

item 3

3150 0003

manganese as a valuable by-product.

### ELY DISTRICT

Proceeding from Pioche to Ely on June 9, the 10, 11 and 12 were spent there and in visits to neighboring districts. The great copper mines of Ely need no description here, being among the best known in the world. They are now operating with greatly reduced forces, compelled to do so by the collapse of copper prices. With hundreds of miners out of employment, one cannot but wonder at the fine optimistic spirit observed everywhere there.

At Kimberly we called upon Mr. W. O. Douglas, Asst. Mgr. of Consolidated Coppermines Co. We were placed in charge of Mr. Cash I. Cook, General Superintendent, and Mr. B. Bethelson, Mine Superintendent, who accompanied us on an inspection of their surface equipment. We visited the great 4-compartment Emma shaft and saw the colossal Nordberg electric hoist, using 11-ton skips 16-feet long, and the magnificent automatic Diesel engine electric generating plant. Various lately perfected mining mechanisms left us wondering what will be the end of engineering ability.

New work of interest on this property is the sinking of a 55° inclined 2-compartment ventilation shaft located about 1,000 feet east of the Emma Shaft. It is being equipped with a 50,000 cubic-foot per-minute Jeffery fan, connected up to either blow or draw. The shaft is being lined with re-inforced concrete, "gunnite", which is shot into place through several hundred feet of pipe line.

We earnestly hope, with all the rest of Nevada, that Nevada Consolidated and Consolidated-Coppermines will soon see an advance in copper that will enable them to resume normal operations.

Stock	Rating	Dividend	Price	Date	Yield
CAPITAL	See Opinion	*	4 $\frac{7}{8}$	12-17-'37	*
*\$0.12 $\frac{1}{2}$ on December 24, 1937.					

OPINION: Despite the downtrend of copper consumption, increased capacity points to enhanced earning power by the company when the recovery movement resumes. Commitments in the CAPITAL stock should be held.

EARNINGS - DIVIDEND FORECAST: Earning power in 1938 is expected to be under the estimated 1937 net of \$0.90 a share before deferred development and depletion charges. Further dividends are not likely pending some improvement in the position of copper.

LATEST DEVELOPMENTS & PROSPECTS: Production in 1937 is estimated at 26,000,000 pounds, of which about 70% will have been done in the second half of the year. Operations were stepped up in August and September to the maximum permitted under the new Kennecott contract which is the equivalent of an annual output of nearly 45,000,000 pounds of copper. The price of the metal, however, has dropped from 14 cents a pound in September to 10.25 cents a pound in December. Many mines are curtailing output, and it is anticipated that the price will be held around current levels. Consolidated could show a profit at going quotations. No plan of curtailment has been announced by the company, but the mine will close for two weeks around the end of 1937 because of suspension of operations in the Kennecott plants.

FUNDAMENTAL POSITION: The company owns mining claims containing copper and gold-silver deposits immediately adjoining the Nevada mine of Kennecott Copper in the Ely district of Nevada. As of January 15, 1936, reserves of copper ore were estimated at 35,000,000 tons containing 1.1% copper. It was stated at that time that further additions were expected. Consolidated Coppermines has no facilities for treatment of the ores. However, ore is shipped to Kennecott plants for milling and smelting under contract. In July, 1937, it was announced that the contract had been revised to permit Coppermines to ship up to 6,000 tons of ore a day, and litigation between the companies was settled simultaneously.

Copper production was suspended in May, 1932, because of the low price of copper and was not resumed until January, 1937. During this period leasers operated on gold-silver deposits (independent of the copper deposits) in the Lane City area. Cost of producing copper in 1931 was 8.45 cents a pound before taxes and depreciation, but the higher prices of gold and silver now prevailing are expected to drop costs below this level.

FINANCIAL POSITION: Current assets were increased by the receipt of \$500,000 cash in settlement of Kennecott litigation.

CAPITALIZATION: Funded debt, none. Capital stock (\$5 par) 1,590, - 107 shares issued, of which 4,000 shares are held in the company's treasury.

# EARNINGS AND BALANCE SHEET POSITION

(In millions of dollars)

	Total Income	aNet Income	Cash Items	Inven- tories	Receiv- ables	Current Assets	Current Liab.	Net Wkg. Capital
1936	0.13	d0.02	0.69	0.10	0.010	0.79	0.06	0.73
1935	0.07	0.001	0.89	0.08	0.001	0.97	0.02	0.95
1934	0.02	d0.05	0.01	0.43	0.003	0.45	0.25	0.20
1933	0.06	d0.03	0.02	0.56	0.020	0.61	0.30	0.31
1932	d0.40	d0.63	0.01	0.52	0.004	0.53	0.35	0.18
1931	d0.47	d0.61	0.05	1.18	0.003	1.23	0.51	0.72
1930	0.84	0.68	0.74	1.21	0.005	1.96	0.28	1.68
1929	----	----	0.01	1.22	0.060	1.29	0.40	0.89

	a Share Earnings	Dividend	Price Range
1937	E\$0.90	\$0.12½	11⅝ - 3⅜*
1936	d 0.01	None	9⅜ - 31⅜
1935	Nil	None	6 - 1
1934	d 0.03	None	1¼ - ¾
1933	d 0.02	None	2¼ - ⅜
1932	d 0.45	None	1½ - ¼
1931	d 0.43	None	3⅜ - ½
1930	0.48	None	8⅞ - 2
1929		None	18 - 3

d-Deficit. a-Before depletion. E-Estimate.

Compliments of--

J. EARTH & CO., Brokers  
Local and Eastern Stocks and Bonds  
402 California Street,  
San Francisco, Calif.

Vol. 4 No. 293 Monday, December 20, 1937. Sec. 13

CAUTION—This information has been obtained from sources believed to be reliable but is not guaranteed.

INVESTOR'S GUIDE STOCK REPORTS

[Copyrighted and Published by Standard Statistics Co., Inc., 345 Hudson St., N. Y.]