

MINING STOCKS

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It has been said that it takes a mine to make mine. Capital was the single most important financial source for mining in North America; without it machinery and supplies needed to mine and mill ores could not have been purchased, labor could not have been paid, and property could not have been bought. To obtain needed capital, leading

interests representing a prospective mine organized a company and sold portions of it to the public, usually on a stock exchange. Buying shares in a mining company entitled an investor to reap some of the profits, but also to suffer the losses....and many mines were just that. A buyer received stock certificates representing his or her shares in exchange for



Figure 1 - Actual Size: 7" x 11"

The Moulton Mining Company stock is a fine sample of a certificate with interesting vignettes, fine craftsmanship, a relatively early age, and historical significance. The Moulton Mining Company was one of the first rich copper mines driven under the hills around Butte during the late 1880s. William Clark, president signee, was one of Montana's wealthiest and most influential mining capitalists and politicians between the 1880s and 1910. In addition to funding some of Butte's capital-intensive mines, he battled Marcus Daly to be top dog in

Montana and won (Smith, 1992, p. 166). The top vignette captures a drilling team running an early piston drill and a third miner barring down the walls. The bottom vignette is a testament of the era's view toward industry - a miner holding a drill-steel and a doublejack hammer stands erect in front of a major railroad line. The stock was purchased in 1894 and cancelled in 1905 (on back), signifying the Moulton Mining Company was a lasting company. (David Beach)

to do well, or by scam artists trying to generate a feeling of confidence.

When a stock was sold it was signed by the mining company's president and secretary as an "issued certificate". Once it was cashed in by a share-holder for a return of their capital, it was stamped with "CANCELED" by the mining company. This is known as "issued and canceled". A canceled certificate was a rare phenomenon limited mostly to large, productive mines. Other operations did not remain on a paying basis long enough to return investors' capital.

Mining companies not on a paying basis but anticipating striking ore issued assessments to stockholders for further funding. Few stockholders were willing to interminably finance non-paying mines, and once they balked, a company's capital dried up and it went bankrupt. Stock certificates signifying this trend are "issued and uncanceled". In some cases mining companies collapsed before issuing stocks, or they raised enough capital such that not all stock needed to be released, resulting in blank stocks known as "unissued certificates".



Figure 3 - Actual Size: 8" x 10½"

The Anaconda Gold Mining Company is an example of a certificate which, although not the grandest in appearance, holds historical significance. The Anaconda was one of Cripple Creek's best gold producers and dates back to the district's beginning in 1892. The president signee was none other than David Moffat Jr., a Colorado mining and railroad kingpin. He was a pioneer/merchant who set up shop in Denver two years after it was established in 1858. By the late 1860s he was wealthy enough to help finance several of Colorado's

first railroads and began to invest in mining ventures. Investments in Leadville during the 1880s paid Moffat well, and when the Cripple Creek strike occurred in 1891, he saw a chance to make more money (Abbott, et al, 1994, p 376-377). Like William Clark and Butte copper, Moffat's money was important to Cripple Creek because the ore there was telluride, which required heavy amounts of capital to mine and mill. (David Beach)



Figure 4 - Actual Size: 7" x 10½"

Figures 4 and 5 - Certificates for the Father de Smet Consolidated Gold Mining Company and the Homestake Mining Company are examples of famous mines in a romanticized region - the Black Hills. Both certificates are signed by president James Ben Ali Haggin, a heavyweight capitalist who, together with George Hearst and Lloyd Tevis, owned the Homestake and many other Western mines (Wallace, 1976, p 118). The vignette on the Homestake stock shows

two Native Americans overlooking with awe the industrial advance of the white man. The Father de Smet vignette captures Father de Smet preaching to a group of Native Americans. Both certificates smell of the 19th century Euro-American attitude of superiority over Native Americans. Both certificates are cancelled, and both made by the American Bank Note Company. (David Beach)



Figure 5 - Actual Size: 7" x 10½"

What makes a stock certificate special? The answer depends on subjective criteria, which may be categorized as historical significance and visual impact. There is no consensus as to which of the two factors is most important. Some of the most popular pieces are visually striking, but many people are interested in famous mines, mining districts, era, signatures of capitalists, and rarity. For example, there is considerable interest in mines from districts such as Tonopah, Goldfield, Bodie and other areas along the east side of the Sierra Nevada Mountains, Virginia City, Butte, Coer'd Alene,

Tombstone, Bisbee, the Death Valley area, Cripple Creek, and Gilpin and Summit Counties, Colorado, simply because of favoritism toward the area. In other cases, certificates signed by famous mining capitalists such as David Moffat, James Ben Ali Haggin, Horace Tabor, George Hearst, Simon Guggenhiem, and Leland Stanford, interest some people. Stocks also represent eras of mining and Western development, such as those released in Colorado Territory, Arizona Territory, and Nevada Territory, and many others released prior to 1890.

Depending on the name of the mine on

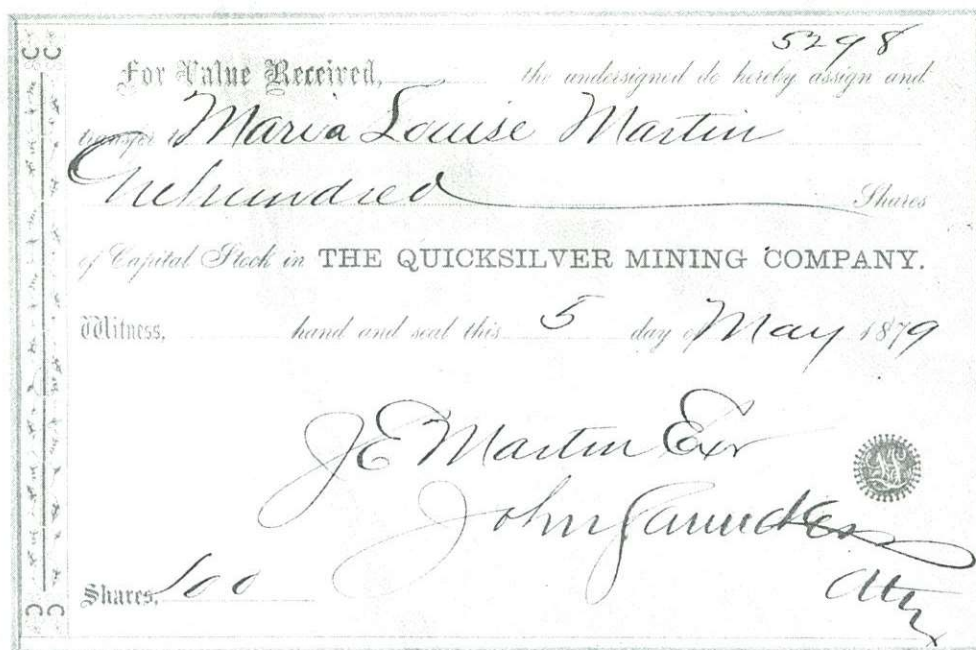


Figure 6 - Actual Size: 5" x 7½"

The Quicksilver Mining Company stock is an example of a certificate that appears to be plain and dull, but one that holds great historical significance. The Quicksilver Mining Company (QSMC) was organized in 1864 to buy one of the world's largest cinnabar deposits located in the hills of the San Francisco Bay Area. The deposit was discovered in 1846 by Andres Castillero, a Mexican official, and mining began in 1847 under the direction of British-based Barron, Forbes. Predating the Gold Rush, the cinnabar deposit was the site of one of the first hardrock mines in the West. During the Civil War,

President Lincoln had the mine guarded by Union troops because of the great importance of mercury in making ammunition, other products, and extracting gold from ore. The heyday of QSMC was the late 1860s and 1870s when the mine underwent development managed by J.B. Randol (Lanyon & Bulmore, 1967, p 9, 43). The richness of the cinnabar deposit was well-known and the QSMC had a profitable track record, which supported investors' confidence. Perhaps this is why QSMC certificates are so plain - no need to create confidence through imagery. (Eric Twitty)

a given stock, the company's president, the investor's name, and the certificate's age, what appears to be ordinary could be quite valuable and historically significant - hence a

little research could be beneficial. Questions regarding certificates should be directed to David Beach, PO Box 2026, Goldenrod, FL 32733 (407) 657-7403.

Sources

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Loose, Warren 1971
Bodie Bonanza Exposition Press, New York, NY

Smith, Duane 1992
Rocky Mountain West University of New Mexico Press, Albuquerque, NM

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The Miners Time Life Books

Wedertz, Frank 1969
Bodie 1859 - 1900 Sierra Media, Inc./Chalfant Press, Bishop, CA

Assessment No. 20
Levied Sept 18th 1890
San Francisco, Nov 20th 1890
Received of Bullion & Exchange Bank
the sum of Seven $\frac{7}{11}$
Assessment of 25¢ per share on 25 Shares No. 6971
Capital Stock of the MONO GOLD MINING COMPANY, and standing in
name on the Books of the Company.
J. N. Hoyer Jr.
\$ 6.25 amt
\$ 1.50 adv chq
M. L. Kurling Secretary.

J. G. Hodge & Co., 314 Cal. St., S. F.

Figure 7 - Actual size: 3½" x 7½"

The Mono Gold Mining Company document is an example of a stock assessment whereby a mining company attempted to round up more capital. The Mono Gold Mine was one of the better producers in Bodie, California during the district's peak years, between the late 1870s and mid 1880s. After a time most of the easy-to-get veins had

been worked out and mines were forced to explore the faulted, complex Bodie Formation. Driving exploration tunnels and shafts required money, hence companies with little or no income such as Mono Gold Mining were forced to ask investors for capital; this assessment is dated 1890. (Eric Twitty)