

Consolidated Coppermines Corporation

120 Broadway, New York City, Mine address: Kimberly, Nev.

Capitalization:

\$8,000,000; \$5 par; 1,590,107 shares outstanding.

At the time of reorganization, the new company issued 740,000 shares to cover bonds and other obligations of old company on the basis of 2 old shares for one new, plus \$2.50 cash per new share.

Listed New York Curb Exchange. Dividends:

none to mid. 1937.

Ore Reserves:

As of May 15, 1936, 35,000,000 tons containing about 385,000 tons of copper, giving mines a life of over 20 years at an annual production rate of 30,000,000 pounds of copper.

Data collected:

Year	Net Income	Earnings/share	Copper Production pounds	Price Copper/lb.
1926			6,135,018	13.7954 ¢
1927			18,891,661	12.920
1928			21,551,936	14.570
1929	\$ 453,754		22,731,703	18.107
1930	683,540	\$ 0.48	32,612,203	12.982
1931	d605,782	d0.43	15,075,605	8.116
1932	d633,204	d0.45	1,740,273	5.555
1933	d 26,212	d0.02		7.025
1934	d 46,897	d0.03		8.428
1935	d 1,250			8.649
1936	d 16,631	d0.01		9.474

d--deficit.

Late in 1936 the company resumed mining operations at approximately 1,000 tons per day, with output rapidly mounting toward the maximum tonnage of 3,000

tons daily. Production cost estimated between 7 and 8 ¢ per pound.

On July 1, 1937 the company made a settlement and new contracts with the Kennecott Copper Company and now the Consolidated Coppermines are mining 6,000 tons per day.

The 35,000,000 tons of ore reserves are estimated to contain 1.15% copper. 6,000 tons per day at 1.15% gives 138,000 pounds of copper per day. At a 90% extraction yields 124,200 pounds of copper produced per day.

In 1930 from 32,612,203 pounds of copper produced (13,918 oz. of gold and 35,157 oz. of silver) a net profit of \$683,540 was shown, or a profit of 2.09 ¢ per pound of copper produced. The average price of copper for 1930 was 12.982 ¢ per pound. Therefore the total cost of producing and marketing, based on copper, was 10.9 ¢ per pound. The ore mined was about 3000 tons per day.

With the estimated production costs now between 7 and 8 ¢ per pound of copper, increased tonnage, and under the conditions of the new contract with the Kennecott Copper Company, the Consolidated Copper mines should be able to show a profit with copper selling at 10 ¢ per pound.

Assume the company can produce and market copper for 9.8 ¢ per pound. Considering gold at \$35 per oz. and silver at 77 ¢ per oz. I believe

this figure to be justifiable.

Assumed price of copper	Net profit per year	Earnings per share
10 ¢	\$ 89,424	\$0.06
11 ¢	536,544	0.34
12 ¢	983,664	0.61
14 ¢	1,879,904	1.17

Conclusions:

I believe that Consolidated Coppermines Corporation, with their stock now at \$4-7/8 per share would be a good investment.

The company has shown it is one of reputable nature.

Their ore reserves are splendid.

They can compete with a large percentage of the nations copper producing mines for low mining costs.

It is therefore feasible that the Consolidated Coppermines should show a profit at the average price of copper.

Dec. 11, 1937

Edward B. Olds

Cost of Producing ore

Consolidated Coppermines Corp.

Block Caving:

Cost of Stoping - \$0.292/ton.

Total Mining - ore to surface -

Condition are such that an average of
Ruth, Nevada Cost and Ray, Arizona
Costs would be a fair estimate.

$$\frac{0.566 \text{ (Ray)} + 1.181 \text{ (Ruth)}}{2} = \$0.874/\text{ton to put on}$$

the surface.

Transportation to mill \$0.158/wet ton. <sup>accumulative
cost per ton/ore</sup> \$1.032

Concentrating - \$0.389/ton + \$0.10 (per
ton for Kennecott) - \$0.489/ton ore 1.521

Ratio of Concentrating 19.986:1

Smelting per ton of ore - \$0.25/ton +
\$0.05 (per ton for Kennecott) - \$0.30/ton of ore 1.821

Cost to produce blister Copper 1.821

Refining & Transportation to refinery:

0.38/ton of ore mined.

Total estimated Cost of producing
Copper = \$2.201/ton of ore mined.

1.1% recoverable Copper per ton of ore
Or 22 lbs of Copper per ton of ore

Gold per ton of ore = .0132 oz

Value at \$35/oz = \$0.471/ton of ore

Silver per ton of ore = .0301 oz

Value at \$0.27/oz = \$0.023/ton of ore

Value of ore per ton at various Copper prices.

Copper at	Estimated Cost of production	Profit.
Copper at 10¢/lb. $\$2.20 + \$0.444 = \$2.644/\text{ton}$	\$2.201/ton	\$0.443/ton
Copper at 11¢/lb. $\$2.42 + \$0.444 = \$2.864/\text{ton}$	\$2.201/ton	\$0.663/ton
Copper at 12¢/lb. $\$2.642 + \$0.444 = \$3.086/\text{ton}$	\$2.201/ton	\$0.885/ton
Copper at 14¢/lb. $\$3.08 + \$0.444 = \$3.524/\text{ton}$	\$2.201/ton	\$1.323/ton

The above costs do not consider depletion.

Refs. Mines Register 1937

Intr. Cir. No. 6167

U.S. Tariff Commission Report No. 29.

Mining Cost Articles by M.J. Elsing.

Article is a supplement to my first article on the Consolidated Coppermines Corp.