

STATEMENT 1941



Walker Mining Company

PLUMAS COUNTY, CALIFORNIA

P. O. WALKERMINE, CALIFORNIA

OPERATING OFFICE

KEARNS BUILDING, SALT LAKE CITY, UTAH



(Incorporated under the Laws of the State of Arizona)



CAPITAL STOCK

COMMON—Authorized	- - -	1,750,000 shares at \$1.00 per share
Issued	- - -	1,749,308 shares at \$1.00 per share



Directors

J. R. WALKER	E. L. MAY	J. O. ELTON	J. B. WHITEHILL
P. T. FARNSWORTH, JR.		J. F. DUGAN	JOHN BAGLIN

Officers

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

Transfer Agents

H. I. CARSON, Transfer Agent, 25 Broadway, New York City, N. Y.
ROM WARBURTON, Transfer Agent, 820 Kearns Building, Salt Lake City, Utah

Annual Meeting: May 5, 1942, at 3 P. M. in Room 202, Phoenix National

Bank Bldg., Phoenix, Arizona.

To the Stockholders of
Walker Mining Company:

Your property was on an operating basis from January 1st to October 24th, 1941, when it was closed down because of unfavorable ore development and inability to operate under the prevailing price of copper.

Vigorous exploration work by diamond drilling and underground extensions has been carried on for more than two years in an effort to develop pay ore. This thorough but costly exploration work was justified by the geological conditions exposed on the upper levels of the mine, but the uniformly negative results clearly demonstrate that further expenditures are not warranted.

Before ceasing operation officials of the Company reviewed the situation fully with the various Governmental agencies at Washington in an endeavor to secure a more favorable price that would permit the Company to continue production, but after long discussion it was agreed that there was no alternative to closing down. Since then, a premium payment of 5c per pound of copper has been authorized by Metals Reserve Company, but as this applies only to production in excess of quota based upon 1941 production, your Company is barred from receiving such bonus payment.

The year's operations resulted in a loss of \$289,034.43, as indicated in the Income Account.

The mill operated throughout October 30th until mill bins had been emptied and a general cleanup accomplished.

The total advances for all class of drifts, crosscuts, raises, etc. for the year 1941 were 6,950 linear feet. In addition 4,007 feet of diamond drilling were driven for exploration purposes.

There were no major expenditures for construction during the operation.

Ore broken during the year.....263,554 wet tons

The mill operated 258 days treating an average of 1,129 tons per working day.

Ore milled291,438 dry tons

Concentrates produced, including lime scale.....14,387.257 dry tons

There were shipped to the smelter 14,929 dry tons of concentrates, lime scale, and precipitates with net recoverable content of 7,248,128 pounds copper, 166,581 ounces silver, and 10,938 ounces gold.

The entire production of silver and gold was sold. Deliveries of copper amounted to 9,529,996 pounds, leaving 901,484 pounds on hand at the end of the year all of which has been sold for delivery in 1942.

All equipment and material in the mine below the main haulage level that would pay to salvage was hoisted before the pumps were removed. All mine and mill equipment was put in good shape for the shut down. A small crew of six men were left at the mine and one at Spring Garden, the tramway terminal, to watch warehouse stocks and equipment and protect the camp from damage by fire or heavy snows during the winter.

The financial statements of your Company for the year ending December 31, 1941 certified by Messrs. Pogson, Peloubout & Company, Certified Public Accountants, are herewith submitted for your information.

Respectfully,
J. R. WALKER,
President

Salt Lake City, Utah, April 1, 1942.

Walker Mining Company

BALANCE SHEET—DECEMBER 31, 1941

ASSETS

FIXED ASSETS—see note:		
Mines and mining claims.....	\$1,286,053.73	
Operations were discontinued in October 1941. (See report of President). For basis of valuation see note.		
Plant and equipment at mine, mill, camp and shops and aerial tramway.....	\$1,680,177.85	
Less reserve for depreciation....	1,321,529.71	358,648.14
		1,644,701.87
INSURANCE FUND DEPOSIT (securities at cost).....		32,287.50
EXPENSES PREPAID		4,456.80
CURRENT ASSETS:		
Supplies on hand—at cost	160,763.65	
Ores on hand—at estimated realizable value	7,730.83	
Copper on hand—at market	106,149.74	
Accounts receivable	3,556.45	
Cash	14,630.32	
Indebtedness of affiliates—current.....	106,430.87	399,261.86
		\$2,080,708.03

LIABILITIES

CAPITAL STOCK:		
Authorized—1,750,000 shares of the par value of \$1.00 each. Issued and outstanding—1,749,308 shares		\$1,749,308.00
DEFICIT:		
Balance December 31, 1940.....	\$ 108,701.25	
Net loss of the year 1941, without deduction for depletion	289,034.43	397,735.68
		1,351,572.32
CURRENT LIABILITIES:		
Accounts payable—trade	20,404.05	
Wages payable	550.03	
Accrued taxes	6,810.64	
Freight and refining	2,584.45	
Indebtedness to International Smelting and Refining Company	654,820.58	685,169.75
RESERVE FOR WORKMEN'S COMPENSATION INSURANCE		43,965.96
		\$2,080,708.03

INCOME ACCOUNT—YEAR ENDED DECEMBER 31, 1941

Deliveries of metals		\$1,632,598.52
Cost of deliveries:		
Copper on hand at December 31, 1940—at market	\$ 374,839.70	
Production cost	1,477,790.39	
	1,852,630.09	
Less copper on hand at December 31, 1941— at market	106,149.74	1,746,480.35
Operating loss without deduction for depreciation and depletion		113,881.83
Interest paid	18,557.57	
Loss on sale of securities.....	225.00	
	18,782.57	
Interest received	1,105.01	17,677.56
		131,559.39
Depreciation		157,475.04
Net Loss, without deduction for depletion.....		\$ 289,034.43

Walker Mining Company

NOTE TO FINANCIAL STATEMENTS

NOTE—FIXED ASSETS—BASIS OF VALUATION

Mines and mining claims and plant and equipment at mine, mill, camp and shops and aerial tramway of Walker Mining Company are carried on its books at cost, such cost being represented in the case of mines and mining claims to the extent of \$1,250,000.00 by par value of capital stock issued therefor and in the case of all other fixed assets by cash cost thereof.

Depreciation has been written off on a unit of production basis.

In order to comply with the Government income tax requirements for the purpose of computing depletion, additional entries respecting the valuation of the mining property have been recorded upon the books of the Company; but being made in compliance with the Regulations of the Bureau of Internal Revenue only, the result of such entries is omitted from the current statements.

The values of fixed assets are shown on the bases above set forth and do not indicate current values which could be established only by current appraisals.

To the Board of Directors,
Walker Mining Company,
Salt Lake City, Utah

We have examined the Balance Sheet of Walker Mining Company as of December 31, 1941 and its Income and Surplus Accounts for the calendar year 1941, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

The practice of the Company in computing its net income without deduction for depletion of metal mines is in accordance with accepted accounting procedures in industries engaged in the mining of copper, silver and gold and is in agreement with the accounting practices and procedures consistently maintained by this Company and others similarly situated, and the Company is advised by counsel that such procedure is in accordance with legal requirements.

Operations were discontinued in October 1941. Values of mines and mining claims are stated at cost and do not indicate current values. See President's report.

In our opinion, the accompanying Balance Sheet and related Income and Surplus Accounts together with the notes attached thereto or appearing thereon, with the explanation in the preceding paragraph, present fairly the position of Walker Mining Company at December 31, 1941, and the results of its operations for the calendar year 1941, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

POGSON, PELOUBET & CO.,
Certified Public Accountants

New York, April 1, 1942.