

mines. The country is yet "green" in mining. Many of the properties not tested will prove rich in returns to the investor. But in such cases he is taking his chances much as does a gambler at euchre, poker, *rouge et noir*, whist and other speculations of which he knows little. Some of the companies floated and some, too, that have good properties so far as can be judged, try to float their stock, with a jingle, a flourish of a trumpets, and a terrific dust. They count on the excitement of gold fever to help them along, and sometimes they are, or have been, or will yet be right. But it should be remembered that the home capital to be drawn upon for the immense mineral developments the Dominion is fortunately about to enter upon, is very limited—not sufficient to do the work the magnificent heritage we have requires. Our people, with their small capital, are timid, and many are over-cautious. They must be treated frankly and above board, and without too much flourish. They want the same kind of treatment that experienced mining centres, commercially speaking, like London, New York, or St. Louis require.

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Investors in mining companies cannot be too careful about looking to the proportion the treasury stock devoted to development work bears to the total capitalization of a mining company, and when satisfied on that point, then in seeing that the treasury stock is actually applied to real work. They should see, too, that promoters' stock is not floated to the injury of development stock. It is generally well if the stock other than development stock is bonded so that it cannot be sold until all or nearly all the development stock is sold, and not then unless at a good figure.

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Treasury stock should represent a very considerable proportion of the total stock. In ordinary circumstances one-third is a minimum necessary. The actual amount necessary varies with circumstances. Free milling bodies, such as are generally found in Ontario, and sometimes even in the Trail country, require far less of capital to develop into paying mines than the refractory deposits of some parts of eastern Ontario and of the large deposits of Rossland. Our north-western Ontario mining companies do not require, for their mines, the actual capital needed West, for their development, but in the future, as companies are formed, watchfulness as to the proportion the money spent on development work bears to actual cost of the mine and allowances for promoters, will be quite as necessary, as in regard to the companies working beyond the Rockies. No strict rule can be applied to the proportion development stock should bear to total stock. The property or properties concerned may, in fact, be real mines or well developed prospects, or slightly developed prospects. And the equipment already on the spot, the cost of transportation, the cost of treating ore, etc., are all factors that have to be considered. We can only point out the general rule, deviations from which the investor must examine into.

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Mining and development companies, especi-

ally the development side of their operations, are properly attractive to Canadian investors, for we have not the spare capital to carry on the full mining operations the mineral riches in sight demand. There are devices, too, in this development work which tempt the unwary. We will not call them dishonest. There may be enough behind to justify tempting offers that may be made. Development companies are yet a novelty. If a development company pays a dividend it should be either on actual earnings of a mine, or on net proceeds of a sale. From a business point of view, just to all concerned, these are the only two ways of paying a dividend. If a company has \$100,000 of actual cash invested in such an enterprise, if a prospect bought for \$10,000 and improved by development work at a cost of \$5,000, is sold for \$25,000, there is a net profit of \$10,000. Thus furnishing a dividend of 10 per cent. on every dollar invested.

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There are other ways of paying dividends, of paying them in advance of any earnings whatever. A real value of stock may be 25 cents on the dollar, or exploiters may obtain the stock at that figure. Then by dint of adroit use of appearances they may offer the stock to the public at 50, 75, 85 per cent., guaranteeing 10, 12, 15 or 20 per cent. dividends per annum, or, more attractive still, 1 or 2 per cent. per month. The tempting offer is enhanced when prominent business men or high officials are often innocently made use of as a sort of collateral guarantee of respectability. We knew of a poor doctor in New York who built up a very lucrative practice by attending a large and fashionable church, and having a liveried boy frequently call at the church and summon him from his devout exercises on apparently cases of extreme urgency—presumably cases where wealthy and fashionable people were concerned. Of course the device "took." Devices somewhat similar, and identical in nature, may "boom" some mining speculations. We do not say that the investor will always be cheated. He may not lose a cent, but make a good deal; the clever exploiter may have full faith in his mine, and in the exuberance of his nature and with a view to attract capital to help himself and partners, and incidentally investors, may take the plan he does. It is certainly not any more objectionable than the methods the so-called "integrities of commercial life," adopted in many other lines, permit of—integrities about which very many of the teachers of morality probably are not acquainted, but which are sapping the real morals of the community (and preparing for—, well, perhaps 1793 is not "in it") more than theatres, saloons, bicycles, etc.

The device is simple. The stock actually is worth, say 25 cents on the dollar, and may be bought by the shrewd (if not monopolized), at that figure. Now, make a fuss, sell guaranteed stock at 50 cents, or 75 cents or over, always being careful to bait under the dollar. The capital, mostly from the unexperienced, sometimes from the keen, who know what to do, comes in. The difference between actual

cost of the stock and the selling price of the guaranteed stock, leaves abundant room for a time, development or no development, to pay a good dividend to the investor. He may even luxuriate and invest more. The thing may turn out right; no doubt the exploiters, would prefer that, for few men care to see their fellowmen suffer if it not deemed essential for their own comfort. We give this as a hypothetical case. There are a good many other ways of accomplishing similar results, but we shall have further occasion to refer to them. Such things we think accompany, especially in new fields, all gold and silver developments. They should not discourage the wide awake investor, nor the quiet man who knows little of the business world. They may serve as a caution. We have vast riches and vast opportunities of developing them. We need no "booms;" our position in mineral wealth is secure. We must not hinder its development by methods, which if not dishonest, savor of humbug, or may appear to the outside world to do so.

### SUDBURY'S NICKEL MINES.

SUDBURY arose in a night and became famous as the centre of the richest mineral district known at the time in the whole Province of Ontario. The chilly winds of November 30, 1891, blighted her growth. Her people may have wondered what so suddenly brought her prosperity to an end. Some have tried to believe it audacity to say that the Order-in-Council of that date had anything to do with it.

Experts from most of the civilized nations came to the district to see for themselves the mountains of nickel-copper that rose around in an abundance the like of which the world had never before known. They went away astounded, and also wondering why, so close to the busy haunts of men, such enormous wealth, its out-croppings exposed to the eye, should have lain so long undeveloped, and even unknown. Wide-awake men—prominent generals and financiers—from the United States, looked at the nickel lands with covetous eyes, thinking to what multifarious uses they could, with enormous profit to themselves, apply the nickel of Sudbury, if they only had the nickel territory in their own land. For to let alone the use of nickel in the nickel-steel armoring of battleships, the metal could be used profitably for solid nickel table service ware, to replace the plated ware so commonly used at present, and it could be used for art decorations, house furnishings, such as door knobs, railings, etc., and for cooking utensils and even skates. With nickel and its manifold uses we shall deal, however, in the future. The subject is worthy of consideration in influential quarters from which much good could come to the nickel industry.

The people of Sudbury should, in the meantime, be hopeful. If the quantity and quality of the coal in their neighborhood could be increased by the action of the Government, or in any way, it would be a boon to their district.