

COBALT AMALGAMATION.

Merger of Nipissing, La Rose, Crown Reserve and Kerr Lake Has Been Discussed Informally by All the Leading Interests—How the Matter Stands To-day.

Monetary Times Office,
Montreal, February 24th.

The amalgamation of the Nipissing, La Rose, Kerr Lake and Crown Reserve properties at Cobalt, has been proposed. Through a labyrinth of rumors, the Monetary Times has traced this proposal and, briefly, the matter stands thus. The merger has been discussed informally by Mr. D. Lorne McGibbon with the leading interests of these four mines. Practically speaking, all are favorably disposed to the scheme. It now requires a meeting of the men chiefly concerned. This will at a later date, probably be called by Mr. McGibbon and held in New York. Whatever be the outcome the amalgamation of Nipissing and La Rose seems certain. The other two may come in while the four may take in further properties along with them. Col. Carson, of the Crown Reserve, told the Monetary Times this week that he could throw no light on the matter. No proposition had been put before him, but any proposal would be considered by Crown Reserve interests. An amalgamation might take the form of a holding company or, what is favored more, a consolidation of the four as a Canadian company with an entirely new name. The merger would probably be based upon actual mining rather than stock market values.

Combined Capital Eighteen Millions

The following figures show the combined authorized capital amounting to \$18,500,000. Nearly the whole of this sum has been issued. In three cases the par value of the shares is \$5 and in one case \$1.

	Authorized Capital.	Capital Issued.	Par Value.
La Rose	\$7,500,000	\$7,492,320	5
Nipissing	6,000,000	6,000,000	5
Kerr Lake	3,000,000	3,000,000	5
Crown Reserve	2,000,000	1,999,957	1
	\$18,500,000	\$18,492,277	

La Rose and Nipissing have been the two greatest shippers, as will be seen from the table below. Kerr Lake shipments have increased satisfactorily, as have also those of Crown Reserve. The shipments for the first seven weeks of the current year have also been considerable.

	La Rose	Nipissing	Kerr Lake	Crown Reserve
1904-6	1,522	2,668	213	—
1907	2,815	2,538	319	—
1908	4,843	3,571	660	657
1909	6,829	6,641	1,338	3,108
1910	601	550	241	277
(to Feb. 11)	16,610	15,968	2,771	4,042

The total shipments from the Cobalt camp from 1904 to 1909 inclusive were 78,105 tons. In that period La Rose, Nipissing, Kerr Lake and Crown Reserve accounted for 37,722 tons or nearly half of that total.

Good Dividend Record

In dividend payments, these four companies have made a notable record. The following are the total disbursements made by them in the past four years.

	La Rose	Nipissing	Kerr Lake	Crown Reserve
1906	480,000	135,000
1907	840,000	240,000
1908	171,505	720,000	450,000	353,762
1909	1,056,945	1,350,000	690,000	1,238,169
	\$1,228,450	\$3,390,000	\$1,515,000	\$1,591,931

The total dividend payments made by Cobalt mining companies between 1906 and 1909 inclusive amounted to \$13,016,523. The four companies under review paid in dividends in the same period \$7,725,381, or more than half. Kerr Lake declared a dividend on December 1st of 7 per cent. Nipissing declared 7½ per cent. on October 20th and Crown Reserve a dividend of 9 per cent. on January 15th. La Rose dividend was cut on October 20th from eight to four per cent.

The total acreage of the four properties is 1,301, made up as follows: Nipissing, 864 acres; La Rose, 359 acres; Kerr Lake, 57 acres; Crown Reserve, 23 acres.

Experiences in the Market

All the companies' stocks have experienced considerable market fluctuations and in the cases of Nipissing and Crown Reserve, these have been violent and sensational. La Rose

has undergone perhaps the least manipulation although the recent cut of the dividend when the Montreal interests assumed control, caused a rapid decline. It was up to 8.47 in August, 1909, and is now quoted around 4.63. Nipissing's most notable drop was on the New York curb, from 34 to 14, the immediate cause being the failure of the Guggenheims to take up an option on a large block of Nipissing stock. Despite all influences it has failed to reach anything like 34 again and is now quoted at about 10. Crown Reserve was selling originally at a few cents per dollar share. In July, 1908, it was quoted at 57 cents. In the meantime, it has fluctuated but stands to-day within a fraction of three dollars above par. Kerr Lake stock has undergone appreciation, being quoted as low as 2.60 in 1908 while to-day the figure is around 9.55.

Would Be Advantageous

The amalgamation of Nipissing and La Rose as by no means a new story and was first suggested by the Monetary Times, when the La Rose consolidation was consummated. Since then it has been revived from time to time. There is a strong feeling among a fair proportion of the directorate of the various companies that such an amalgamation would be advantageous from many viewpoints. The day of wonderful ore showings for stock market purposes has passed. The supply of silver ore must become exhausted at some time or another. Economy in management and operating expenses will, therefore, more likely result in a continuance of dividend payments to the shareholders. If one property should fail early, three others would support the shareholders. Where now there are four staffs one would probably be sufficient both in the matter of office work and mining. A big company, such as an amalgamation would prove, would also get better terms with the smelting interests, and it is possible that the new company would erect a smelter of their own. The Kerr Lake people have an interest in the silver market which would be valuable to the new company. Close relations already exist between Nipissing and La Rose. In August, 1909, a well informed Boston authority said it would not surprise the mining world if in the future such a combination were effected. It was then said that no plans in that direction were then contemplated. That was probably true although the matter had doubtless been discussed in an informal way before then. Canadian interests have a stronger representation in the various directorates than previously and in this age of industrial combination would probably favor an amalgamation if a basis could be found satisfactory to all interests. Nipissing has 15,000 and La Rose Consolidated 8,000 stockholders.

Up to the Mining Engineers

The feeling of the shareholders of the four companies will naturally depend largely upon the proposed basis of amalgamation. Any attempt to formulate that will involve considerable labor and thought in order to provide a satisfactory scheme.

Mr. David Fasken, of Toronto, told the Monetary Times that an amalgamation had been only informally discussed. "It ought to be done," he said, "but that fact and whether it will be done are two different things. The shareholders, broadly speaking, are favorable to the idea. It would mean considerable economy." Asked as to the difficulties in the way of a basis of amalgamation, Mr. Fasken thought that two or three reputable mining engineers could soon settle that.

Of the Next Move

Regarding La Rose particularly, the power question has hindered development. By the summer time, it should be known where La Rose stands, as it is intended to do much development work. La Rose dividend will not be increased yet. Shareholders, therefore, need not anticipate a return to the 8 per cent. basis when the next dividend is declared.

Crown Reserve is working down from the 400 to the 300 foot level and the results so far are satisfactory. Kerr Lake and Nipissing work has proved gratifying.

Finally, the Cobalt merger seems to await only the action of someone strong enough to consummate it. He will likely be Mr. Lorne McGibbon.—F. W. F.

A Bill has been introduced into the British Columbia Legislature by the Attorney-General of the Province, the purpose of which is to preserve the purchasers of stock in any concern from loss by forged transfers of shares. The Bill provides that a company shall have power to make cash compensation to the purchaser of such shares, also the right to proceed against the person liable for the loss. The same rule applies to the stock municipalities. The Bill provides further that companies may create an insurance fund against such losses by levy, or they may impose such reasonable restrictions with regard to the transfer of shares and power of attorney as will guard against forgery of the kind.