

The "Gneisenau" passed on the far side of her late flagship, and continued a determined but ineffectual effort to fight the two battle cruisers.

At 5.8 p.m. the forward funnel was knocked over and remained resting against the second funnel. She was evidently in serious straits, and her fire slackened very much.

At 5.15 p.m. one of the "Gneisenau's" shells struck the "Invincible"; this was her last effective effort.

At 5.30 p.m. she turned towards the flagship with a heavy list to starboard, and appeared stopped, with steam pouring from her escape-pipes, and smoke from shell and fires rising everywhere. About this time I ordered the signal "Cease fire," but before it was hoisted the "Gneisenau" opened fire again, and continued to fire from time to time with a single gun.

At 5.40 p.m. the three ships closed in on the "Gneisenau," and, at this time, the flag flying at her fore truck was apparently hauled down, but the flag at the peak continued flying.

At 5.50 p.m. "Cease fire" was made.

At 6 p.m. the "Gneisenau" heeled over very suddenly, showing the men gathered on her decks and then walking on her side as she lay for a minute on her beam ends before sinking.

The prisoners of war from the "Gneisenau" report that, by the time the ammunition was expended, some 600 men had been killed and wounded. The surviving officers and men were all ordered on deck and told to provide themselves with hammocks and any articles that could support them in the water.

When the ship capsized and sank there were probably some 200 unwounded survivors in the water, but, owing to the shock of the cold water, many were drowned within sight of the boats and ship.

Every effort was made to save life as quickly as possible, both by boats and from the ships; life-buoys were thrown and ropes lowered, but only a proportion could be rescued. The "Invincible" alone rescued 108 men, fourteen of whom were found to be dead after being brought on board; these men were buried at sea the following day with full military honours.

(C).—ACTION WITH THE LIGHT CRUISERS.

At about 1 p.m., when the "Scharnhorst" and "Gneisenau" turned to port to engage the "Invincible" and "Inflexible," the enemy's light cruisers turned to starboard to escape; the "Dresden" was leading and the "Nürnberg" and "Leipzig" followed on each quarter.

In accordance with my instructions, the "Glasgow," "Kent," and "Cornwall" at once went in chase of these ships; the "Carnarvon," whose speed was insufficient to overtake them, closed the battle cruisers.

The "Glasgow" drew well ahead of the "Cornwall" and "Kent," and, at 3 p.m., shots were exchanged with the "Leipzig" at 12,000 yards. The "Glasgow's" object was to endeavour to outrange the "Leipzig" with

her 6-inch guns and thus cause her to alter course and give the "Cornwall" and "Kent" a chance of coming into action.

At 4.17 p.m. the "Cornwall" opened fire, also on the "Leipzig."

At 7.17 p.m. the "Leipzig" was on fire fore and aft, and the "Cornwall" and "Glasgow" ceased fire.

The "Leipzig" turned over on her port side and disappeared at 9 p.m. Seven officers and eleven men were saved.

At 3.36 p.m. the "Cornwall" ordered the "Kent" to engage the "Nürnberg," the nearest cruiser to her.

Owing to the excellent and strenuous efforts of the engine room department, the "Kent" was able to get within range of the "Nürnberg" at 5 p.m. At 6.35 p.m. the "Nürnberg" was on fire forward and ceased firing. The "Kent" also ceased firing and closed to 3,300 yards; as the colours were still observed to be flying in the "Nürnberg," the "Kent" opened fire again. Fire was finally stopped five minutes later on the colours being hauled down, and every preparation was made to save life. The "Nürnberg" sank at 7.27 p.m., and, as she sank, a group of men were waving a German ensign attached to a staff. Twelve men were rescued, but only seven survived.

The "Kent" had four killed and twelve wounded, mostly caused by one shell.

During the time the three cruisers were engaged with the "Nürnberg" and "Leipzig," the "Dresden," who was beyond her consorts, effected her escape owing to her superior speed. The "Glasgow" was the only cruiser with sufficient speed to have had any chance of success. However, she was fully employed in engaging the "Leipzig" for over an hour before either the "Cornwall" or "Kent" could come up and get within range. During this time the "Dresden" was able to increase her distance and get out of sight.

The weather changed after 4 p.m., and the visibility was much reduced; further, the sky was overcast and cloudy, thus assisting the "Dresden" to get away unobserved.

(D).—ACTION WITH THE ENEMY'S TRANSPORTS.

A report was received at 11.27 a.m. from H.M.S. "Bristol" that three ships of the enemy, probably transports or colliers, had appeared off Port Pleasant. The "Bristol" was ordered to take the "Macedonia" under his orders and destroy the transports.

H.M.S. "Macedonia" reports that only two ships, steamships "Baden" and "Santa Isabel," were present; both ships were sunk after the removal of the crew.

I have pleasure in reporting that the officers and men under my orders carried out their duties with admirable efficiency and coolness, and great credit is due to the Engineer Officers of all the ships, several of which exceeded their normal full speed.