

which is the return made to him by the mines, for assessment purposes. In this return the 26 pounds of copper are deducted quite legitimately, coming in as one of the indirect smelting charges. If to this return, in the case of the Le Roi mine, we add 26 pounds of copper per ton at 16 cents a pound, we get approximately the aggregate value claimed by the London returns of the Le Roi company. But on the other hand Mr. Kirkup's aggregate gross value for the district is considerably lower than that of the Mines Department. It is therefore reasonable to suppose that the returns of the Mines Department are a fairly aggregate approximation of the actual metallic copper produced. No return based upon assay values can possibly be positively accurate. Because the amount of copper recovered is affected by a number of varying factors such as the grade of the smelter charge, the nature of the ore and the manner in which the smelting practice is adapted to the nature of that ore. On high-grade ore the actual loss of copper is higher but the percentage loss is much lower than in the case of low-grade ore. This pure copper resmelted and refined would present a loss of about two per cent. or 40 pounds per ton. Whereas the loss of copper in ore going two per cent. copper has been calculated as about 33 per cent. or 13.3 pounds per ton. On very low-grade ore this percentage rises rapidly.

In addition, however, to neglecting loss the Le Roi returns do not take account of the fact that copper in ore cannot be sold at the same price as refined copper. The ordinary quotation is six to seven cents per pound below the market price of pure copper. Naturally a company operating its own smelter makes a profit otherwise secured by middlemen out of these deductions. But there is a business reason for the deductions and to lead the shareholders to believe that the value represented by them is all clear gain is most culpable finance.

The statement made by the secretary of the Le Roi company, shows the financial position of the mine to be very different from what it would have been had the monthly returns of the company shown the values recovered from the ore as opposed to the value of the metals contained in it. A company which has been operating a mine as long as the present Le Roi company should have something more to show than a balance of assets over liabilities, and should never have been driven to mortgage its second-class dump, a pile of ore mined before the present company purchased the mine. In addition, if the value of the assets is computed in the same way as the value of the ore shipped has been, the balance of assets over liabilities is purely illusory.

There is only one way for a mining company to represent its operations intelligently, and that is the method adopted by the Anaconda company, and most reputable corporations; where the money received from the sale of matte is placed in one column, and the money spent in producing it in another. A child can tell by a glance at the Anaconda balance sheet how the mine stands; it is puzzling the sharpest brains in London to find out

how the Le Roi stands. The one thing, apparently, which the company will not do, is to show the tonnage treated during a certain period, and the money received for the product of that tonnage. The company should be compelled by its shareholders to do that.

When a responsible official of the company like Mr. Labouchere, its secretary, maintains that the ore is worth \$13 a ton and that the profit is 40 per cent. of that, in the absence of proof we beg leave to doubt his statement.

Admit, for the sake of argument, that when the ore leaves the smelter in the shape of copper matte, only \$8 a ton has been spent upon it and that the company has saved 65 per cent. of the copper, or rather that 65 per cent. of the copper will finally be turned into refined copper on the average copper content of its ore, namely, 1.3 per cent. wet assay. It is then necessary to subtract from the \$13

Nine pounds of copper at 16	-	-	-	\$1.44
Four cents per pound on 17 lbs.	-	-	-	.68
				\$2.12

This reduces the profit nearly in half to begin with, and if it be remembered that \$8 a ton for mining, dead work, management, depreciation, insurance, interest on advances, and so forth, is rather an ideal aimed at than a fact hitherto realized in actual practice, we arrive at a glimmering of the margin of profit on which the Le Roi has been working.

It is unlikely that the Le Roi company breaks ore and maintains its property more cheaply than the Anaconda company, yet its profit-earning capacity is based on a charge of \$3.25 for mining, development, depreciation, etc., for the same work which costs the Anaconda company \$3.97; its treatment charge is \$4.00, the Anaconda is \$5.14 and its freight rate is 50 cents where the Anaconda's is 15 cents. The Anaconda presents an item for \$1.57 per ton for cost of marketing. We do not hear of this in connection with the Le Roi at all. While no loss of copper or silver is included in the Anaconda's gross value per ton of \$14.20. Does the Le Roi company save 100 per cent. of its metal and having secured it, does it sell the product to better advantage than the Anaconda company?

Unquestionably the Le Roi is a great mine. If it has, as is claimed, 1,600,000 tons of ore of a gross value of \$13 a ton in sight, it is assured of a long life at a rate of production exceeding the present rate. But with that gross value calculated the way it is, an expectation of \$5.00 a ton net profit is a baseless dream, and the inflation of the shares quite unjustified by facts. We prefer to take Mr. Macdonald's statement to the miners then threatening a strike, that without great economy the margin of profit would be altogether eliminated, to accepting Mr. Labouchere's that 40 per cent. of the gross value is net profit. And we submit to these gentlemen with all due deference that both of these statements cannot possibly be true.