

SUPT. OF MINES DEPT.

A General Report of Operations of
**WALKER MINING
COMPANY**

Ending April 30, 1923.



SUPT. OF MINES DEPT.

Also a Statement of Receipts and Expenditures
for the Years 1916 to 1922, inclusive.

WALKER MINING COMPANY

PLUMAS COUNTY, CALIFORNIA

P. O. and Shipping Point
SPRING GARDEN, CALIFORNIA

Operating Office
618 KEARNS BUILDING, SALT LAKE CITY, UTAH



(Incorporated under the Laws of the State of Arizona)



CAPITAL STOCK

April 30, 1923:

COMMON—Authorized	-	-	-	-	-	1,250,000 shares at \$1.00 per share
Issued	-	-	-	-	-	Same
PREFERRED—Authorized	-	-	-	-	-	100,000 shares at \$1.00 per share
Issued	-	-	-	-	-	Same

May 1, 1923:

COMMON—Authorized	-	-	-	-	-	1,750,000 shares at \$1.00 per share
Issued	-	-	-	-	-	1,250,000 shares at \$1.00 per share
PREFERRED—Authorized	-	-	-	-	-	100,000 shares at \$1.00 per share
Issued	-	-	-	-	-	Same



Directors

J. R. WALKER	C. A. WALKER	J. O. ELTON
J. B. WHITEHILL	B. R. HOWELL	

Officers

J. R. WALKER, *President*
J. O. ELTON, *Vice-President*
J. B. WHITEHILL, *Secretary-Treasurer*

WALKER MINING COMPANY



To the Stockholders:

In view of the proposed increase in capitalization of the Walker Mining Company for the purpose of building a new mill, and for adding to the mine and camp equipment, it is fitting that you should be given a short review of the operations of the Company for the last few years, and the reasons that have prompted your directors to ask for this expenditure at this time.

At the beginning of the year 1918, the Walker Mine was developed by a two-compartment vertical shaft having a total depth of 220 feet. There were three levels, one at 55 feet, one at 125 feet and the lowest one at 210 feet depth. The 55-foot level was developed by 340 feet of drifting on the vein. The 125-foot level had 360 feet of drifts and a crosscut tunnel connecting with the surface. On the 210-foot level there were approximately 1200 feet of drifts and crosscuts and from this a winze 80 feet deep was sunk. The total depth attained in the mine was 290 feet.

The ore all had to be hoisted and transferred by aerial tram to the mill situated about 5000 feet away and 835 feet lower than the collar of the shaft.

The mill had a capacity of 100 tons and the concentrates were hauled 19 miles to Gulling, the nearest available shipping point. The average cost of this hauling was \$10.00 per ton.

Wood was used to generate power, both at the mine and mill plant, and the cost for power was excessive, and amounted to 50 cents per ton for mining and 92 cents per ton for milling.

Since 1918 there was a period from October, 1920, to May, 1922, when mining and milling operations were suspended, due to the low price of copper. Development work in the mine on a small scale was steadily prosecuted during this time. At the present, total development is shown as follows:

The third level has been extended and opened up. It now has 1500 feet of drifts along the vein and 185 feet of crosscuts.

Below this, four new levels have been driven, opening up and developing an ore body to the tunnel level. This main tunnel is 835 feet vertically below the collar of shaft and enters and explores the vein at a point approximately 960 feet below its apex. It was started as a crosscut from a point near the mill, and on a level with the ore bins. At about 4000 feet from its portal, it enters and follows the vein for a distance of 1300 feet.

Four raises from this tunnel level connect the levels above and develop, block out and prove the ore body.

In all there are more than 15,000 feet of development by drifts and crosscuts.

The tonnage shown by development is conservatively placed at more than 800,000 tons of ore, with an average value of 4.20 per cent copper and \$2.50 in gold and silver. The ore body is now opened up and ready for economical mining. At the present time there is a reserve of broken ore of more than 99,500 tons in the stopes.

A power line has been built and electric power is now installed throughout the mine and mill. Two electric trolley locomotives with the necessary cars and a track with 35-pound steel rails have been added to the main haulage equipment.

The completion of the tunnel level permitted the removal of the mine camp and its consolidation with the mill camp. At the camp we now have ore bins of 600 tons capacity, well equipped and well lighted shops, mine office, commissary, cook house, two bunk houses, sixteen modern cottages, and a well equipped hospital.

A tailings dam large enough for the storage of mill tailings for several years has been built.

An aerial tramway 8.2 miles in length from the mill to Spring Garden, a station on the Western Pacific, was completed in 1920 and has been in operation since. In the six months ending 1922, the tramway handled approximately 20,000 tons of concentrates and crude ore successfully and in addition 600 tons of back freight.

The cost per ton for tramping to Spring Garden for the nine months ending March 31, 1923, was approximately \$1.00 per ton. When it is recalled that the cost of hauling by team prior to this installation was \$10.00 per ton, the saving is readily seen.

A reduction in freight rates has been effected during the past year which has resulted in a material saving.

From a rating of 100 tons per 24 hours in 1918, the mill capacity has been increased to somewhat more than 225 tons per day.

The cost of mill repairs has been abnormally high and it has been impossible to keep it running steadily for any extended period. Shutdowns have been frequent, amounting to as much as one-sixth of the total days in any one month, resulting in high milling costs. Milling costs for the eleven months ending April, 1923, were as follows:

Milling	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April
Per ton ore....	\$2.12	\$1.53	\$2.16	\$2.03	\$2.46	\$4.06	\$3.06	\$2.95	\$2.86	\$2.17	\$1.89

This lack of efficiency has been due largely to insecure foundations and in part to faulty design and inadaptability to the needs of the ore. However, it was thought inexpedient to replace it with a new mill until such time as the mine showed sufficient ore in sight to justify the expenditure. Your directors believe that such a time has come.

With the ore in sight—that already broken in the stopes and that ready to break—besides the probable new tonnages that may be developed, the pressing need is for an up-to-date efficient mill capable of a greatly increased tonnage.

This new mill will enable the Company not only to reduce its milling costs, with a consequent increase in profits, but will place it in a position to reduce its indebtedness in the shortest possible time, thus eliminating the payment of interest. It will hasten the time when dividends will be realized.

The mining costs have been high, due to the fact that the last few months have been a period of development. Actual mining costs per ton ore for the eleven months ending April, 1923, were as follows:

Mining	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April
Per ton ore....	\$3.98	\$4.66	\$3.03	\$4.15	\$3.68	\$3.49	\$2.83	\$2.33	\$2.13	\$2.07	\$2.16

A large portion of the ore produced and milled has been taken from the drifts, raises and crosscuts run primarily for the purpose of exploration and development. In the future, ore will be largely produced by stoping, and the cost per ton of mining will be much reduced.

Crude ore production and shipments since August 1, 1922, are as follows:

	Tons	% Cu.	Oz. Ag.	Oz. Au.	Lbs. Cu. Paid for
1922					
August	386	9.95	3.55	.1025	69,068
September	33	10.335	3.40	.105	6,195
October	715	11.865	3.356	.0955	153,941
November	839	11.769	3.404	.0813	179,201
December	1,041	11.867	3.333	.0769	224,379
1923					
January	1,473	11.182	3.381	.0830	298,227
February	1,457	10.568	3.612	.0951	268,940
March	581	10.661	3.402	.0972	111,794
April	1,032	11.20	3.475	.0875	209,320
	<i>7,557</i>	<i>11.182</i>	<i>3.442</i>	<i>.0983</i>	<i>1,526,025</i>

Since resuming operations in July, 1922, monthly amounts of copper produced and delivered at New York and the cost of production per pound, are as follows. Silver and gold values are taken into account as a credit.

	Lbs. Copper	Cost Per Lb.
1922		
July	528,857	\$0.0953
August	611,028	.08607
September	436,411	.09813
October	571,193	.09585
November	528,512	.11425
December	602,838	.09572
1923		
January	639,471	.09124
February	652,814	.08784
March	696,111	.08382
April	900,516	.07803

With mining costs lower, with an efficient mill to reduce the ore to concentrates at a very much reduced cost of concentrating, with a tramway capable of delivering from the mill to the railroad, the cost of laying down a ton of concentrates at the shipping point will be reduced to a minimum. To do this it will be necessary to have a new mill, and make mine and camp improvements. Below is the estimated cost of these improvements:

Crushing Plant and Concentrator.....	\$268,942.00
Moving boilers and installing heating plant.....	6,000.00
Compressor Plant	35,000.00
Additional Transformers and Steel Transformer House.....	10,000.00
New Shop and Equipment.....	25,000.00
Addition to Warehouse, moving oil tanks, etc.....	8,000.00
New Bunk House.....	12,000.00
Twelve New Three-Room Cottages.....	12,000.00
New Fire Hydrants and changes in lines.....	6,000.00
Total.....	\$382,942.00

Other Developments:

In addition to the ore body now being mined, there is a shoot to the north in the same vein which has been partially developed on the third level by a drift for a distance of about 800 feet. In this interval the grade exceeds 3 per cent in two places for a total length of about 100 feet, while for a distance of 300 feet the average copper content is over 2 per cent, the remaining portion being lower than this. A north drift on the sixth level recently penetrated this shoot, showing across a 50-foot width a 1 per cent grade that corresponds to a similar grade on the third level immediately above this point. There are several small stringers going from 2½ to 3½ per cent copper.

While the third level showing does not give much promise of rich ore in this shoot, there is the possibility that it will come in below this level as was the case in the main shoot.

The north drift on this 600 level is now being advanced to explore this north ore shoot.

Wherever development has been made to the south, the main ore shoot has been lean and remains so for a distance of 800 to 1000 feet. However, the southern most point on the tunnel level indicates an improvement in grade south of the lean material and points to the possibility of the existence of another ore body south of the present workings.

In addition to the main vein, the adit crosscut tunnel cuts several stringers of copper ore that are worthy of further development. A development program contemplates the exploration of these future possibilities as soon as the new compressor is installed.

WALKER MINING COMPANY



Statement of Receipts and Expenditures Period August, 1916 to December, 1922, inclusive

RECEIPTS

Proceeds of ore and concentrates	1,630,194.81
Cash advanced by International Smelting Company (net)	1,486,952.33
Total	<u>\$3,117,147.14</u>

ACCOUNTED FOR AS FOLLOWS

Mine Development and Construction Expenditures as per Schedule A attached	\$1,119,672.89
Operating Expenditures as per Schedule B attached	1,645,949.44
Interest and Penalties Paid	271,988.29
Net Current Assets at December 31, 1922:	
Cash in Banks	\$ 29,674.20
Materials and Supplies on Hand	127,269.66
Accounts Receivable and Prepaid Items	4,423.41
	<u>\$161,367.27</u>
Less Current Liabilities	81,830.75
TOTAL—As above	<u>79,536.52</u>
	<u>\$3,117,147.14</u>



Statement of Income from Operations Period 1916 to 1922, inclusive

INCOME

Proceeds of Ore and Concentrates:	
Year 1916	\$ 42,044.86
Year 1917	268,866.02
Year 1918	340,636.96
Year 1919	244,034.87
Year 1920	107,335.05
Year 1922	627,277.05
	<u>\$1,630,194.81</u>

EXPENSES

Operating Expenditures, per Schedule B	\$1,645,949.44
Deduct—Ore and Concentrates on hand and in transit December 31, 1922	177,421.66
	<u>1,468,527.78</u>
NET INCOME FROM OPERATIONS	\$ 161,667.03

WALKER MINING COMPANY



Schedule A--Mine Development and Construction Expenditures

Period August, 1916 to December, 1922, inclusive

Buildings and Improvements	\$ 126,508.03
Mine Machinery and Equipment	51,212.36
Rock House Machinery and Equipment	12,974.59
Mill—Machinery, etc.	
Buildings	41,000.00
Machinery, etc.	118,217.46
Electric Power Equipment	18,877.14
Saw Mill Equipment	7,503.37
Tunnel and Equipment	343,453.79
Spring Garden Tramway	211,086.03
Railroad Spur at Spring Garden	2,133.39
Railway Survey	2,176.70
Livestock and Stable Equipment	2,554.56
Office Equipment	430.02
Assay Office Equipment	188.11
Hospital Equipment	1,889.05
Dam	37,858.60
Equipment—Plant Facilities for Employees	5,421.29
Aerial Tramline—Mine to Mill	16,520.31
Ore Bins	2,137.93
Flume	1,534.10
Mine Development	1,206.93
Diamond Drilling	3,758.12
Mines and Mining Claims	92,893.93
	\$1,101,535.81
Electric Power Pole Line (to be refunded by Power Company by credits on power purchased)	18,137.08
TOTAL	\$1,119,672.89



Schedule B---Operating Expenditures

Period August, 1916 to December, 1922, inclusive

Mine Development	\$ 57,789.77
Operating Diamond Drill	2,089.36
Mine Operating	690,589.56
Mill Operating	510,190.52
Operating Boarding House	39,532.71
General Expense	156,182.37
Shipping Ore and Concentrates	140,210.65
Operating Spring Garden Tramway	32,982.27
Sundries	16,382.23
TOTAL	\$1,645,949.44