Annual Report on Granby Consolidated Company

Noted Year in Progress and Development of Company—High Price of Product Enables Company to Use Large Supply of Low Grade Ore—Favourable Earnings.

The annual report of the Granby Consolidated Mining, Smelting and Power Company for the year ending June 30th, 1916, shows results attained during the fiscal year which must be very satisfactory to the shareholders from a financial point of view, while they are of particular interest to the Province of British Columbia, as they show what can be done with our mineral resources when developed under good management with adequate financial backing.

Notable changes in the officers of the company are the retirement from the directorate of Mr. J. P. Graves, so long associated with the Granby Company, especially during its earlier history, and the election of Mr. F. M. Sylvester to the office of vice-president. No important changes have been made in the operating staff, and judging by the figures given, the confidence of the company in its staff is well founded.

The total tonnage of ore treated at Anyox and Grand Forks amounted to 1,929,205 tons, from which were recovered 45,631,673 lbs. of fine copper, 579,520 oz. fine silver, and 49,971 oz. fine gold.

Phoenix mines produced 1,097,299 tons, from which 15,992,476 lbs. fine copper were recovered, or 14.6 lbs. per ton, with 78 cents per ton in gold and silver. It is doubtful if a lower grade ore than this has ever been profitably smelted anywhere. The low grade is explained by the fact that the company took advantage of the high price of copper to smelt some 300,000 tons of very low grade ore which could not have been treated profitably at the normal price of copper. As this ore is more siliceous and harder to smelt than the usual ore, the fact that it has been treated at a profit at all is remarkable.

Hidden Creek mine produced 722,630 tons of ore from which were recovered 24,012,838 lbs. fine copper, or 33.23 lbs. per ton, with 30 cents in gold and silver value. While higher grade than the Phoenix ore, one can hardly class as anything but low grade an ore from which only 1.66 per cent. of copper and 30 cts. in gold and silver are recovered and the results are notable as showing what can be done with larger bodies of ore and efficient management, even where, as in this case, the values are low and the ore by no means an easy smelting problem.

The total amount realized from all metals was $11,370,500.01, or $5.89 per ton treated of all ores. The total costs of mining, ore transportation, smelting, refining and selling was $7,262,899,34, or $3.76 per ton, a low figure considering that all the ores are direct smelting.

Metals were sold at the following average prices—Gold, $20 per oz; silver, 59c per oz.; copper, 22.98 cts. per lb. Copper on hand and in transit are inventoried at 16.52 cts. and 21.57 cts. per lb., respectively, amounting to over 12,000,000 lbs. In view of the rise in the price of copper after June 30th, the inventory values were conservative and the difference evidently represents a considerable sum which will go towards increasing the profits for the current year.

The cost per pound of copper produced from the company's mines is given at 12.98 cts. per pound. This figure is high as compared to many other big producers, and to former figures of the Granby Co. itself, and is evidently not normal, being due to the inclusion of so much extra low grade ore in the tonnage, especially from the Phoenix mines. The cost per pound is not given separately for each smelter, but the cost of blister copper at Anyox is given by the President at 8.54 cents for the year, from which it may be inferred that the cost of the fine copper from this plant would not be far from 10 cents per pound, and the costs at Grand Forks from Phoenix ores 16 or 17 cents per pound, so against former figures of 10 to 11 cents, showing the extent to which the high price of copper has been taken advantage of to utilize low grade ores. On present copper prices of over 30 cents, this policy will no doubt be carried even further, with the double effect of extending the life of the mines and utilizing reserves which could not be profitably handled under ordinary circumstances.

The profit for the year is given as $3,819,295.02, after paying bond interest, or 9.06 cents per pound of copper, out of which dividends amounting to $899,911.20, equal to 6 per cent., were paid, and $2,919,383.82 was added to surplus, making the total surplus at credit $6,587,470.61. It would appear that the company is very comfortably provided for against future contingencies. The policy of carrying a large surplus forward in good years is conservative, and in line with that of other large copper companies. Assuming costs and production for the current fiscal year equal to the year under review, with the price of copper from 5 to 8 cents higher, it is evident that the profits will be much larger, probably close to $6,000,000, on which it seems likely that extra dividends would be declared in view of the already large size of the surplus, over and above the 8 per cent. which is now being paid.

The company has outstanding 149,985 shares of stock, of $100 par value, the profits on which for the year amounted to $25.46 per share, after paying interest on bonds of which there are outstanding $3,042,300, bearing 6 per cent. interest. At the present time it is probable that earnings are at the rate of about $40 per share. On 15 cent copper the Phoenix mines would probably show small profits, but assuming costs of 10 cents per lb., it appears that Anyox alone could, at 15 cent copper, earn enough for present dividend requirements for at least 10 to 15 years. The financial position of the company, therefore, appears to be sound, and is reflected in the present quotations of the shares which are above par.

Total ore reserves are given at 23,156,000 tons, of which 9,947,000 tons grade from 2 to 2½ per cent. copper, 3,718,000 tons from 1 to 1½ per cent. copper, and 9,491,000 tons less than 1 per cent. copper. The two latter items, probably, do not represent much profit except at high prices of copper, but are of considerable value under present conditions.

Ore reserves at Phoenix are given as 3,610,996 tons, from which a recovery of 17 lbs. copper and 75 cents in gold and silver are expected, as the present costs of mining and smelting are presumably considerably under $2.50 per ton, this ore would show a very considerable profit even at 15 cent copper. In addition there is 400,000 tons from which estimated recoveries are 9 lbs. copper per ton. No hope is held out of finding large new reserves at Phoenix, and at the present rate of production, it appears that these mines will be exhausted in four or five years, a fact which is much regretted. For many years these mines and the Grand Forks smelter have maintained a remarkable record for low costs of mining and smelting, due in part to the nature of the ore, but also due largely to efficient management.

At Anyox development is not so far advanced, and new ore has been found faster than extraction has progressed. Taking only the high grade ore, estimated at 9,416,385 tons of over 2 per cent. copper, the life of the mines at the present rate of production would be 13 years. Allowing for lower grade ore and new development, it is likely that the life of the mines will be many years longer than this. The bottom of the ore does not yet appear to have been found and the possibilities in this direction may be great.

It is noticeable that costs all around have been considerably increased, due to large increases in the costs of labor and supplies. In common with most other copper companies, wages are on a sliding scale, rising with the price of copper, and are now at a maximum. At Anyox especially the costs were increased by a shortage in output caused by