STATEMENT 1938

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Walker Mining Company

PLUMAS COUNTY, CALIFORNIA

P. O. WALKERMINE, CALIFORNIA

OPERATING OFFICE

KEARNS BUILDING, SALT LAKE CITY, UTAH

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(Incorporated under the Laws of the State of Arizona)

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CAPITAL STOCK

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

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Directors

J. R. WALKER E. L. MAY J. O. ELTON J. B. WHITEHILL
B. R. HOWELL J. F. DUGAN GEORGE E. BAGLIN

Officers

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

Transfer Agents

J. W. ALLEN, Transfer Agent, 25 Broadway, New York City, N. Y.
ROM WARBURTON, Transfer Agent, 820 Kearns Building, Salt Lake City, Utah.

Annual Meeting: May 2nd, 1939, at 3 P. M. in Phoenix, Arizona.

To the Stockholders of Walker Mining Company:

Your property was on a curtailed basis from January 1st to May 31st, 1938; from June 1st to October 31st, inclusive, on a shutdown basis; and from November 1st to December 31st on an operating basis.

Development work was carried on during only three and one-half months of the year, of which one and one-half months was on a restricted basis. Despite this limited amount of work, however, more ore was developed than was produced. Major exploration projects started during the year were the deeper exploration of the North and Central ore bodies on the 1200 level, and the exploration of the area north of the Piute ore body on the 900 level.

The total advance for all classes of drifts, crosscuts, raises, etc., for the year was 1,924 feet, of which 1,171 feet of work was necessary in order to block out stoping ore which had been previously developed.

There were no major expenditures for equipment or construction during the year.

Ore broken during the year ..... 75,160 wet tons

The mill operated on a curtailed basis 155 days, treating an average of 431 dry tons per working day.

Ore Milled ..... 66,822 dry tons
Concentrates Produced ..... 2,516 dry tons

There were delivered to the smelter 2,463 dry tons of concentrates and lime scale, with net recoverable content of 1,188,271 pounds of copper, 44,273 ounces of silver and 2,029 ounces of gold.

The entire production of silver and gold was sold. Sales of copper amounted to 878,742 pounds at an average price of 9.7678c per pound, leaving 2,278,388 pounds on hand and unsold at the end of the year.

The year's operation, under adverse economic conditions with heavy shutdown and starting-up expenses, resulted in a loss of $88,338.42, after all charges except depletion.

The physical condition of the mine and mill is excellent, and the results of 1939 operations depend entirely on the demand for copper.

The financial statements of your Company for the year ending December 31, 1938, are herewith submitted for your information.

Respectfully,

J. R. WALKER,
President.

Walker Mining Company

BALANCE SHEET — DECEMBER 31st, 1938

ASSETS

FIXED ASSETS—See Note A:			
Mines, mining claims and development		$1,324,527.71	
Plant and equipment at mine, mill, camp and shops and aerial tramway	$1,642,396.56		
Less reserve for depreciation	994,764.20	647,632.36	$1,972,160.07
INSURANCE FUND DEPOSIT (securities at cost)			31,837.50
EXPENSES PREPAID			1,305.72
CURRENT ASSETS:			
Supplies on hand—at cost		169,208.95	
Ores and concentrates on hand—at cost		209,738.98	
Copper on hand—at market—see note B		229,042.61	
Accounts receivable		5,298.86	
Cash		8,660.24	621,949.64
			$2,627,252.93

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
CURRENT LIABILITIES:			
Accounts payable—trade		22,575.71	
Wages payable		15,701.86	
Accrued taxes		6,012.47	
Freight and refining		5,818.55	
Indebtedness to International Smelting and Refining Company		397,157.55	447,266.14
RESERVE FOR WORKMEN'S COMPENSATION INSURANCE			35,188.44
SURPLUS:			
Surplus December 31st, 1937		483,828.77	
Net loss of the year 1938, without deduction for depletion		88,338.42	395,490.35
			$2,627,252.93

INCOME ACCOUNT — YEAR ENDED DECEMBER 31st, 1938
(See Note B)

Sales of metals and concentrates			$ 158,394.19
Cost of Sales:			
Copper on hand at December 31st, 1937—at market—see note B		$ 194,917.04	
Production cost including expenses during suspension of and incident to resumption of operations		266,720.88	
		461,637.92	
Less copper on hand at December 31st, 1938—at market when produced—see note B		229,042.61	232,595.31
Operating loss, before deducting depreciation and depletion			74,201.12
Interest paid to International Smelting and Refining Company		8,225.79	
Other interest received—net		759.90	7,465.89
			81,667.01
Depreciation and obsolescence			6,671.41
Net loss, without deduction for depletion			$ 88,338.42

See explanatory notes on following page.

Walker Mining Company

NOTES TO FINANCIAL STATEMENTS

NOTE A—FIXED ASSETS—BASIS OF VALUATION

Mines, mining claims, development 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 basis above set forth and do not indicate current values which could be established only by current appraisals.

NOTE B—COPPER ON HAND

Copper on hand is carried at market when produced, which is below cost. Subsequent to November 1st, 1937, the Company was practically on a shut-down basis, sufficient work to keep the mine in condition and certain development work having been done. Concentrates produced under these conditions have been sold to International Smelting and Refining Company and included in the item "Sales of metals and concentrates." As of November 1st, 1938, operations were resumed and the production of the Company subsequent to that date has been treated on a toll basis by International Smelting and Refining Company.

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

We have made an examination of the Balance Sheet as of December 31st, 1938, of the Walker Mining Company and of its Income and Surplus Accounts for the calendar year 1938.

In connection with our audit we examined or tested the accounting records of the Walker Mining Company, together with other supporting evidence and made a general review of the accounting methods and of the operating and income accounts for the calendar year 1938, but we did not make a detailed audit of the transactions.

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 procedures is in accordance with legal requirements.

In our opinion, based on our examination, such Balance Sheet, Income and Surplus Accounts, together with the notes attached thereto or appearing thereon, fairly present, in accordance with accepted accounting principles and procedures consistently maintained and appropriately applied by the Company, the position of the Company at December 31st, 1938, and the results of its operations for the calendar year 1938.

POGSON, PELOUBET & CO.,
Certified Public Accountants.

New York, March 14th, 1939.