have never been brighter than at present, except for the financial cloud now hanging over it. We have built in the last 90 days 12 new dwelling houses, a large dining hall capable of seating 60 people at once, a large two-story hotel which has been furnished complete, with a capacity of 60 to 75 men; a double-deck bunkhouse, a two-story commissary with offices on the second floor; a butcher shop, blacksmith shop, machine shop, powder magazine, oil house, barn to house six teams, large bunkers; have laid thousands of feet of track in and around the tunnels; have built three quarters of a mile of railroad to the bank of the river, all completed and ready for operation; have material and trucks for 22 cars, a number of them having been completed; driven more than 1,000 feet of new tunnel and have actually blocked out and ready for shipment more than 600,000 tons of coal with a reserve of more than 8,000,000 tons practically in sight. The company would have been shipping coal regularly before this time but for the fact that we have been held up in getting the right of way over the Northern Pacific tracks to load the coal on barges in the river. This overhead right of way was secured on Wednesday of last week and should be finished by the 20th of this month, at which time we will deliver to the Banfield-Veysey Fuel company from 150 to 200 tons of coal every day, the coal being sold at a profit of more than $1.50 a ton, as it is being mined at the present time for 65 cents. On a capitalization of $250,000 it can readily be seen that the stock from the start will pay in excess of 25 per cent on par ($10.00), per share.

Scheme to Sell the Company's Property

By taking advantage of the knowledge of the company's present financial embarrassment, either with the object of wresting control of the property and freezing out the stockholders for a sum less than 5 per cent of its actual value, or even less than 5 per cent of what other stockholders paid for their stock or for the purpose of "protecting the stockholders," as they claim, which we leave to your judgment, some of the directors have negotiated with certain parties for the sale of about 20,000 shares of the company's stock for the sum of $4,040 in cash, to be applied on the present obligations. There is a further agreement to give the company's note for $7,000 to pay or stand off the balance of the bills due and payroll, to assume and pay (?) the Johnson and Baird claim, and further, to pay off the note now due on the mortgage of $5,980, and to pay the other when it falls due, March 15, 1908. These two notes are to stand as a mortgage against the company, to be paid from the proceeds of the sale of coal. This practically means the sale of four fifths of the property for $4,040 cash and the assumption of the Johnson and Baird claims. The board of directors tried to force this proposition through Saturday night, but, being unable to agree before midnight, I left the meeting, defying them to close the contract on Sunday, and understand they have adjourned until 11 this morning for further consideration.

In the meantime, I have had injunction papers prepared and will enjoin the directors, if necessary, from recklessly sacrificing the company's property, until I could intelligently put the facts before the stockholders. I have called a meeting for this purpose to be held at Room 300, Alisky building, Third and Morrison streets, at 8 p. m. Tuesday, at which time and place I want every stockholder to be present and bring some friend who might become financially interested in placing the product of this great mine on the Portland market.

The Remedy for Our Present Embarrassment

I propose to place on the market the balance of more than 10,000 shares of treasury stock. The first 6,000 shares to be subscribed and paid for under the following terms and conditions, at $5 a share. All parties who have bought stock heretofore at from $10 to $20 a share, shall receive such an additional amount of stock free as will make their total holdings cost them $5 per share, provided they will buy as much more stock as they can afford at $5 a share. The new stock subscribed for at $5.00 must amount to 6,000 shares. The money to be deposited with the treasurer of the company or some banking institution, until $30,000 has been subscribed, at which time the subscribers thereto shall select from their number three directors who will be duly elected, to take the place of three of the present directors who will resign. This will leave over 4,000 shares in the treasury as the bonus stock given to those who have previously bought stock to bring their holdings down to $5 a share, will come from the promoters' stock.

This $30,000 will meet this month's payroll and every other obligation of the company, less the $5,980, the final payment on the property, due March 15, 1908. The Banfield-Veysey Fuel Co. has agreed to supplement our contract with them to read as follows: "Instead of paying for the coal on the 10th of the month, for all coal delivered up to the first of the preceding month, they will pay for the coal as fast as the barges are loaded, until such time as the company is financially able to carry them on the terms of the contract. This means a net income of more than $200 per day, above all expenses on the present shipping capacity of the mine, which will commence not later than the 25th of this month. This, in addition to the stock remaining in the treasury, which can easily be sold way above par, as soon as shipments begin, will place us far beyond the possibility of any financial embarrassment.

(Signed.) J. C. LEE.

The Grandest Opportunity You Ever Heard of--Consumers Coal Company Stock at Five Dollars Per Share

FOR FIVE DAYS ONLY

N. B.—Every present stockholder who has paid between $10 and $20 per share will receive FREE enough new stock to make their total holdings cost only

$5 a Share

For Full Information Apply to

J. C. LEE STOCKHOLDER AND DIRECTOR

Commonwealth Building 6th and Ankeny

OFFICE OPEN ALL WEEK TILL 9 P. M.

NOTE—Every dollar of the $30,000 will be used to liquidate the company's present indebtedness. Not a dollar for agents' commissions or advertising.