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MOUNTAIN CITY COPPERGENERAL:

Discovery and development of the Mountain City Copper property at Mountain City, Nevada, has been one of the outstanding mining events in the west in recent years. Its discovery in 1933 added a new mining district to Nevada's long list of producing areas and the high-grade character of the ore attracted wide interest throughout the mining world. During the past four years the district has been the scene of an active development campaign during which over \$2,000,000 has been expended for equipment, supplies and in opening up the ore body. Today engineers place the proved and probable copper contained in the ore at 250,000,000 pounds which, based upon a price of 9½ cents per pound, would give the mine an indicated gross value of \$23,750,000.

HISTORICAL:

Mountain City, located ninety miles north of Elko, Nevada, first came to the attention of prospectors shortly after 1900. For several decades a small amount of surface prospecting was done in the hills surrounding the town, which became known as the Cope mining district. The claims comprising the original Mountain City Copper mine were located in about 1918. It required twelve years, working practically all by hand, to sink a shaft to a depth of 90 feet. This work was carried on intermittently as funds were lacking and financial backing could not be secured. In 1930 additional funds were secured and the shaft was pushed through the gossan outcrop to a depth of 227 feet where rich copper ore was encountered. The shaft was continued to a depth of 250 feet and the ore continued to this depth. Financial aid and backing were secured from the International Smelting & Refining Company, a subsidiary of Anaconda Copper Company, and in 1933 International secured working control of the mine. International immediately inaugurated a program of large-scale development and, after some exploration in the original prospect shaft, sank a new triple-compartment shaft crosscutting the ore body on various levels down to the 600 level. A power line was built into the district from Jarbridge, Nevada, at a cost of \$90,000 and the mine equipped with heavy-duty, electrically-driven machinery throughout.

The district has two outlets, one via Elko, Nevada, a distance of 90 miles, and the other via Mountain Home, Idaho, a distance of 112 miles. The latter route is used largely as an emergency outlet during winter months. With the view of solving this long-haul problem to the nearest railroad point, which permits shipping only the higher grade ore, a 300-ton milling plant is being constructed. This plant costing nearly \$300,000 is scheduled to be completed sometime in August. At present crude ore is shipped to the International Smelting plant at Tooele, Utah, and with completion of the mill, concentrates will be shipped there for further reduction.

EARNINGS AND OPERATIONS:

The mine was placed on a producing basis late last year. Recent shipments indicate that the average metal content of the best ore is about 25% copper. Results for the twelve months ended December 31, 1935 (with the mine producing roughly three months) was as follows:

Tons of ore produced	\$ 15,566
Copper - pounds	8,199,866
Silver - ounces	657
Operating income	353,738
Operating expense, equipment, etc.	313,192
Net operating income	\$ 40,546

Rate of production is being limited to 1,500,000 pounds of copper monthly, pending completion of the flotation plant. The new mill will enable company to pro-

tically double production at any time and will result in a material saving on transportation, which is one of the company's major operating expenses at the present time. Construction of the new mill is being financed from current operations without resorting to additional borrowings of any kind.

#### PRODUCTION COSTS OF COPPER:

Company estimates production costs of copper at about 5 cents per pound. At present prices for this metal, indicated gross profits would be  $4\frac{1}{2}$  cents per pound of copper, which at present schedules of production would indicate a gross operating profit of \$67,500 to \$75,000 monthly. This is equal to an annual rate of between 34 cents and 57 cents per share on each of company's 2,371,427 shares of stock outstanding. Present schedule of costs is as follows:

Mining Cost	\$ 4.00 per ton
Hauling charge	4.00 " "
Railroad hauling charge	2.00 " "
Smelting charge	3.50 " "
	<u>\$ 13.50 " "</u>

With the completion of the new flotation mill, it is logical to expect material reductions in production costs, especially hauling and smelting charges.

#### DEVELOPMENT AND ORE RESERVES:

Development of the ore body was continued during 1935 on the 200 and 300 levels by sinking three winzes from the 200 level and crosscutting and raising from the 300 and 400 levels. To prospect the vein below the flat fault, a winze from the 500 level to the 600 level was completed, a station was cut on the 600 level and 398 feet of drifts and crosscuts were driven. Early in 1936 a crosscut at the west end of this work on the 600 level exposed ore having a width of about 70 feet that carried average values of 4.8% copper, 19 feet of which assayed 9.28% copper.

#### PROPERTIES:

Properties consist of 43 unpatented mining claims covering approximately 470 acres and in addition, company owns 177.83 acres of patented agricultural lands which carry mineral rights, all located near Mountain City, Nevada.

#### CAPITALIZATION:

Authorized capitalization is \$250,000, consisting of 5 million shares of non-assessable 5-cent par value capital stock, of which there are 2,371,427 shares outstanding. International's working interest amounts to 1,457,134 shares, comprising about 61% of the outstanding stock.

#### FINANCIAL CONDITION:

As of December 31, 1935 current assets were reported at \$111,056 including cash on hand of \$40,659 compared to total current liabilities of \$81,027. Total assets were reported at \$805,091.

#### PRICE RANGE: (Salt Lake Stock Exchange)

	<u>1932-34</u>	<u>1935</u>	<u>1936</u>
High	\$1.50	\$4.00	\$6.75
Low	0.34	0.55	3.95

#### OUTLOOK:

Future of the company is bright. Domestic and world prices of copper are firm. Company's margin of profit is wide. Operating expenses will be further reduced upon completion of the new flotation mill. World supplies of refined copper are not excessive and the potential demand from the utilities and building trades is large. With the demand for copper assured, a very high grade of ore and a wide margin of profit. future earnings of Mountain City Copper Company may prove very substantial.