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INVESTMENT SECURITIES, METAL MINES AND
GENERAL BROKERAGE

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P. O. BOX 525

SALT LAKE CITY, UTAH November 24, 1922

Analysis of Facts and History of the Walker Mining Company, Subsidiary of the Anaconda Copper Mining Company

GREAT mines are found and developed so seldom that as a general rule their discovery and beginning of production is heralded by widespread publicity. To every rule, however, there are exceptions. One of the most remarkable exceptions of recent years is the Walker mine. This property notwithstanding its extraordinary promise, its favorable position with regard to transportation, and the possession of all the natural endowments that go to make an exceptional mine, has been heard of by few people in California, in Plumas county of which state it is situated, or in Utah, where reside a great many of its largest stockholders, or in Montana, where the Anaconda Copper Mining company, which directs its destinies, began first activities.

There are several reasons why a mine of the size and promise of the Walker has not received the publicity which its wonderful natural resources deserve. In the first place, the Anaconda Copper Mining company, which owns control, is more interested in accomplishments than in publicity. A mine has had to be developed in which a comparatively few of the public were interested. Since the Anaconda has practically unlimited finances at its command, talking about the favorable conditions prevailing at the Walker mine has not been necessary to interest the investing public. This feeling has been shared by large minority stockholders as well as by officials of the company.

However, recent developments have been so favorable that it is felt that before long the Anaconda company will acknowledge that the Walker mine is one of its big assets, not alone because of the num-

ber of shares held, but because of the revenue which will be derived from the smelting of Walker ores by the International Smelting company, a subsidiary organization of the Montana mining corporation.

So it is that a property, which has in one of six known orebodies \$30,000,000 of mineral blocked out; which should rapidly develop into one of the largest and lowest cost producers in the world; and which should be active on a large scale for generations has received little or no publicity in technical journals or newspapers.

In laying before the public the following analysis and history of facts pertaining to the Walker Mining company, I have two distinct but closely related purposes: To call attention of investors to the exceptional merits of this stock so that advantage may be taken in time of an unusual opportunity and at the same time to help myself to a bigger business—a business that will bring profit and satisfaction both to myself and my clients.

Before discussing the outlook of the Walker Mining company, it should be stated that a property must have two qualifications before it can become a great mine. First, it must have mineralization of great persistence and of sufficient richness to make exploitation profitable; Second, the management directing the development of an estate's natural resources must be both honest and efficient. Many a fine organization has been wrecked in an attempt to develop a mine which promised well but did not live up to expectations. Many a great mineral deposit has been exploited with disastrous results to shareholders.

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ers because of inefficient or dishonest management.

In the case of the Walker property, it may be most emphatically stated that both requisites, good management and great ore reserves, exist. If the Anaconda company were not organized and managed to the highest degree of efficiency, it is hardly possible that the corporation would have grown from one of limited capital to one that has paid since its organization in 1901 about \$170,000,000 in dividends, besides acquiring the American Brass company and buying, equipping and developing great properties like the Andes Copper, the Walker and other holdings of vast possibilities. Were not the management of the Anaconda Copper Mining company most capable, it would be scarcely practical for this organization to operate mines, railroads, smelters, sawmills, fertilizer factories and the great plants of the American Brass company, the largest corporation of its kind in the world. To carry on such manifold activities in this day of keen competition and rapid progress implies the highest degree of efficiency. That the Walker Mining company has this type of management is as great an asset as its vast ore reserves.

Fully as indisputable are the facts concerning the mineral resources of the company. In the report of the Anaconda company for 1918 are recorded the following conservative, unimaginative but startling statements concerning the ore reserves of the Walker mine at that date:

"Exploration of the property to the depth of 346 feet has been accomplished by two shafts. Drifts from these shafts have opened up a body of ore approximately 800 feet in length averaging 16 feet in width and a grade of about 4 per cent copper. Recent developments by means of diamond drill holes indicate an additional length of vein approximately 900 feet. There is considerable amount of unexplored territory."

Report of the Anaconda company for 1921 contains the following statement concerning the tonnage developed.

"Ore reserves at the end of 1921 were estimated at 900,000 tons, averaging 4.2 per cent copper. There are on hand at the mill more than 7,600 tons of concentrates assaying 19.76 per cent copper, 7.46 ounces of silver per ton and .19 ounces of gold per ton."

It should be noted that no mention is made in the Anaconda reports of the gold-silver content of the ore which is nearly enough to pay all mining and milling costs. How conservative the Anaconda statements are may be judged when it is known that during the past five months, milling ores have run from 5 to 7.5 per cent copper, with \$5 in gold and silver. Shipping ores have averaged in the same period from ten to twelve per cent copper with excellent gold-silver values. Probably a clearer comprehension of the mine's mineral resources can be had when it is known that **from development work alone**, during the past six years, ores of a gross value ex-

ceeding \$2,225,000 have been produced and marketed. It can be truly stated that the Walker is today one of the highest grade copper mines now active.

Another striking fact in connection with the ore bodies of the Walker mine is that no hoisting of ore or waste nor no pumping is or should be necessary for many years. The deposits lie in such a position that every pound of ore can be handled by gravity. Contrast this condition with that pertaining in Butte where all ore and waste has to be hoisted 2000 to 4000 feet and tremendous volumes of water must be pumped to the surface.

In order that full advantage may be taken of physical conditions, the company has run a long tunnel which cuts the lode at a depth of 1000 feet on its dip. Ore stoped in the upper levels is dropped into chutes, loaded into trains of cars hauled by electrically driven locomotives, and trammed to the mill at the portal of the adit. Shipping ore is conveyed to the railroad station, Spring Garden, on the main line of the Western Pacific, 8.2 miles distant by one of the best equipped and constructed aerial tramways in the country.

Nor has the downward limit of the ore been reached on the main tunnel level. At this depth, the mineralization is as extensive and rich as on the upper levels of the mine. Because of the great size, the high-grade values of the deposits, and the simplicity with which mining operations can be conducted, it is doubtful whether there are many properties in the world that can compete with Walker mine in the matter of production costs.

Probably the most complete and interesting statement ever made concerning the financial status of the company and the physical condition of the mine is contained in an interview with President J. R. Walker in the Salt Lake Tribune of November 12, 1922, from which are quoted the most pertinent paragraphs as follows:

WALKER MINE FUTURE BRIGHT

President of Company Makes Statement Concerning Plumas Property.

Plans for Enlargement of Old Mill and Building of New Plant Announced.

Complete satisfaction was expressed yesterday with the present outlook of the Walker Mining company by President J. R. Walker. In his opinion, the Plumas county, California, property could scarcely have a brighter outlook. Development work is constantly adding to the already vast ore bodies, the financial position of the company strengthened by the gratifying profits which are being netted as a result of steady production, and plans of the utmost importance for the welfare of the company outlined. To increase the income of the company in the shortest time possible, steps are being taken to aug-

ment the capacity of the small test mill so that it will be capable of handling 300 tons daily.

"In addition to treating 300 tons daily of ore," said President Walker in discussing yesterday plans of the company for the immediate future, "the company will ship 100 tons daily of crude ore, averaging from 10 to 12 per cent copper. The above output will produce in round numbers \$3,000,000 annually, with gold, silver and copper estimated at the present market values. Out of this gross output, the International Smelting company will receive for treating the ore, in round numbers, 29 per cent, or \$870,000; the railroad company in freights on concentrates and crude ore, 9 per cent, or \$270,000 per year, leaving for the company 62 per cent, or an annual income of \$1,860,000."

From this annual gross income that the company receives, Mr. Walker explained, must be deducted \$45,000 monthly, which will be adequate to pay all mining, milling and other charges. For disbursement, over \$1 a share will remain on the company's capitalization of 1,250,000 shares. While the relatively small amount estimated as necessary for operation may seem out of proportion as compared to the large net profit, he said, it must be remembered that the Walker mine is probably one of the lowest-cost producers in the country. The relatively high-grade copper, as well as the gold and silver content of the ore, the fact that for years not a pound of waste or mineral need be hoisted and no pumping done, and that the company has millions of feet of timber on its property suitable for all mine and construction uses, will make it practical for the company to produce copper under 8 cents and nearer 7 cents on a daily output of 400 tons.

Mine in Good Shape.

"The physical condition of the mine was never better," Mr. Walker stated. "In one deposit, a body of ore 800 feet long, 1000 feet on its dip, and an average width of thirty feet has been blocked out, in which, figuring ten cubic feet to the ton and copper, silver and gold at present market prices, there are over \$30,000,000.

"Moreover, there are five other known ore bodies in the mine. On the 300 level to the north of the tonnage already blocked out we have run over 900 feet through an ore body. This deposit has also been diamond drilled. The 600-foot level, which is next to the bottom level of the mine, is within 200 feet of cutting this ore body at depth. As the company owns nearly four miles of this great lode or zone, it is probable that many other ore bodies will be developed."

When asked regarding the company's present financial outlook, President Walker said that if the output is maintained at the rate of 300 tons of mill and 100 tons of crude ore daily, it will require but very little more than a year to pay off the indebtedness.

"In my opinion, new financing will not be neces-

sary if plans are carried out as now outlined," he explained. "All of the present indebtedness of the company is carried at 6 per cent interest by the Anaconda Copper company, which owns 50.4 per cent of the Walker Mining company's stock, and will not be due until January 1, 1929.

"I believe that the minority stockholders should be congratulated on having a highly efficient organization like the Anaconda Mining company in charge of development and exploitation of the property. The conduct of the affairs of the Walker Mining company by the Anaconda company has always been for the best interests of all the stockholders. Minority stockholders have always had a square deal.

"For the protection and gratification of minority stockholders I might say that in the one ore body in the Walker mine which is blocked out, not taking into account the huge reserves in the five other known ore bodies, there are more dollars gross than the combined capital, surplus and undivided profits of all the national, the savings, and the state banks and trust companies in the state of Utah."

As an indication of what the future holds for the property, it is announced that the company has already cut lumber for erection of a large, new milling plant, to be begun just as soon as the weather permits next spring. Inasmuch as the company already has one of the best tramways in the country, capable of transporting 350 tons a day from the mine to the Western Pacific loading station at Spring Garden, nine miles distant, with the erection of the new mill the Walker mine will possess a surface plant and underground equipment of the highest efficiency.

To me, the salient facts of President Walker's clear-cut and comprehensive statement are as follows: Out of the \$30,000,000 contained in one of six great orebodies, 29 per cent goes to the International Smelting company for reduction costs, 9 per cent to the railroads for freight; 18 per cent for mine, milling and overhead charges. Totalling these items, we have an aggregate of 56 per cent which represents the cost of producing the metal; 44 per cent represents the net profit, which, figured on \$30,000,000, leaves \$12,500,000 or \$10 per share for payment of dividends on a stock which is selling in small lots around \$4 per share on the Salt Lake Stock and Mining Exchange.

Furthermore, this estimate does not take into account the fact that there are five other known ore bodies which may prove to be as large as the one blocked out. The individual investor may best estimate for himself the speculative value of a mine which in one of the six ore bodies lying along an ore zone traversing the estate four miles, there is a deposit such as the one described above.

At the present rate of production, 300 tons of milling and 100 tons of shipping ore daily, the com-

HISTORY OF THE WALKER MINING COMPANY

pany is producing 18,980,000 pounds of copper per year, which means at present metal prices the annual earning of a gross income of \$3,000,000, or a net profit of \$1,320,000 or over \$1 per share.

COMPARATIVE STATEMENT SHOWING PRESENT PRODUCTION AND EARNINGS ON
WALKER MINING COMPANY WITH PRESENT EQUIPMENT ONLY.

	Annual Tons Crude	Annual Lbs. Copper
300 tons daily mill ore—80 tons concentrates	109,500	11,680,000
100 tons daily shipping ore, 10% Cu.	36,500	7,300,000
	<u>146,000</u>	<u>18,980,000</u>
Annual production of copper—18,980,000 lbs. @ .1377c		\$ 2,613,546
Gold and silver content, underestimated		386,454
		<u>\$ 3,000,000</u>

EXPENSES, CHARGES AND COSTS AGAINST PRODUCTION

	Lbs. Copper	Annual Expense	Cost per Ton Crude	Cost lb. Copper
Smelter	5,504,200—29%	\$ 870,000	\$ 5.96	.04c
Railroad	1,708,200—9%	270,000	1.84	.0124c
Mine, Milling and Overhead	3,416,400—18%	540,000	3.70	.0247c
Total Costs	10,628,800—56%	1,680,000	\$11.50	.0771c
NET PROFIT	8,351,200—44%	1,320,000	\$ 9.04	.0606c
	<u>18,980,000</u>	<u>\$3,000,000</u>	<u>\$20.54</u>	<u>.1377c</u>

In connection with these figures, it must be remembered that if the company builds a new mill as planned next spring, both the output and the profit will be greatly increased. Cognizance should also be taken of the facts that the one ore body blocked out contains enough ore to run the present 300-ton plant and 100 tons shipping ore for twelve years and that every cent advance in the price of copper above the present settlement quotation of .1377c means the annual addition of \$189,000 to the profits of the company.

Out of 1,250,000 shares of the company—630,000 of which were taken up by the Anaconda Copper Mining company when it exercised its option October 1, 1918. Approximately 400,000 shares are owned by Walker Brothers, leaving but 220,000 shares of floating stock left with the public, most of which is held in large blocks by shrewd investors, a number of whom are too familiar with the possibilities of the mine to be induced to sell at any figure.

When it is taken into account that the Walker mine is ideally situated with regard to transportation; that on the property there are millions of feet of timber; that water in abundance for all milling and domestic purposes is available; that the mine is equipped with the most modern buildings and labor-saving machinery; that the mill is making a recov-

ery of 96 per cent, a record not exceeded by any other metallurgical plant in the country; that the management of the mine is as efficient as can be found any place in the world; that the stock, outside of its great speculative value, has a proven dividend potentiality of at least \$10 per share, purchase of Walker, to put it most conservatively, seems to me the best investment afforded in the entire range of mining or industrial issues.

The stock of the Walker Mining company is listed only on the SALT LAKE STOCK & MINING EXCHANGE, and is quoted at the present time around \$4 per share.

My business is that of a stockbroker, and in sending out this letter I am acting entirely in the interest of the investing public, realizing that in getting the public interested in this stock, which is the most meritorious issue that has ever been called to their attention, I am at the same time helping myself to bigger business.

I have no hesitancy in advising the public to buy this stock, and can assure all investors who see fit to favor me with their orders that they will receive prompt and efficient service.

GEORGE BAGLIN.