

TENNESSEE SCHUYLKILL CORPORATION
CHLORIDE, ARIZONA

August 3, 1945

Cur 7/6.2

Mr. George M. Colvocoresses, E.M.
1102 Luhrs Tower
Phoenix, Arizona

Dear Mr. Colvocoresses:

Enclosed herewith please find financial reports covering the operations of our contractors for the first six months of 1945, also, several analizations that have been made of the figures.

The Operating Contract provides that \$1.50 per ton of ore extracted shall be spent back into the mine by development by the contractors. The enclosed auditor's reports show a detailed breakdown of the charges that have been made to the development account. It seems to me that the charges for power and timber should be examined by an engineer for the Corporation to determine whether or not they are proper. Of course, all of the charges appearing in the development schedule should be passed on by an engineer for the company but I especially call to your attention the two charges named above, power and timber. You will note that at least in some instances, these two charges are in excess of the amount charged to mining costs for the same item.

Will you kindly examine these statements and let me have your opinion in writing as to whether they are just and proper?

Yours very truly,

TENNESSEE SCHUYLKILL CORPORATION

By:

N. A. Wimer

N. A. Wimer - President

NAW:df
encl.

Los Angeles, Cal. Sept. 20, 1922

Mr. H. T. Rudisill,
Los Angeles, Calif.

Dear Sir : -

Following are some notes in reference to the ore bodies developed in the Schuylkill-Tennessee Mines during the two years of operation under my supervision:

In drifting North towards the Schuylkill on the 900 ft. level of the Tennessee Mine, we drove through an ore shoot 140 feet long with an average width of about 4 feet. The North end of this shoot is on the Schuylkill line. At this point the values became lower. Since no work has been done between this point and the surface - some 900 feet - I think it is safe to assume that this ore shoot comes to the surface. In assuming this I am basing my opinion on the fact that the original Tennessee ore shoot, only a few feet South, has been mined from the surface to a depth of 1600 feet. Also the Schuylkill and Elkhart ore shoots, on the North, have been mined from the surface downward.

From investigations made on the extreme North ends of the 1170 and 1250 stopes of the old Tennessee ore shoot, it is my opinion that this shoot connects up with the new ore body opened on the 900, thus demonstrating its continuity to, at least, that depth. Here I would refer you to the Schuylkill-Tennessee map and the list of assays accompanying this. The assays represent every car of ore hoisted in driving through this ore on the 900 which ore is now on the dump at the mine and can be checked up. I think, therefore, it is safe to estimate an ore body here, 140 feet long, 1250 feet deep by 4 feet in thickness, amounting to 700,000 cubic feet, which at 10 cubic feet per ton, amounts to 70,000 tons.

This is exclusive of the shipping ore left in the Old Tennessee ore shoot, in which the U. S. Smelting Co., operated for a number of years prior to my connection with the mine. I have seen and sampled some of the old stopes left by those operators, but owing to the caved condition of the workings, I was unable to make a satisfactory estimate of the amount left. Each one of six places in which they were working showed from 4 to 7 feet of ore. These can be pointed out on the map. In addition to the shipping ore left in the old stopes, there is a large tonnage of lower grade mill ore that could be milled profitably on the ground. In this connection I would say that I examined the old Tennessee ore shoot on the 1600 ft level and found four feet of average grade ore in the bottom of drift.

In driving into the Schuylkill ground on the 900 level Tennessee, we drove through low grade material for some distance, finally encountering another ore body, on which we drifted some 60 feet. At a favorable point we raised to the 800 ft level Schuylkill, 152 feet, all in good ore - list of samples therefrom accompanying this. There is still 3 feet of average grade ore in the breast of this drift - Tennessee 900 ft level - and as it goes down below the drift and shows up to the 500 ft level, it is impossible to make an accurate estimate of the tonnage therein.

In conclusion, would say, that if you will take the two lists of assays accompanying this letter and compare with the Schuylkill-Tennessee map, estimating therefrom, you will get a good idea of the amount of available ore in both mines.

Very truly yours,

(Signed) M. J. Kelly.

900 DRIFT

	Gold	Silver	Lead	Zinc
No. 1	/06	5.8	18.5	16.8
2	.02	6.8	12.5	19.7
3	.04	3.	6.5	19.2
4	.06	5.6	16.8	11.7
5	.08	5.2	14.1	18.2
6	.04	6.4	16.	20.1
7	.08	9.20	24.	27.2
8	.08	4.2	6.5	19.3
9	.12	12.3	28.5	14.8
10	.10	7.3	17.3	19.8
11	.04	1.8	4.1	8.9
12	.02	1.6	1.7	5.7
13	Tr	1.6	2.3	6.1
14	102	1.2	1.3	5.
15	Tr	1.2	1.2	6.1
16	.04	1.2	.9	7.4
17	.1	3.	2.25	18.5
18	.42	3.	5.3	13.1
19	1.05	7.5	13.25	32.7

RAISE TO SCHUYLKILL

6'	.14	1.3	2.1	29
5.5'	.14	1.1	2.2	3.7
5'	.30	3.1	9.3	5.0
5'	.14	1.5	2.7	4.4
5'	.44	3.6	12.4	5.6
4'	.72	5.3	18.8	6.5
4'	.80	6.6	22.4	8.7
3.5'	.28	4.2	12.8	10.9
4'	.22	2.6	6.4	7.7
4'	.18	2.8	7.0	8.7

LAW OFFICE OF
Carl G. Krook
P. O. BOX 1029
Kingman, Arizona

November 8, 1945.

Mr. George M. Colvocoresses,
1102 Luhrs Tower,
Phoenix, Arizona.

W.A. at present

Tennessee mine

Dear Mr. Colvocoresses:

I was pleased to receive your letter of the 6th instant.

The whole trouble at the mine is the fault of Mr. Wimer and not of the men. He is not a mining man and should never been placed in the position of manager or president. Nor can he handle men. The members of the group constituting the Mines Operating Company will not renew the contract so long as Wimer is an officer of the company.

The litigation instituted by Wimer was illadvised, and besides made the men hostile. Even I am included.

The operating contract was not in fact a violation of the OPA. The net smelter returns amounted to over \$60,000.00. The amount received by the company was around \$25,000.00. 100% of the premium went to the operating company (the producer) and no part of it was paid to the T-S Corp. The contract provided only a formula for conveniently computing the amount that should go to the T-S Corp. Although the contract does not so state, yet that is what was intended, and as in fact no part of the premium was distributed to the T-S Corp., the regulations regarding premiums and their uses were not violated.

We have tried to bring the parties together, but Wimer is so unreasonable that the boys cannot and will not fall in line. If Wimer would step out as president I am sure we would get back into production.

With such a set-up it is just too bad.

My best to you and yours. Mrs. K is in LA. for a short stay.

Yours truly,

Carl G. Krook
CARL G. KROOK

k

Lawrence J. Clark
November 6, 1945

Judge Carl G. Crook
Kingman, Arizona

Dear Judge Crook:

I merely wanted to drop you a line to explain the reason that I had not recently returned to Kingman and Cloride.

While Mr. Wimer was in the East, I tried very hard to figure out a fair method of compromising the differences between the Tennessee Company and the Mines Operating Company, and I had worked out quite an elaborate schedule for the future division of profit which, I believe, would be satisfactory to both parties.

However, Mr. Wimer later informed me that he was unable to persuade the men to agree to any new arrangement that he was willing to offer them, and accordingly had taken refuge in litigation which I personally very much regret.

Naturally I could be of no service in connection with the legal difficulties and therefore, advised Mr. Wimer that I would not be able to continue my professional relationship with the Tennessee Company while matters were in court, but I told him that I sincerely hoped that at some future time the situation would change and an occasion would again arise where I could come back into the picture.

Of course, I do not know all of the details of the transaction between the Tennessee Company and Operating Company nor just why they could not rearrange a contract on a mutually advantageous basis. I feel sure that you did everything possible to persuade them to follow such a program, and some day I hope that we shall be able to sit down and discuss this matter personally as well as other matters of mutual interest.

With personal regards to Mrs. *Clark* and you,

Sincerely,

GMC: IW

Tennessee Mine file

December 22, 1945

Mr. N. A. Wimer
530 West 6th Street
Los Angeles 14, California

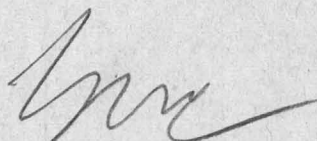
Dear Mr. Wimer:

This is merely a short note to wish you all the compliments of the Christmas season and a happy and prosperous New Year.

While I can not feel very optimistic concerning the results of litigation affecting the Tennessee Mine, I sincerely hope that this matter will soon be straightened out to the satisfaction of all parties concerned, and that you may again be able to resume operations at the mine under favorable conditions and with prospects of profit to everyone concerned.

I hope that you will drop in for a personal chat anytime that you may be passing through Phoenix as I recall our association of the past few months with much pleasure, and regret that this could not have been continued.

Sincerely,



GMC: IW

Tennessee file
December 22, 1945

Judge Carl G. Krook
Post Office Box 1029
Kingman, Arizona

Dear Judge Krook:

Just a line to wish to you and Mrs. Krook the good wishes of the season in which Mrs. Colvocoresses joins, and to hope that the coming year will be a happy and prosperous one.

Conclusion
I duly received your letter of November 15 relative to the Tennessee Mine, and I fully agree with you in believing that the litigation was quite unnecessary and will probably result in ~~dis~~^{with} satisfaction to the parties concerned. I think, the differences which were raised in occasion with the ruling of the O. P. A. could have all been ironed out by friendly conferences and in any event it seemed to me that the program under which the mine was being worked prior to the break up with the Operating Company was something that deserved to succeed, and that every effort should have been made to iron out the differences of opinion between the Company and the operators.

I should be interested to learn how this situation develops during the course of the litigation and I hope that you personally will not experience any inconveniences, or have to spend too much *time &* money in fighting out the matter in court.

You will be interested to hear that my boy returned here together with his Irish bride, and he has now gone back to work for the Magma Copper Company where they will be very comfortable, and I hope very happy. We were glad to have them back and also there is good news from the girls, and most of our friend's families, with only a very few exceptions, had boys who have returned from the war or are returning safely to their homes.

Best regards and all good wishes.

Sincerely,

[Signature]

GMC: IW

When ack, - also return premium letter x c sub 8 / file of answer

LAW OFFICE OF
Carl G. Krook
P. O. BOX 1029
Kingman, Arizona

12/21/45

November 15, 1945.

Mr. George M. Colvocoresses,
1102 Luhrs Tower,
Phoenix, Arizona.

Tenn. Mine

Dear Mr. Colvocoresses:

I have just noticed an error in my letter to you of the 8th instant. The net smelter Returns from concentrates shipped by Mines Operating Company is given as \$60,000.00, which was only the lead returns. The smelter proceeds for zink amounted to \$21,280.05, and the exact amount for lead was \$67,550.88, or a total of \$88,830.93.

Under the rule of the OPA I understand the lessor, conceding for the sake of argument only that the operating contract is a lease, is not entitled to share in the premiums, which are designed by the government for the producer only, and that the lessor's royalty must be paid out of the net smelter returns only.

As the net smelter returns in the present case far exceeded the amount turned over to the T-S Corp, it would seem that the government's contention is based on theory and not on fact.

We could no doubt have adopted a different formula for a basis of division ---that is, the amount that should go to the T-S Corp and the amount ^{used} that should go to the M.O.Co., but the one ~~was~~ the most convenient for all concerned, and I see no sound basis for objection in face of the facts. The question is, did the T-S Corp share in the premiums? The answer is, no. So why does the T-S Corp declare the operating contract illegal and against public policy, and bring all parties into litigation. We have now two suits pending. One suit has been disposed of adversely to T-S Corp.

Yours truly,

k

Carl G. Krook
CARL G. KROOK

File

TENNESSEE SCHUYLKILL CORPORATION
CHLORIDE, ARIZONA

STOCKHOLDERS REPORT
APRIL 11, 1946

The Tennessee Mine is in production. The mill is in operation and concentrates will be forwarded to the smelters in the near future. The operation under the contract form reported to you in our letter of March 18th became effective on March 21st. The co-operative association already has around twenty members with more applications on file. In other words, the previous difficulty of assembling a crew of good men seems to have been entirely eliminated.

Statistics show a big shortage of certain metals among which lead seems to be outstanding. Silver also seems to be in short supply. Both of these metals are produced here at the Tennessee Mine. With the set-up we now have it is my opinion that the property is due for a long and profitable operation.

The corporation has received a number of letters from stockholders asking why the company discontinued publishing the Chloride Miner. The reason was that the management felt the expense was not justified. A new weekly newspaper to be known as the Kingman Arizona Times, in which the writer is interested, is starting publication at Kingman, Arizona. A section of this paper will be devoted to mining and news pertaining to the Tennessee Mine will be published. So that the stockholders of Tennessee Schuylkill Corporation may be kept informed on happenings at the mine, your company has entered an annual subscription for each stockholder. The cost of these subscriptions is far less than was the cost of publishing the Chloride Miner and you will receive it weekly instead of once a month.

Since the recent boom in market prices of mining stocks a quantity of letters from stockholders have been received asking what is the market price for the shares of this corporation. The corporation does not enter into stock market transactions. This is the function of established brokers. Because the stock of this company is not listed on any stock exchange many stockholders seem to feel that there is no way in which they can buy or sell it. For this reason we offer you the following explanation of the way in which trades are conducted in unlisted securities.

There is an established quotation sheet service available to the unlisted trading department of brokerage offices. This service is published daily and brokers who subscribe to it may include their name and their bids or offerings for any security in which they are interested in these quotation sheets. If you want to buy or sell the stock of this company you should make your wants known to your own broker and by referring to these unlisted security quotation sheets he can

immediately learn what bids or offerings they contain and the broker who is interested. Your broker will then communicate with the firms who have bids or offerings listed and in that way you should get action within a reasonable length of time.

If you want to buy or sell and the price you have in mind is either below the bid of some other person or above the offering price of someone else you will naturally have to leave your order in and await results or change your figures to meet the current quotations.

There are some 500 stockholders in this corporation living in almost every state in the union which means a fairly wide interest and distribution. By following the procedure outlined in this letter anyone interested in buying or selling may contact the person they are looking for.

N. A. Wimer - President

October 23, 1945

Mr. N. A. Wimer
Tennessee Schuylkill Corporation
Chloride, Arizona

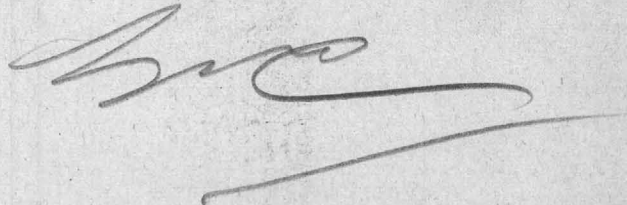
Dear Mr. Wimer:

I have received this morning your letter of the 22 enclosing your check for \$100.00 which covers my account for the month of September, and entirely completes all of your obligations to me in respect to services rendered to the Tennessee Corporation and other matters.

If I can be of service to you or your company at any time in the future, I shall be only too glad to consider any new arrangement that you may propose, meanwhile I sincerely trust that your difficulties with the Mines Operating Company may eventually be straightened out in a fair and mutually satisfactory manner, and I shall watch with interest the future developments in that respect.

With personal regards and thanking you for your remittance, I remain

Yours very truly,

A handwritten signature in dark ink, appearing to be 'H. W. C.', with a long horizontal flourish extending to the right.

GMC: IW

X

TENNESSEE SCHUYLKILL CORPORATION
CHLORIDE, ARIZONA

10/23
A
44

October 22, 1945

Mr. George M. Colvocoresses
1102 Luhrs Tower
Phoenix, Arizona

Dear Mr. Colvocoresses:

This will acknowledge receipt of your letter of
October 16th.

When I called at your office in Phoenix, October
19th, it was agreed that your wish to sever your connection with
this Corporation would be granted and you may consider this letter
our consent to such an arrangement as of October 1st.

The writers personal check in the amount of \$100,
made payable to you, is enclosed, herewith, which is payment in
full for your statement of account dated October 1, 1945. It is
my understanding that you are agreeable to accepting the enclosed
check as full payment for any balance due you from this Corpora-
tion.

Very truly yours,

TENNESSEE SCHUYLKILL CORPORATION

X
By

N. A. Wimer

N. A. Wimer - President

NAW:D

October 16, 1944

Mr. N. A. Wimer
530 West 6th Street
Los Angeles 14, California

Re: Tennessee Mine

Dear Mr. Wimer:

In this mornings paper I noticed that a law suit has been filed by the Tennessee Company against the Mines Operating Company claiming something like a \$140^{000.} in damages. I presume that this is a sequel of the recending^{Sci} of the previous contract concerning what you wrote me on October 8.

I am very sorry that there should be such a^r unfortunate outcome to a transaction which in my opinion have^d much good promise. I was sorry that the proposition which I sent you on September 21 failed to have^{any} good results.

I judge that the litigation will probably result in forcing the mine to discontinue active operations at least for some months to come. Under such circumstances my service will doubtless be of no value as you will not require any techinal advice.

I do not desire to be in any way involved in the litigation between the Tennessee Company and the Mines Operating Company. I will be greatly surprised if you are ^{able} about to collect at law

any substantial amount of money which ^{has been paid} ~~would add~~ to the Operating Company under the existing contract.

Under all the circumstances I believe that it will be better for me to sever my connection with the Tennessee Company as of the first of this month, since I have been of no practical use to your company since that date, although, I spent a good deal of time in carrying out your instructions during the month of September.

Please let me hear from you on this matter at your earliest convenience.

Yours very truly,

GMC: IW

LAW OFFICE OF
Carl G. Krook
P. O. BOX 1029
Kingman, Arizona

hca.

August 29, 1945

Mr. G. M. Colvocoresses,
1102 Luhrs Tower,
Phoenix,
Arizona.

Jan *file*

T-S Corp.

Dear Mr. Colvocoresses:

Complying with instructions from Mr. Wimer,
I enclose check for \$250.00, payable to yourself,
for services and expenses to August 14, 1945, in-
cluding part expenses of July trip to Chloride for
examination of property, and also covering report,
letters and conference with Mr. Wimer and others,
as per your statement August 14, 1945.

With my kind regards.

Yours truly,

CGK-MK
Encl.

Carl G. Krook
CARL G. KROOK
Trustee T-S Corp.

cc - Tennessee-Schuylkill Corp.,
Chloride, Arizona.

August 31, 1945

Mr. N. A. Wimer, President
Tennessee- Schuylkill
530 West Sixth Street
Los Angeles 14, California

RE: Tennessee

Dear Mr. Wimer:

Referring to our telephone conversation of yesterday I understand that you intended to return to Los Angeles today and I therefore address you in that city.

I have this morning received the check for \$250 from Judge Krook completing payment of my last statement against the Tennessee and I thank you very much for same.

I much regretted to learn that the Operating Company had declined to accept your proposed revision of the contract and had notified you that same would be cancelled at the end of October.

In reference to the above I have this morning had a long talk on the telephone with Clif Murdock who feels as I do concerning the expected termination of this arrangement.

Collecting

Murdock says that he personally knows most of the men who founded the operating partnership and that he thinks that the majority of them are fair minded and reasonable ^{as small} but there are a few of them who are still suspicious on account of some trouble which they once had in ~~connecting~~ ^{collecting} wages from the company and he agrees, that most of them fail to appreciate that the credit balance which they have in the bank as well as the amounts due from the AFSA and the Metals Reserve represent their past earnings just as much as if these had already been paid in cash and that they certainly will be paid at some time in the future.

Murdock said that he felt much distressed concerning the present situation and that he would make it a point to go to Chloride soon after the first of September, and to personally see as many of these men as possible and try to get them to reconsider the whole matter and meet your proposal which he seemed to think was perfectly fair

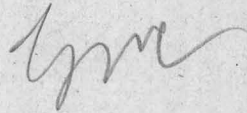
to all parties and involved changes that were forced upon the company through circumstances beyond their control.

I sincerely hope that Murdock will be able to do you some good and also that my last letter to Strobel, of which I sent you a copy on the 29th, will have some favorable result.

I learn that Joseph P. Klein should now be addressed: P. O. Box # 571, Ventura, California. I suggest that you should write to him direct and determine whether or not he would be available for work at Chloride. I think that he would be a valuable man for you to have as superintendent or contractor in connection with the development of the Arizona Magma mine and also that he might be of considerable help in straightening out the difficulties at the Tennessee. If you agree with me in this and prefer to have the letter come from me, I will gladly write him as you may direct. Meantime, I will try to get in touch with two or three other men who might be suitable; but Klein, if available, would be my first choice at present.

Hope that you are rapidly recovering from the effects of your automobile misadventure and with best personal regards. I remain

Sincerely,



August 29, 1945

Mr. N. A. Wimer, President
Tennessee- Schuylkill Company
Chloride
Arizona

RE: Tennessee

Dear Mr. Wimer:

I acknowledge yours of August 25 also yours of August 27, with enclosures in both cases.

Referring to the second letter I had no difficulty in recognizing the Gold Hill placer which at intervals during the past twenty years have been known as Merrill Placers, Rich Hill Placer, Weaver Placer or Antelope Placers. In 1934 or thereabouts I made a very thorough examination of this property which contains several million yards of gold bearing gravel, ^{some} of which is sufficiently rich to make the mining attractive.

However, such an operation would involve a large preliminary capital investment and the water problem is by no means as simple as stated by Mr. Richard S. Jones. I certainly would not advise you to start any negotiations relative to this property until you are in a position to devote to same almost your entire time and attention and, moreover, I happen to know that Merrill is at present negotiating with another party who makes a specialty of placer mining and very likely with some other concerns.

Referring back to yours of August 25 I have been coming to the office about every other day and am likely to continue this program for a week or more with perhaps a little vacation later on. The treatment which I am now receiving seems to be gradually producing good results but I shall be able to better determine that matter early in September.

I enclose a copy of a personal letter which I have written to Strobel today and which I hope may prove helpful at least in preventing the Quota Commission from taking any action in your regard without having first made a very thorough investigation.

I noted with interest ~~your~~ copy of your letter of August 24 to the Mines Operating Company and I think that you have made a very strong case and sincerely hope that the Operating Company may accept your proposals it stands or perhaps with some minor modification. I know from experience that it is sometimes very hard to convince any group of wage earners that they are being overpaid but in this case the situation is so obvious and the alternative to meeting your request would be so disadvantageous to the workman that I have every hope for your success.

Your account of recent personal misfortune was most interesting but I very sincerely regret that it should have been so disagreeable for both you and Miss Decker. I think that you were both fortunate not to have suffered more serious consequences. It was indeed fortunate that the young lady was so plucky and so strong as to walk our the twenty miles to the highway. I trust that she has quite recovered from the experience also that the sores on your leg are now completely healed and cause no further suffering.

In each of my cars I always have a shovel, an ax, a tow rope, a piece of very heavy canvas to use in sand, and a two gallon canteen which is filled with fresh water every time I start on a long trip. Let me seriously recommend that you should follow a similar practice. While the great part of our driving is now done on the paved highway there are always chances that some of the equipment which I have mentioned will be needed very badly and, of course, it might be supplemented with a little food similar to the K Ration issued by the army.

Several days ago I received a copy of your letter to Judge Krook instructing him to send me a check for \$250 in payment of my account against the Tennessee company, but so such remittance as yet been received.

Mr. Murdock's office advises me that they can not get in touch with him as he is presumably on a field trip, but I will make it a point to contact him as soon as possible and hope that he may prove helpful.

Personal regards,

Sincerely,

P. S. Since above was transcribed we have talked on the telephone and please note the postscript on my letter to Strobel, which goes by air mail.

Let me know if you can not locate Joe Klein through local parties as I think he would be an excellent man for work at either the Magma or the Tennessee, but I will try to check up on some others if he is not available.

Sincerely,

NYE A. WIMER
CHLORIDE, ARIZONA

W 8/29/45
August 27, 1945

Mr. George M. Colvocoresses
1102 Luhrs Towers
Phoenix, Arizona

Dear Mr. Colvocoresses:

When writing you Saturday the 25th I thought there were a number of things I had not included. However, upon examining correspondence from you I have been holding, there doesn't seem to be much to cover at this time.

A deal has been closed on the Magma and when the lease is completed I shall see that you receive a copy for your records. We will discuss contracting the sinking of the new shaft a little later after I have some of my other affairs adjusted satisfactorily.

I am enclosing the original of a letter I received from Richard S. Jones in which he discusses at some length a property at Congress Junction known as the "Gold Hill Placers." Personally I feel I have my hands full at the moment and I would not want you to go to any trouble to check up on this property. I thought perhaps you might know something about it which you would be willing to tell me by letter. In any case will you return Mr. Jones's letter to me after you have read it.

Sincerely,

N. A. Wimer

N. A. Wimer

Re
NAW:D

NYE A. WIMER
CHLORIDE, ARIZONA

A 8/29. 45

August 25, 1945

Mr. George M. Colvocoresses, E.M.
1102 Luhrs Towers
Phoenix, Arizona

Dear Mr. Colvocoresses:

Have not written you thinking you were away. However, today I received yours of the 24th. To make today's mail I will be as brief as possible and will write you further early next week. Under separate cover you will receive a copy of the letter written Mines Operating Company setting out our new proposal.

Your suggestion of telephoning Murdock Monday, unless he calls you, seems to me to be a good one.

The reason I wrote Mr. Strobel was that I fear the Quota Committee might take some action regarding the premiums on the Tennessee without having all of the facts before them and it seemed to me that if they were told that we realize our contract is unbalanced regarding division of proceeds and that renegotiation was underway they would at least wait until they were advised of the outcome before taking action.

I know Mr. Strobel very well, however, I doubt whether I know him as well as you do. I am positive he has influence with the Quota Committee. At least sufficient to ward off any half-cocked action such as would be the case in our matter. I would, therefore, think that your idea of writing to him and letting him know of your connection with the Tennessee Mine and what your judgment in the matter at hand is would be of value. If you care to either let me have a copy of your letter to him or advise me what you said to him in general I shall appreciate it.

I was indeed pleased to learn that your physical condition is improving although I was sorry to learn that business engagements made it impossible for you to take the vacation you had planned. I have the definite feeling that our connection will prove of value to both of us and I sincerely hope that nothing will prevent its continuance.

Regarding my own misfortune, it was actually quite serious. My secretary, Miss Decker, and myself drove to Bonelli Landing on Lake Mead Thursday, August 16th. I wanted to get a general idea of the Detrital Valley in connection with a suggestion made by O. C. Williams, State Land Commissioner, regarding our plans for irrigation here.

At 6 P.M. we undertook to turn the car around and head for home. Through my own carelessness the car was stuck in the sand. It is 20 miles from the landing to the main highway and the road is entirely desolate. After considering our predicament we decided our only salvation would be to walk to the main highway and summon help. After walking 8 miles I was unable to go further because of sores that had developed on my stump leg. Miss Decker continued alone


Mr. George M. Colvocoresses - August 25, 1945

Page #2.

reaching the highway early Saturday morning and help came for me around 10 A.M. Saturday. During all of this period we were without water or food and were, of course, exposed to the elements with improper preparation. The result was quite serious although I am happy to tell you we are both practically normal again except that I am still using crutches. At any rate, "all is well that ends well".

Will write you again next week about the Magma, the deal for which was finally agreed upon yesterday.

Sincerely,



N. A. Wimer

NAW:D

Summed in letter to Payne

August 24, 1945

Mr. N. A. Wimer, President
Tennessee Schuylkill Corporation
Chloride, Arizona

RE: Tennessee

Dear Mr. Wimer:

I am in receipt of carbon copies of your letters of August 21 to Murdock and Strobel also your letter of August 22 to Judge Krook.

I did not leave Phoenix as I had planned since some work ^{came up} which made it necessary for me to keep close to the office but I have only been coming down occasionally and I think that my physical condition is definately improving. My doctor assures me that I should feel better in September although it may be some weeks before I would be able to do much climbing around a mine.

I was much grieved to note from your letter to Murdock that you had suffered from an automobile accident which laid you up for a time and I sincerely trust that there were no lasting or serious injuries.

If Murdock does not telephone me next Monday I will call him up myself and talk over your situation in which I think that he may be somewhat helpful.

Referring to your letter to Landon F. Strobel, I might say that Strobel has been a personal friend of mine for many years and I correspond with him quite frequently on personal matters and at times in connection with his present government work. I do not know just how much influence he has with the Quota Committee but I should think that they would be disposed to follow his advise on most matters and it is my understanding that you would like to have him either request the Quota Committee to maintain your present premium prices on lead and zinc or otherwise to oppose any reduction of same which might be proposed by any other member of the committee.

I owe Strobel a personal letter and Unless you think it not advisable I will take occasion when

answering same to mention my recent connection with the Tennessee Corporation and emphasise the importance of maintaining these premium prices. Of course, the sudden termination of the Japanese war may cause the committee to seek to reduce the present production of lead and zinc by cutting off all of the higher premiums but in your case the amount involved is not large and I believe that they should be chiefly governed by the government's desire to continue full employment at this time when so large a number of men are being discharged from the war plants and from the army.

Shall look forward with interest to hearing from you concerning any further development and also regarding such action as you may be taking relative to the Arizona Magma property.

With best personal regards and trusting that you have wholly recovered from the shake-up in the automobile. I remain

Yours very truly,

COPY

FROM

TENNESSEE SCHUYLKILL CORPORATION
CHLORIDE, ARIZONA

8/24
Wito
August 21, 1945

Mr. Clifford Murdoch
State Mine Inspector
State House
Phoenix, Arizona

Dear Mr. Murdoch:

Since I saw you August 11th I had a little unfortunate experience with the desert due to automobile trouble which accounts for the delay in forwarding to you copies of our Contractor's financial statements as compiled by the office of Dixon Fagerberg, Jr. covering the first six months of 1945.

Today, being the first day I was physically fit I telephoned my Los Angeles office and asked that copies of these statements be sent direct to you from there. You will no doubt receive them about the same time as this letter.

If it seems practical for you to make a trip up here in connection with the renegotiation of our operating contract I will talk to you by telephone and undertake to make arrangements for you to come. Our mutual friend Colvocoresses is entirely familiar with the contract, its results, both financially and technically.

I mentioned this thinking perhaps you might like to call him on the phone and discuss the matter with him. I believe he is away on a short holiday due to ill health at the moment but it is my understanding that he will be back in his office probably Monday, August 27th.

If, after you have studied the figures I am sending you there is anything you would like to say to me please feel free to telephone me collect here at Chloride, the number being 3R 1S 2L.

Very truly yours,

TENNESSEE SCHUYLKILL CORPORATION

By

N. A. Wimer

N. A. Wimer - President

NAW:D

c.c.

George M. Colvocoresses, E.M. ✓
Collector of Internal Revenue, Phoenix
Mines Operating Company
Tarr, McComb & Ware Commercial Co.
Citizens Utilities Company
Walter Winsett
Carl G. Krook

COPY

FROM

TENNESSEE SCHUYLKILL CORPORATION
CHLORIDE, ARIZONA

into 8/24

August 21, 1945

Mr. Landon F. Strobel
Executive Secretary, Quota Committee
Premium Price Plan for Copper, Lead & Zinc
Social Security Building - Room 4317
War Production Board
Washington, D. C.

*see copy from v2
maintained*

Dear Mr. Strobel:

The Quota Committee is familiar with the difficulties encountered in the operation of the Tennessee Mine in 1944, brought about principally by the quantity and quality of labor available, which resulted in a temporary cessation of production early in October of that year.

At that time it was decided that the only way to keep the property in production so that the lead and zinc available from this mine could be used for the benefit of the war effort was to operate the property by contract instead of for company account as had been our custom. Accordingly, a contract was drawn up with a group called Mines Operating Company which is a partnership. All of the members of this partnership are local miners and most of them were employed by the Corporation while operations were carried on by the Company.

About the time this contract was made the writer was in Washington and I made certain copies of it were in the hands of the Quota Committee. Clare Wright has a photostatic copy of the contract which I believe was supplied to him by the Metals Reserve or the O.P.A.

The contract we drew up was an attempt to bring about a condition where it would be advantageous to labor and capital to cooperate. So far as I have been able to learn there is no similar contract in existence in the mining business. For this reason we had no experience record to base our division of proceeds from production upon. The policy of the Corporation was to keep the production coming from the mine without regard to profits because we understood through the Phoenix branch of the War Production Board that lead was in a critically short position.

Believing that no attempt to appraise the results of our kind of contract should be made until at least six months operating figures were available we have done nothing toward undertaking to make a fair and equitable adjustment of the division of proceeds from production until we had complete reports from the auditor covering the first six months operation.

As soon as these reports were available covering the contractors (Mines Operating Company) operations to the end of June 1945, copies were forwarded to you for presentation to the Quota Committee. Since that time we have also sent you the income and expense statement of the Corporation for the same period, January 1 - June 30th, 1945.

COPY

FROM

TENNESSEE SCHUYLKILL CORPORATION
CHLORIDE, ARIZONA

Mr. Landon F. Strobel - August 21, 1945

Page 2.

These financial reports were forwarded to you as soon as received and before we had sufficient time to analyze the six months results properly. After making this analization it is plain that our operating contract as originally drawn is unfair to the Corporation with regard to the division of proceeds.


As the Quota Committee will know from their analization of these reports, the Corporation has shown a substantial loss before depletion while the contractors have made a substantial profit. It is not the intent of either the contractors or the Corporation to continue the operation on anything but a fair and quitable division of proceeds.

The reason for writing you this lengthy letter is to advise that we are at present negotiating with our contractors a change to what is considered a fair basis of the division of proceeds. As soon as this point is agreed upon an amendment to our operating contract will be drawn and copies will be furnished to the Quota Committee forthwith.

Very truly yours,

TENNESSEE SCHUYLKILL CORPORATION

By



N. A. Wimer - President

NAW:D

c.c. Collector of Internal Revenue, Phoenix, Arizona
Mines Operating Company, Chloride, Arizona
George M. Colvocoresses, E.M., Phoenix, Arizona ✓
Clifford Murdoch, State Mine Inspector, Phoenix, Arizona
Citizens Utilities Company, Kingman, Arizona
Tarr, McComb & Ware Commercial Co., Kingman, Arizona
Carl G Krook, Kingman, Arizona
Walter Winsett, Chloride, Arizona

COPY

FROM

TENNESSEE SCHUYLKILL CORPORATION
CHLORIDE, ARIZONA

hwa 8/24

August 22, 1945

Mr. Carl G. Krook
Kingman, Arizona

Dear Carl:

Enclosed is a copy of statement of
account owing by this Corporation to G. M. Colvocoresses
dated August 14, 1945 in the amount of \$250.

Will you kindly issue your Tennessee
Schuykill Corporation Trustee check to Mr. Colvocoresses
and forward it to him at 1102 Luhrs Towers, Phoenix,
Arizona, in payment of this account.

Very truly yours,

TENNESSEE SCHUYLKILL CORPORATION

By

N. A. Wimer

N. A. Wimer - President

NAW:D

c.c. G. M. Colvocoresses, E.M. ✓

GEORGE M. COLVOCORESSES
MINING AND METALLURGICAL ENGINEER
1102 LUHRS TOWER
PHOENIX, ARIZONA

Triplicate

August 7th, 1945

Mr. Nye A. Wimer, President
Tennessee-Schuylkill Corporation
Chloride, Arizona

NOTES RE TENNESSEE-SCHUYLKILL MINE, -CURRENT & FUTURE OPERATIONS

Dear Sir:

On July 24th, 1945 I went to Kingman and Chloride remaining there until July 28th, during which period I investigated the Arizona Magma Mine, which has been made the subject of a separate report, and also certain phases of the situation at the Tennessee-Schuylkill on which I shall comment below, it being understood that this is in no sense intended to be a complete report on the Tennessee property.

MINE AND ORE RESERVES:--

In company with Messrs. Payne and Winsett I visited the 7th, 9th and 12th levels of the mine, but did not attempt to climb up into any of the stopes. The Tennessee vein was examined on the 9th level where it had a width of about 8 feet and appeared to be highly mineralized, the quartz and other vein material lying between well defined walls of gneiss.

The main shaft is in good shape with a hoisting skip and cage in one compartment and counter-balance weights in the other. The stations are well cut out, especially on the 1200' level, and practically no timber is needed, but in some sections of the cross-cuts and especially along the drifts on the vein the ground is heavy and requires timber which in some places has taken so much weight as to necessitate reinforcement.

Mr. Nye A. Wimer
August 7th, 1945
Re: Tennessee-Schuylkill

The water is now allowed to stand at the 1400' level and the present flow, -amounting to about 50 gallons per minute, -is all collected in a sump on the 700' level where a booster pump sends it up to the mill. The water is acid and hard on pumps and pipe lines.

Aside from one operating stope above the 9th level in the Tennessee ~~Wash~~ (known as 904) all mining is now being conducted from the Schuylkill ground mostly from the 1000' to the 1400' level and this ore is expensive to mine since most of it has to be hoisted up a winze to the 1200 and all of it has to be trammed for a distance of over 1500 feet, for which purpose a storage battery motor is in use.

At the Tennessee Shaft the ore cars are dumped directly into the self-dumping shaft skip which discharges the ore directly into the coarse ore bin at the collar of the shaft from which it is fed to the crushing plant and mill.

The fact that there are no underground ore-pockets is a handicap to the efficient operation of the mine because, since underground storage space ^{is} ~~being~~ lacking, all mining must be more or less completely interrupted whenever it is necessary to make repairs in the shaft or to the hoisting equipment.

All of the surface plant seems to be in good shape and to operate smoothly and efficiently. Some of the mill equipment is not of a late type, especially the flotation machines, and probably

Mr. Nye A. Wimer
August 7th, 1945
Re: Tennessee-Schuylkill

the power consumption and other operating costs are comparatively high.

The mill was actually running about 15 hours per day for 6 days each week and it would seem to me possible to step up the average daily tonnage (about 40) which it treats, or to shorten the operating hours, but there may be reasons why this could not be done with advantage and this matter along with others can be given more careful consideration at a later date.

With Mr. Payne I carefully went over the assay maps of the mine which accompanied the report of W. C. Wimer, dated September 8th, 1944, also such subsequent maps as could be found and those which accompanied the text of the monthly reports of the Mines Operating Company. Payne explained his program of underground operations which seemed to be logical and efficient and in accordance with which most of the ore during the next few months will probably come from the vicinity of the 904 stope in the Tennessee workings and from the 1128, 1129, 1228 and 1428 stopes in the Schuylkill. These areas should continue to produce approximately as at present for the better part of a year from date and by maintaining the current rate of development for a much longer period.

Should economic conditions continue favorable it will probably be advisable to later unwater the workings on the Tennessee Vein below the 1400' level since I am advised that a large block

My Nye A. Wimer
August 7th, 1945
Re: Tennessee- Schuylkill

of very good zinc ore remains to be mined there although the values in gold, silver and lead are not so high as in other portions of the mine.

The stope map (Plate VIII. accompanying W.C. Wimer's report) shows several proposed levels and raises which have not actually been run, -e.g. 1000' level at Tennessee and 1500' level at Schuylkill and I do not consider it prudent to have estimated that the blocks of ore, A,B, and C will necessarily extend down to these proposed workings or contain the 58,400 tons noted on the said map, which, in my opinion should be considered as "possible" rather than "probable" ore. However, Payne pointed out, and other maps indicated, a number of locations in which there remained blocks of ore that had been measured and sampled but were not shown on Plate VIII and I have no reason to doubt that the total tonnage of probable ore is very considerable and will prove to equal or exceed the figure mentioned.

On the first page of Mr. W.C. Wimer's report of September 8th I noted an estimate of 13,524 tons of ore in reserve which doubtless refers to positive ore only and I found it interesting to make up the following comparison of his estimated average value of this reserve with the grade of the 6,726 tons of ore actually produced during the first 6 months of this year.

Mr. Nye A. Wimer
August 7th, 1945
Re: Tennessee-Schuylkill

	<u>W. C. Wimer's Estimate of grade of ore in reserve</u>	<u>Actual production during 1st half of 1945</u>
Au, oz. per ton	0.065	0.066
Ag, oz. per ton	2.34	2.48
Pb, % per ton	4.96	5.74
Zn, % per ton	7.52	6.66

I think that the close agreement of these two sets of figures in respect to gold and silver is quite remarkable, and their differences in lead and zinc practically compensate.

I understand that the ore from the Tennessee Vein is higher in zinc than at the Schuylkill, while the latter contains more lead, gold and silver.

Going back over some old reports made by my Engineers from Humboldt I find other records and estimates which seem to be very significant, and three of which I quote below.

Mr. Nye A. Wimer
 August 7th, 1945
 Re: Tennessee-Schuylkill

	<u>Average grade of shipments of ore to Needles Smelter during 1916</u>	<u>Average grade of 69,000 tons of ore estimated as re- serve in the Tenn. Mine only in 1919</u>	<u>Average grade of tonnage estimated as developed in Tenn. & Schuylkill in Sept. 1926</u>
Au, oz. per ton	0.06	0.06	0.06
Ag, " " "	6.00	5.38	5.00
Pb, % " "	7.00	10.80	8.00
Zn, " " "	17.00	17.3	14.00
Fe	10.2		7.00

In the Schuylkill
 it was estimated
 that about 150,000
 tons of ore had been
 developed but the
 average grade was
 not given.

Naturally the ore which had to be shipped direct to a smelter or estimated as shipping ore had to be of a higher grade than the material which is now put thru the mill, but it should be noted that the values in gold appear to have slightly increased in the low grade mill ore, while the silver and zinc have dropped to about 50% of the older estimates and the lead nearly as much. No doubt but there is still a large tonnage of the higher grade ore left in the mine but it is now more profitable to mine a larger tonnage of lower average grade and send it to the mill.

In checking over my old maps and comparing them with those which accompanied W. C. Wimer's report I have been struck with the probability that large blocks of average grade mill ore still

Mr. Nye A. Wimer
August 7th, 1945
Re: Tennessee-Schuylkill

remain intact in the upper portions of the vein and at a later date I hope to have an opportunity to investigate this question more thoroughly with Payne or others and discuss the possibility of profitably mining and milling some of this material, or, in case it is oxidized and sufficiently rich, of shipping it direct to a smelter.

COSTS:--

Since Mr. Brooks, the auditor had just completed the accounts for the first half of this year, I was able to obtain some very interesting figures from him and from Mr. Thurston and without repeating the information which is contained in the auditor's report I will make a few comments.

DEVELOPMENT WORK:--

The contract between the Company and the Operators provides that at least \$1.50 per ton of ore extracted must be spent for development. However, the actual conditions in the mine have made it necessary for the operators to spend \$2.07 per ton so that they have accumulated quite a credit in their development accounts. A general discussion of this situation with Payne and Thurston led me to conclude the expenditures for development work can be progressively reduced from September or October and probably should not average more than \$1.50 per ton extracted over a two-year period of operation.

Mr. Nye A. Wimer
August 7th, 1945
Re: Tennessee-Schuylkill

The comparatively high cost for mining and tramming, namely \$3.82 per ton is largely attributable to the conditions under which the mine must be worked at present, -the expense of the long tram from the Schuylkill workings, necessity of heavy timber in certain places and small tonnage hoisted per day. A more critical examination of each of these operations and especially of the method of dividing the costs between the development and mining might justify some further comment which would be premature on my part at present. The milling cost of \$1.79 is again largely governed by actual conditions, mainly the small daily tonnage and the expense of operating some of the units of equipment.

Insofar as I could determine every legitimate effort is being made to economize on man power and I was informed that a very much smaller crew of men than had been employed during Company operations were mining and milling a similar tonnage and grade of ore.

All other cost items seem to be well in line but a more critical examination of the complete financial report (a copy of which was received after this report had been prepared) may permit some further comment.

GENERAL:--

The crew of men comprising the Mines Operating Company numbered 27 during the time of my visit and insofar as I could observe each one was performing his share of the work faithfully and efficiently and the unusual plan under which the operations are being conducted seems to be working out remarkably well.

Mr. Nye A. Wimer
August 7th, 1945
Re: Tennessee-Schuylkill

Much of the credit for the success of this operation is doubtless due to J. R. Payne who appears to be a man of exceptional competence, both in technical matters and in the guidance and handling of his associates. Naturally the men are all pleased with their earnings to date and since there seems to be every reason to expect that similar earnings can be maintained as long as the premium prices are paid on lead and zinc it is to be earnestly hoped that a mutually fair and equitable division of the returns can be worked out and made effective with approval of the Government officials.

I do not yet feel sufficiently prophetic to attempt to forecast what is likely to happen to this operation after the premiums on base metals are no longer maintained, but if, -as many seem to expect, -the post premium market for lead and zinc should represent approximately the present ceiling plus the A bonus, I anticipate that the Tennessee operations could still be carried on as at present with some margin of profit and to the great advantage of all parties in interest.

Many of the matters to which reference is made above can be gone into more fully after we have had the advantage of a personal discussion, which I understand is likely to come about in the near future.

Yours very truly,

S. M. Colver

August 14, 1945

Mr. N. A. Wimer, President
Tennessee-Schuylkill Corporation
Chloride, Arizona

Dear Mr. Wimer:

As per conversation of yesterday and previously⁵ I enclose herewith a copy of a lease and option agreement which I recently prepared for another client and on which I have cancelled out the names and various sums of money involved as these of course would be materially altered should you take over the Arizona Magna Mine and the adjacent Delmar Claim belonging to Judge Ballinger.

The wording of this agreement follows largely along the lines of a similar agreement prepared by the attorneys for the Phelps Dodge and for the A.S. & R. but in the case of the enclosed agreement I was representing the owner of the property and you may wish to make some changes which would be more favorable to a lessee.

I also enclose two copies of my statements of account against the Tennessee Company and against you personally for the Arizona Magna report and I send a letter covering the future arrangement respecting my services which we discussed verbally and which can be made effective if you so desire by September 1st provided in the meantime my physical condition has improved to a point where I can feel justified in undertaking this work.

It was a pleasure to have seen you here in Phoenix and I trust that you had a safe and pleasant journey back to Chloride. Please let me know if there is anything that I can do further in solving your problems although I expect to be away from this office during a good part of the next two weeks.

Personal regards.

Sincerely yours,

Ernie

*Sent altered copy of
Magna Mine Lease of June 1945 to Byrd*

STATEMENT OF ACCOUNT

August 14, 1945

Tennessee- Schuylkill Corporation

to

G. M. Colvocoresses

Services and expenses to date including
part expenses of July trip to Chloride
for examination of property, report and
letters and conferences with Mr. Wimer
and others \$250.00

Received payment

STATEMENT OF ACCOUNT

August 14, 1945

Mr. N. A. Wimer

to

G. M. Colvocoresses

Examination and report on Arizona Magma Mine
including part expenses of July trip to
Chloride and Conferences in Kingman and
Phoenix

\$250.00

Received payment

August 14, 1945

Mr. N. A. Wimer, President
Tennessee-Schuylkill Corporation
Chloride, Arizona

RE: Future Professional Service

Dear Mr. Wimer:

Confirming our conversation of yesterday.

In the event that you desire to have me act as a consultant in connection with the operation of the Tennessee-Schuylkill Mine I shall be glad to undertake this work about September 1st and to check over regularly the mine records, accounts and settlement sheets for shipment and to visit the property about once every four months reporting on progress and advising you at intervals concerning any technical or managerial problems which might arise. My charges for such services including traveling and ordinary expenses would be a fee of \$100 per month.

Should you decide to take over and develop the Arizona Magma Mine I would agree to perform similar work in connection with that property, also to obtain the services of a competent shaft contractor and/or superintendent whose work I would supervise and to visit Chloride about once every three months, or more often if necessary, and under such a plan my fee would be \$150 per month which might be equally divided between the two operations.

The above proposals are made subject to the improvement of my physical condition to a point where I feel that I can undertake this work with the reasonable assurance of carrying it out in a competent and efficient manner and I shall probably be able to advise you in that regard on or about September 1st when formal letters can be exchanged if these then seem to be in order.

Very truly yours,



By reference to the Smelter sheet it
appears that during this period the
pounds of lead delivered to the lead &

Zinc Smelter was 371,639

And the lead ^{in which bonus was} paid ~~for~~ was 343,765

On the bonus sheet the total amount of
lead delivered adds up to 371,639 in which the
bonus amounted to 5,095.4 ^{155.4}
& the lead in which a bonus was paid was
343,765 [#] with total bonus of 18,907.09

~~for lb~~

The bonus lead = 92.25% of lead
delivered

INTERIM STATEMENT OF ACCOUNT

November 8th, 1938

	<u>Credit</u>	<u>Debit</u>
R. L. Frost - Agent to G. M. Colvocoresses for examination of Forbach Placers Claims.		
Check dated October 18th, 1938	\$1500.00	
Check dated November 3rd, 1938	1500.00	
Purchase plant and equipment including Chevrolet pick-up, Denver pan, ore bin, launders, screens, etc.		\$ 693.89
Wages of men employed to November 1st		177.25
Operating and camp supplies, parts for plant, etc., approximately:		500.00
	<hr/>	<hr/>
	\$3000.00	\$1171.14
Balance in bank or on open account of G. M. Colvocoresses		1828.86
	<hr/>	<hr/>
	\$3000.00	\$3000.00

(I have drawn on open account a certain percentage of my fee and also funds for expenses, all of which will be segregated and itemized in later statements.)

(3)

Since the smelters paid for 3.43 \$ for
lead delivered then the total payment here
 $3.43 + 5.095 = 8.525$ for the lead
delivered to the smelter which makes the simplified calculation

The total zinc delivered as per bonus
sheet was 234,515⁺ \$ for which the
bonus = 7.415 \$ while the zinc on
which bonus was paid ^{@ 8.25} was 211,064⁺.

The bonus Rosin for bonus on 607.7
all lead delivered & the zinc smelted so
that in Jan ship received 5.5 \$ on
9383⁺ lead sent to smelter ~~at~~ = \$516.065

that I have been well pleased with the depth of the gravel particularly in Gold Bar Wash which Forbach considers the best section of the claims and I believe that the quantity of material which may be mined in this particular section is somewhat larger than had at first been supposed.

We have not as yet any basis for even guessing at the average value of the gravel but the two samples which were run through the plant and some other lots which were put through in order to test out the plant have all showed a certain amount of medium fine gold and the one sample which came from near the bed rock appeared to be of good quality as far as could be judged by the eye.

Above is respectfully submitted.

Yours very truly,

S. H. Colvocozen

CMC:MF

Whereas the zinc smelt was paid 206.38
for this lead in the zinc concentrate

The percentage of lead paid for by the
smelter (around deduction etc is diff & lower

than the pct of by the metal run &

same - turn of the 10% zinc (90 vs \rightarrow

85%) & all these costs included

1.50 & ~~broker~~ ~~admin~~ & ~~freight~~

~~royalty~~ ~~pay~~ since the # of car loads

by the lead run & to pay to broker

of car load of 1 smelter & I believe

engineer-surveyor who has been in my employ almost continuously for the past twenty years and is absolutely trustworthy in every respect. The base rate of pay for digging etc., is 50¢ per hour and the men are working 8 hours a day, six days a week. Such an operation does not come under the provisions of the new Wages and Hours Law but it seems best not to attempt full operations on Sunday as one or two men employed on that day will serve to fill up the tanks with water and make any necessary repairs or adjustments to the washing plant. One of the crew devotes part of his time to cooking and board is paid at the rate of \$1.00 per day.

I should have previously mentioned that the engine and pump at the Forbach well had also been reconditioned and put in operation and although the pumps should really be made the subject of substantial repairs, we have now put them in a condition where they operate fairly satisfactorily and can serve our purpose for the period of this investigation.

The statement of account attached is only approximate since details of some of the expenditures are being kept at the property and the operations during the last few days of October did not seem to justify preparing any complete monthly statement which, however, will be written up in detail at the end of November and a further and final accounting will be made after the close of the investigation.

As a general comment upon the condition of the property and probable outcome of this examination, I may say

(5)

\ meet to let us find all for for
for & you to trade for now in, looking
the # of metals, and silver in concentrate
& the lead & the zinc smaller X-
Antony & by person suggestion of being in
the # of metal found for

In Feb 3742 # of pb in cord 21
Zinc conc for 11 metal pb with silver 1
had us pb of 60% @ 8.25 = 187.09.

The silver & I have done & X
I have checked & believe it is approx correct

of the fine gold is caught and the total operation approximates as nearly as possible the operation of a commercial installation.

Judging by tests made when tuning up the washing plant and during the run of the first two samples, we have been making a very clean recovery and so far it has not seemed necessary to add any fresh quick silver although this may be done at a later date. The concentrate from the riffles and the Denver pan is panned down until only a very small quantity of material remains representing mostly the heavy black sand and including all of the gold recovered in the sample. This final concentrate is placed in a bottle and when a sufficient number of these samples have been obtained, they will be taken to the assay office in Prescott for fusion and accurate determination of the fine gold contained, the weight of which will be multiplied by two to obtain the actual content of gold per cubic yard of gravel represented by the sample.

A regular schedule of digging pits, sampling and washing samples is being established this present week and from this time forward we shall probably run through from four to six samples per day. At the same time the surveying will be continued and the map of the sampled areas prepared as we go along with the location of both old and new pits plotted in and the assay of the samples also noted.

The present crew consists of six men and will probably be increased to seven. When I am not on the property, the work is under the supervision of George Herbauer, an experienced

(4)
$$\begin{array}{r} 3.43 \\ 5.095 \\ \hline 8.525 \end{array}$$

indie 8 / fullton job 3.43 for all of
 lead end ~ 1 Pb & zinc line. $(= 4.65 \text{ for all Pb}$

I v line add 5095 truly 8.525

by 8.50 for all of lead. Shipped in case

lost zinc calc 2.95 ~~2.18~~ (1) +

$$\begin{array}{r} 7.415 \\ 2.95 \\ \hline 10.365 \end{array}$$
 by 9.55 (2)

Rydz vt ~~0.85~~ in # pl

end in line 0.85 of a zinc

end in line as for any & in

zinc end in line 1.0365 #

principally in this manner.

Meantime, the small testing or washing plant had been erected and tried out and same was put in actual operation on the 4th and 5th of this month when two of the regular samples were run through.

Each sample consists of a measured 1/2 cubic yard of gravel representing a depth of approximately six feet so that in the case where pits have a depth of approximately 12 feet to bed rock, two samples are taken or three samples from such pits as are from 15 to 18 feet in depth. We are also careful to dig down a short distance into the caliche bed rock where some of the gold is apt to penetrate for a depth of about six inches to one foot.

The taking of the deeper samples is obviously slow and comparatively expensive since the gravel has to be shovelled two or three times to surface and then into the truck which conveys it to the washing plant.

In the washing plant the gravel is first soaked in a steel bin for an hour or more in order to disintegrate the clay and it is then fed to a shaking screen where many of the coarse pebbles are eliminated and the finer material passes to two launders in which the riffles are supposed to catch most of the coarser grains of gold. The overflow from these riffles then goes to a Denver pan equipped with three trays, one of which has been coated with quick silver and the other two contain rubber mats and in these the great percentage

Chloride

July 10th, 1945

Judge Carl G. Krook
P. O. Box 1029
Kingman, Arizona

Re: Tennessee Schuylkill Corporation

Dear Judge Krook:

I have your letter of July 9th with which you enclosed your trustee's check for \$175.00, representing payment in full of the statement which I rendered to the Tennessee Company for services during the month of June.

I certainly hope that I can be helpful in straightening out the complications with the O.P.A. whose attitude in this case is certainly unreasonable, but very much in line with their policy throughout the mining industry.

I am looking forward with a great deal of pleasure to renewing our personal acquaintance and working with you in connection with the affairs of the Tennessee Company and perhaps some other properties in your vicinity. I have had to advise Mr. Wimer that I cannot possibly visit Chloride until after the 22nd of this month since I am engaged in a matter involving some mining litigation and the case has been postponed until the 18th of July in Prescott, meanwhile having developed in such a way that it requires a good deal more time than I had at first anticipated.

If I should be able to arrange to come to Kingman by train, would it be possible for me to rent or obtain the use of a car for a few days while I am working around Chloride? I have plenty of gasoline ^{which} I believe it would be perfectly proper to use under such circumstances, but the tires on both of my cars are getting pretty thin and I hate to run them for an extra six hundred miles if it is not absolutely necessary to do so.

You will be interested to know that my boy Alden is back here with us on leave of absence, and we hope that he will be released from active service in the Army within the course of the next month or two.

Very best regards to Mrs. Krook and to you.

Sincerely,

[Signature]

GMC/b

LAW OFFICE OF
Carl G. Krook
P. O. BOX 1029
Kingman, Arizona

Tennessee of A 7/10/45

July 9, 1945

Mr. George M. Colvocoresses,
1102 Luhrs Tower,
Phoenix,
Arizona.

Dear Mr. Colvocoresses:

At the request of Mr. N. A. Wimer, of the
TENNESSEE-SCHUYLKILL CORPORATION, I enclose my
trustee check for \$175.00, in payment of your
bill for services rendered in respect to calcu-
lation of division of returns on lead and zinc
between TENNESSEE-SCHUYLKILL CORPORATION and
MINES OPERATING COMPANY.

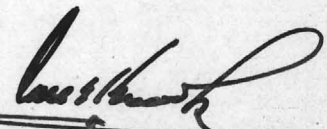
When Mr. Wimer told me he had contacted you
I was very much pleased, and if there is anyone
who can solve the problem before us, I am sure
you can.

As a matter of fact, the attitude of the
OPA is positively silly. There is no lease and
a lease was never intended.

Mr. Wimer was here last week, and returned
to Los Angeles last evening.

We are looking forward to seeing you on the
11th or thereabouts.

Yours truly,


CARL G. KROOK
Trustee T-S Corp.

CGK-MK
Encl.

cc - Tennessee-Schuykill Corp.,
Chloride, Arizona.

July 10th, 1945

Mr. Nye A. Wimer
530 West Sixth Street
Los Angeles 14, California

Re: Tennessee Schuylkill Corporation

Dear Mr. Wimer:

This will acknowledge your letter of July 6th which I found this morning at my office, and I will also refer to our telephone conversation of yesterday in which I tried to explain that I had been obliged to remain out in the field longer than I had anticipated and was so tied up with my investigation of the situation at the copper company in the northern part of the state that I would be obliged to postpone any trip to Chloride until after the case involving the copper company had been tried in Prescott, the same being now set for July 18th.

I am really very sorry to have been obliged to change my plans so often and fear that you may feel that I am a very unreliable sort of person, but as a matter of fact I have really been trying to bite off more than I could chew during the past two or three weeks and must complete one engagement before I can properly give attention to anything else.

As matters now stand I shall not undertake anything more until after I have carried out my obligations to you, which I believe I can definitely promise to commence right after the 20th or 22nd of this month when I shall plan to go to Chloride as noted in your letter of July 6th and to fully discuss the question of a division of returns on lead and zinc between the Tennessee Schuylkill Corporation and the Mines Operating Company. I am very hopeful that on that occasion a fair and mutually satisfactory program can be worked out and I note your mention of the possibility of collecting rental from the contractors for the use of your plant, which had not previously entered into the discussion.

I received the ore reserve report from the Tennessee Mine dated September 8th, 1944 with maps as noted, also the monthly progress reports of the operating company up to and including June, 1945.

Mr. Nye A. Wimer
July 10th, 1945
Re: Tennessee Schuylkill
Page 2

I shall be very pleased indeed to arrange with your company to act in the capacity of consulting engineer and feel quite certain that we can make mutually satisfactory arrangements along those lines. However, I am not going to make any concrete suggestions until after I have had the opportunity to thoroughly study the data which you have sent me, and in fact I believe it will be preferable to postpone a decision on this matter until after I have made the trip to Chloride and have had an opportunity to discuss the entire situation with Judge Krook, also Messrs. Winsett and Payne.

I thank you very much for arrangements whereby I can occupy a room at your staff house, and I am sure that I will get along very nicely.

In respect to all of the above I will write you more fully in the course of a few days after I have studied the reports, etc., and such of these as you may desire to have returned to your office will be promptly forwarded. Meanwhile I am returning herewith the smelter settlement sheets and affidavits of producer which you had previously sent me to assist in the work carried on last month.

Yours very truly,



GMC/b

Enclosures

Affidavits of Producer
Settlement Sheets on lead & zinc
concentrates for Jan., Feb., March
and April.

2
Set of Books + 175 around
this afternoon, July 10

Note in Tennessee

Leibts of Co	For taxes etc. & bond	60,000
	Local credit	50,000
	Certain	40,000
		<hr/>
	Total on	150,000

do not
copy this
sheet

2-Mr. Barringer

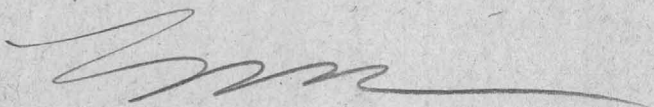
After receiving your last letter I read the current Readers' Digest which was most instructive regarding the importance of gliders in the present war and Lewin has certainly earned his commission as Major by the remarkable work which he has done in the past and in which no doubt will now prove of great service to the nation. I am sure that you and Beau are also finding your own occupation interesting and with Paul and Billy also in the service your family is certainly remarkably well represented and you have reason to feel very proud in that respect.

I guess that my boy, Alden, was certainly with the armored contingent that landed in Ireland on the 17th of last month as we have received no word from him since he wrote from New York on the 7th saying that their equipment was then on the transports or ready to be embarked.

Various delays and a certain amount of red tape are still delaying my plans at Blue Bell and Storm Cloud but we are making progress there and elsewhere and I surely hope that I may be instrumental in producing a lot of copper and some of the other metals during the next few months. Meantime I have had to close down the gold operations at California which have been among my principal activities for the past two years but that is absolutely right and proper under the conditions.

Best personal regards.

Sincerely,



GHC:CG

P. S. During the next few weeks I will try if possible to visit Meteor Crater in order to look over the sand situation on the grounds. Also to confer with Chilson if I can find him.

Tennessee Notes
(7-26-45)

Went underground in the morning with Payne and Winsett and visited the 700, 900 and 1200 level in the vertical Tenn. shaft which is equipped with cages in one hoisting compartment and counter-balance weights in the other.

The stations are well cut out (especially the 1200) and require practically no timber, but in some of the drifts, especially near the veins, the ground is heavy and some ^{posts} pillars have taken so much weight they they had to be reinforced.

On the 700 there is a booster pump which collects all the water from the mine and pumps it up for the mill. The water is acid and hard on pipes and pump lines. The mine now makes almost 50 gallons per minute, mostly from the lower levels.

On the 9th. level observed the Tenn. fissure vein between stopes where it was about 7 or 8 feet wide and looked very good (quartz etc. between walls of gneiss). At present mining is going on here where the stope is up about 50 feet for a good length. This is the only producing stope in this section of the mine as all the other ore now comes from the vicinity of the Schuylkill.

On basis of information from Payne, must refigure the estimate of ore reserves but fortunately they appear to be ample for the time being and ^{should} to last out for another year when metal premiums will expire and all calculations will have to be revised.

The self dumping skip which runs in the shaft above the regular cage, is loaded by the men on the levels dumping the ore cars directly into the skip, which is slow and not too safe. The lack of all underground ore pockets is a big handicap since no storage is provided for ore between the stopes and the ore bin at collar of shaft, but this is something that cannot well be corrected at present.

Thurston gave me total mining and milling costs @ \$7.00 per ton and timber alone costs 50¢ to 60¢ per ton. Long tram from Schuylkill workings must be very expensive even though they have a motor to pull the cars. *(See note from financial statement)*

At present the mill starts at about 10 A.M. and runs through until one or two A.M., say 15 hours.

Seems as if it should put through a lot more tonnage than an average of 40 tons during that period. No regular work done on one day (Sat.) each week.

Next development (to start Aug. 1st.) will be to go up in old stopes at south end (#904) (see map) from the 1,000 level and crib through 30 feet of caved ground in the old stope and above that there should be several thousand tons of good ore left in virgin ground in 907, 908 up to 700' level, but 911 and 913 are too badly caved to reopen.

Most of the ore is now coming from the north workings at and near the 1,400 level in the Schuylkill.

Later they will get down to Block A and go up from 1200 as noted above.

In 120-3 there is some good ore left but the water is so very acid that it cannot be mined with advantage.

Water in mine now stands at 1,400' level and no effort will be made by present operators to reopen the workings on the 1,600 for this would cost too much. There is good zinc ore in these blocks but not much lead or precious metal.

Not working now in 1,128 B (Schuylkill) because the air is so bad but they will soon connect up with the other working (1,129) and then will resume work. North of 1228 there are two caved stopes which contain good ore which was lost by Company and may not be recovered.

All surface plant in good shape including office, warehouse, blacksmith shop, charge room, assay office and mill but much of the machinery, including the M.S. flotation machines, is not up to date and is expensive to operate.

Zemmerman		June Settlements @ 7.94 Apr 6.		Total		Total	
Ch. St. to	# imp. to	Imp. to	Paym. to	Ch. St. to	# imp. to	Imp. to	Paym. to
509.2	45.66	925.0	866.25	357.80	62.59	357.80	62.59
580.2	37.54	101.20	860.20	36.28	68.47	36.28	68.47
511.2	35.86	99.10	832.35	36.28	67.05	36.28	67.05
512.2	43.01	90.16	766.86	37.16	61.00	37.16	61.00
513.2	47.79	876.0	724.6	37.23	59.27	37.23	59.27
3.5 f ends		1.15 f ends		1.15 f ends		1.15 f ends	
8.0 " " "		11.0 " " "		11.0 " " "		11.0 " " "	
11.0 " " "		11.0 " " "		11.0 " " "		11.0 " " "	
129.6		199.86		229.40		440.734	
108.6		189.00		197.60		370.00	
98.2		80.00		178.2		335.00	
Total		Total		Total		Total	
509.2		580.2		511.2		512.2	
513.2		3.5 f ends		8.0 " " "		11.0 " " "	
129.6		108.6		98.2		Total	
108.6		98.2		Total		Total	
98.2		Total		Total		Total	
Total		Total		Total		Total	
509.2		580.2		511.2		512.2	
513.2		3.5 f ends		8.0 " " "		11.0 " " "	
129.6		108.6		98.2		Total	
108.6		98.2		Total		Total	
98.2		Total		Total		Total	
Total		Total		Total		Total	
509.2		580.2		511.2		512.2	
513.2		3.5 f ends		8.0 " " "		11.0 " " "	
129.6		108.6		98.2		Total	
108.6		98.2		Total		Total	
98.2		Total		Total		Total	
Total		Total		Total		Total	

~~63377~~
~~57547~~

42236

73025

38774

80480

234515 ✓

✓
60786

9383

58187

3782

52959

3225

173140

10187

371649

(3)

Transverse

Actual returns from Shipments / Lead Case

Lead

Log #

day, wt, t.

#Ch p.k

#Ch p.k

Chips to lead p.k.

*Lead charge
in units*

*7 days
etc.*

*wt
ref. to
O.*

X

X

525 L

45.390

1339.2

1178.28

0514

6056

5.28

8.10

47.18

3.45

4.00

526

45.356

1282.9

1127.61

0514

5796

5.31

8.59

44.06

3.43

3.90

527 L

44.429

1192.0

1045.8

0514

5375

5.52

8.60

39.63

3.41

3.80

528 L

45.453

1274.3

1119.87

0514

5756

5.38

8.00

44.18

3.42

4.00

529 L

46.881

1252.0

1099.8

0514

5653

5.34

8.00

43.19

3.45

3.93

530 L

45.885

1218.0

1069.8

0514

5490

5.50

8.00

41.40

3.40

3.84

*Repts
had Rn.*

*Lead
charge
158*

133

290

531

180

137.

317.

507.

hanger

?

4 20562347

Cap

3.43

3.91

1165

585

1000

190

120

310

484

Call. 2.10 & for k

with 1.4 & 2mm

5.28

55.28

55.28

5.5.28

4.70

5.36

52.60

52.60

4.64

4.64

5.35

48.23

48.23

4.62

4.62

5.38

52.18

52.18

4.68

4.68

5.34

51.19

51.19

4.67

4.67

5.50

49.40

49.40

4.62

4.62

*6 2793
4.65*

46545.30

From Bonus Payment on P & L

10/10/2010
Purified Culture

1000

Write for
the dead.

Ed. J. Sullivan
from the doctor

Pappus
 Bonifacio
 de del Rio

Year	# detoured, total lower
45- winter	
Jan p.	70 169
Feb 5-2-12	63377
Mar	61989
Apr p.	577547
May	56154
June	52246
July	183327
Aug p.	170595
Sept	938272
Oct	316508
Nov	287354
Dec	313599
Jan p.	542214
Feb p.	73025
Mar	65723
Apr	38774
May	34897
June	80480
July	72432
Aug	597564
Sept	287901
Oct	542214
Nov	313599
Dec	542214
Jan p.	73025
Feb p.	65723
Mar	38774
Apr	34897
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Mar	38774
Apr	34897
May	80480
June	72432
July	597564
Aug	287901
Sept	542214
Oct	313599
Nov	542214
Dec	313599
Jan p.	730

Water Supply

The ~~first~~ well ^{was} sunk near junction of Telegraph & 4th Pump
 made with Cyprian Basin & in soft sand & tufa there where
 it is said to have penetrated into the lower stratum of
 sand in which there is a big flow of water. Depth is
 something over 200' & it is believed that there would have been a
 heavier flow if it had gone deeper as drill finished in
 very soft porous stratum. Main flow of water came in
 at about 150' & raised to 40' or 50' of below surface. When
 plant was operating pumping was continuous for 15 hrs
 per day @ 60 g.p.m. say 60000 gals per day &

only once during very dry spell did the supply fail. It
 was assumed that the well might deliver close to 10000 gals per day if pumping 24 hours.

This supply should be sufficient to wash ^{in well designed plant} all 500
 yard of gravel per day without running the water or from
 600 to 800 yard per day if all water pumped back
 into plant from settling pond.

→ The equipment tanks in 1938 was as follows (7.48 gal per cu ft.)

Tanks		Outside dimensions		Capacity	
				in cu ft.	in gallons
A.	ht 8',	dia 31.7		600	4500.
B.	" 8	" 44"		1200	9000
C.	" 11	" 39.5"		1200	9000
Total					22500

Available for use, say 20000 gal.

(By deepening well)

These contents of paper in 'Concise' paper drawing 10 May 1945

Item	Unit	Price	Quantity	Total
100 lb. Sugar	100 lb.	1.50	100	150.00
50 lb. Sugar	50 lb.	1.50	50	75.00
25 lb. Sugar	25 lb.	1.50	25	37.50
10 lb. Sugar	10 lb.	1.50	10	15.00
5 lb. Sugar	5 lb.	1.50	5	7.50
1 lb. Sugar	1 lb.	1.50	1	1.50
100 lb. Flour	100 lb.	1.00	100	100.00
50 lb. Flour	50 lb.	1.00	50	50.00
25 lb. Flour	25 lb.	1.00	25	25.00
10 lb. Flour	10 lb.	1.00	10	10.00
5 lb. Flour	5 lb.	1.00	5	5.00
1 lb. Flour	1 lb.	1.00	1	1.00
100 lb. Corn	100 lb.	0.50	100	50.00
50 lb. Corn	50 lb.	0.50	50	25.00
25 lb. Corn	25 lb.	0.50	25	12.50
10 lb. Corn	10 lb.	0.50	10	5.00
5 lb. Corn	5 lb.	0.50	5	2.50
1 lb. Corn	1 lb.	0.50	1	0.50
100 lb. Beans	100 lb.	0.75	100	75.00
50 lb. Beans	50 lb.	0.75	50	37.50
25 lb. Beans	25 lb.	0.75	25	18.75
10 lb. Beans	10 lb.	0.75	10	7.50
5 lb. Beans	5 lb.	0.75	5	3.75
1 lb. Beans	1 lb.	0.75	1	0.75
100 lb. Lentils	100 lb.	0.75	100	75.00
50 lb. Lentils	50 lb.	0.75	50	37.50
25 lb. Lentils	25 lb.	0.75	25	18.75
10 lb. Lentils	10 lb.	0.75	10	7.50
5 lb. Lentils	5 lb.	0.75	5	3.75
1 lb. Lentils	1 lb.	0.75	1	0.75
100 lb. Peas	100 lb.	0.75	100	75.00
50 lb. Peas	50 lb.	0.75	50	37.50
25 lb. Peas	25 lb.	0.75	25	18.75
10 lb. Peas	10 lb.	0.75	10	7.50
5 lb. Peas	5 lb.	0.75	5	3.75
1 lb. Peas	1 lb.	0.75	1	0.75
100 lb. Chickpeas	100 lb.	0.75	100	75.00
50 lb. Chickpeas	50 lb.	0.75	50	37.50
25 lb. Chickpeas	25 lb.	0.75	25	18.75
10 lb. Chickpeas	10 lb.	0.75	10	7.50
5 lb. Chickpeas	5 lb.	0.75	5	3.75
1 lb. Chickpeas	1 lb.	0.75	1	0.75
100 lb. Mung Beans	100 lb.	0.75	100	75.00
50 lb. Mung Beans	50 lb.	0.75	50	37.50
25 lb. Mung Beans	25 lb.	0.75	25	18.75
10 lb. Mung Beans	10 lb.	0.75	10	7.50
5 lb. Mung Beans	5 lb.	0.75	5	3.75
1 lb. Mung Beans	1 lb.	0.75	1	0.75
100 lb. Soybeans	100 lb.	0.75	100	75.00
50 lb. Soybeans	50 lb.	0.75	50	37.50
25 lb. Soybeans	25 lb.	0.75	25	18.75
10 lb. Soybeans	10 lb.	0.75	10	7.50
5 lb. Soybeans	5 lb.	0.75	5	3.75
1 lb. Soybeans	1 lb.	0.75	1	0.75

Operating Costs at Temora during

1st 6 months 1945

Tons mined & milled 6726.

Mining { Partners draw 14496.93
 { A/cid. 1317.42
 { Maintenance

Shipping, training etc

Milling { Partners drawing 3719.88
 { A/cid. 231.00

Production Tax, Sample & trucking

Administration Expense

Payment to Company

" " Trustee

Total Expenses

These costs include only
 the amount drawn &
 date of the partners in
 the Miner Cop Co. which
 has been Assets =

Yours Lie

Let asset transfer
 as per Balance Sheet

Total	Partners	Receipts
13943.75	2.07	From Lullien paid
25662.49	3.82	110,032.60
12023.67	1.79	Longf. Smith 6450.00
2703.06		Longf. Smith 11200
266.92		
11450.79		127,682.60 / 8.98
2755.08		Other income 252,31
66325.76	9.86	127,934.91
		66325.76
		61609.15
		21220.19
		40388.96

47347.50

6958.54

40388.96

Corrected

August 7th, 1945

*3 Copies for Mine
2 Printed & Chained*

Mr. Nye A. Wimer, President
Tennessee-Schuylkill Corporation
Chloride, Arizona

NOTES RE TENNESSEE-SCHUYLKILL MINE, -CURRENT & FUTURE OPERATIONS

Dear Sir:

On July 24th, 1945 I went to Kingman and Chloride remaining there until July 28th, during which period I investigated the Arizona Magma Mine, which has been made the subject of a separate report, and also certain phases of the situation at the Tennessee-Schuylkill on which I shall comment below, it being understood that this is in no sense intended to be a complete report on the Tennessee property.

MINE AND ORE RESERVES:--

In company with Messrs. Payne and Winsett I visited the 7th, 9th and 12th levels of the mine, but did not attempt to climb up into any of the stopes. The Tennessee vein was examined on the 9th level where it had a width of about 8 feet and appeared to be highly mineralized, the quartz and other vein material lying between well defined walls of gneiss.

The main shaft is in good shape with a hoisting skip and cage in one compartment and counter-balance weights in the other. The stations are well cut out, especially on the 1200' level, and practically no timber is needed, but in some sections of the cross-cuts and especially along the drifts on the vein the ground is heavy and requires timber which in some places has taken so much weight as to necessitate reinforcement.

Mr. Nye A. Wimer
August 7th, 1945
Re: Tennessee-Schuykill

The water is now allowed to stand at the 1400' level and the present flow, -amounting to about 50 gallons per minute, -is all collected in a sump on the 700' level where a booster pump sends it up to the mill. The water is acid and hard on pumps and pipe lines.

X
Aside from one operating stope above the 9th level ⁱⁿ on the Tennessee ~~Vein~~ (known as 904) all mining is now being conducted from the Schuykill ground mostly from the 1000' to the 1400' level and this ore is expensive to mine since most of it has to be hoisted up a winze to the 1200 and all of it has to be trammed for a distance of over 1500 feet, for which purpose a storage battery motor is in use.

At the Tennessee Shaft the ore cars are dumped directly into the self-dumping shaft skip which discharges the ore directly into the coarse ore bin at the collar of the shaft from which it is fed to the crushing plant and mill.

X
X
The fact that there are no underground ore-pockets is a handicap to the efficient operation of the mine ^{because} which, since underground storage space ^{is} being lacking, all mining must be more or less completely interrupted whenever it is necessary to make repairs in the shaft or to the hoisting equipment.

All of the surface plant seems to be in good shape and to operate smoothly and efficiently. Some of the mill equipment is not of a late type, especially the flotation machines, and probably

Mr. Nye A. Wimer
August 7th, 1945
Re: Tennessee-Schuylkill

the power consumption and other operating costs are comparatively high.

The mill was actually running about 15 hours per day for 6 days each week and it would seem to me possible to step up the average daily tonnage (about 40) which it treats, or to shorten the operating hours, but there may be reasons why this could not be done with advantage and this matter along with others can be given more careful consideration at a later date.

With Mr. Payne I carefully went over the assay maps of the mine which accompanied the report of W. C. Wimer, dated September 8th, 1944, also such subsequent maps as could be found and those which accompanied the text of the monthly reports of the Mines Operating Company. Payne explained his program of underground operations which seemed to be logical and efficient and in accordance with which most of the ore during the next few months will probably come from the vicinity of the 904 stope in the Tennessee workings and from the 1128, 1129, 1228 and 1428 stopes in the Schuylkill. These areas should continue to produce approximately as at present for the better part of a year from date and by maintaining the current rate of development for a much longer period.

Should economic conditions continue favorable it will probably be advisable to later unwater the workings on the Tennessee Vein below the 1400' level since I am advised that a large block

My Nye A. Wimer
August 7th, 1945
Re: Tennessee- Schuylkill

of very good zinc ore remains to be mined there although the values in gold, silver and lead are not so high as in other portions of the mine.

X
The stope maps (Plate VIII. accompanying W.C. Wimer's report) show^s several proposed levels and raises which have not actually been run, -e.g. 1000' level at Tennessee and 1500' level at Schuylkill and I do not consider it prudent to have estimated that the blocks of ore, A, B, and C will necessarily extend down to these proposed workings or contain the 58,400 tons noted on the said map, which, in my opinion should be considered as "possible" rather than "probable" ore. However, Payne pointed out, and other maps indicated, a number of locations in which there remained blocks of ore that had been measured and sampled but were not shown on Plate VIII and I have no reason to doubt that the total tonnage of probable ore is very considerable and will prove to equal or exceed the figure mentioned.

On the first page of Mr. W.C. Wimer's report of September 8th I noted an estimate of 13,524 tons of ore in reserve which doubtless refers to positive ore only and I found it interesting to make up the following comparison of his estimated average value of this reserve with the grade of the 6,726 tons of ore actually produced during the first 6 months of this year.

Mr. Nye A. Wimer
August 7th, 1945
Re: Tennessee-Schuylkill

	<u>W. C. Wimer's Estimate of grade of ore in reserve</u>	<u>Actual production during 1st half of 1945</u>
Au, oz. per ton	0.065	0.066
Ag, oz. per ton	2.34	2.48
Pb, % per ton	4.96	5.74
Zn, % per ton	7.52	6.66

I think that the close agreement of these two sets of figures in respect to gold and silver is quite remarkable, and their differences in lead and zinc practically compensate.

I understand that the ore from the Tennessee Vein is higher in zinc than at the Schuylkill, while the latter contains more lead, gold and silver.

Going back over some old reports made by my Engineers from Humboldt I find other records and estimates which seem to be very significant, and three of which I quote below.

Mr. Nye A. Wimer
 August 7th, 1945
 Re: Tennessee-Schuylkill

	<u>Average grade of shipments of ore to Needles Smelter during 1916</u>	<u>Average grade of 69,000 tons of ore estimated as re- serve in the Tenn. Mine only in 1919</u>	<u>Average grade of tonnage estimated as developed in Tenn.& Schuylkill in Sept. 1926</u>
Au, oz. per ton	0.06	0.06	0.06
Ag, " " "	6.00	5.38	5.00
Pb, % " "	7.00	10.80	8.00
Zn, " " "	17.00	17.3	14.00
Fe	10.2		7.00

In the Schuylkill
 it was estimated
 that about 150,000
 tons of ore had been
 developed but the
 average grade was
 not given.

Naturally the ore which had to be shipped direct to a smelter or estimated as shipping ore had to be of a higher grade than the material which is now put thru the mill, but it should be noted that the values in gold appear to have slightly increased in the low grade mill ore, while the silver and zinc have dropped to about 50% of the older estimates and the lead nearly as much. No doubt but there is still a large tonnage of the higher grade ore left in the mine but it is now more profitable to mine a larger tonnage of lower average grade and send it to the mill.

In checking over my old maps and comparing them with those which accompanied W. C. Wimer's report I have been struck with the probability that large blocks of average grade mill ore still

Mr. Nye A. Wimer
August 7th, 1945
Re: Tennessee-Schuylkill

remain intact in the upper portions of the vein and at a later date I hope to have an opportunity to investigate this question more thoroughly with Payne or others and discuss the possibility of profitably mining and milling some of this material, or, in case it is oxidized and sufficiently rich, of shipping it direct to a smelter.

COSTS:--

Since Mr. Brooks, the auditor had just completed the accounts for the first half of this year, I was able to obtain some very interesting figures from him and from Mr. Thurston and without repeating the information which is contained in the auditor's report I will make a few comments.

DEVELOPMENT WORK:--

The contract between the Company and the Operators provides that at least \$1.50 per ton of ore extracted must be spent for development. However, the actual conditions in the mine have made it necessary for the operators to spend \$2.07 per ton so that they have accumulated quite a credit in their development accounts. A general discussion of this situation with Payne and Thurston led me to conclude the expenditures for development work can be progressively reduced from September or October and probably should not average more than \$1.50 per ton extracted over a two-year period of operation.

Mr. Nye A. Wimer
August 7th, 1945
Re: Tennessee-Schuylkill

The comparatively high cost for mining and tramming, namely \$3.82 per ton is largely attributable to the conditions under which the mine must be worked at present,--the expense of the long tram from the Schuylkill workings, necessity of heavy timber in certain places and small tonnage hoisted per day. A more critical examination of each of these operations and especially of the method of dividing the costs between the development and mining might justify some further comment which would be premature on my part at present. The milling cost of \$1.79 is again largely governed by actual conditions, mainly the small daily tonnage and the expense of operating some of the units of equipment.

Insofar as I could determine every legitimate effort is being made to economize on man power and I was informed that a very much smaller crew of men than had been employed during Company operations were mining and milling a similar tonnage and grade of ore.

All other cost items seem to be well in line but a more critical examination of the complete financial report (a copy of which was received after this report had been prepared) may permit some further comment.

GENERAL:--

The crew of men comprising the Mines Operating Company numbered 27 during the time of my visit and insofar as I could observe each one was performing his share of the work faithfully and efficiently and the unusual plan under which the operations are being conducted seems to be working out remarkably well.

Mr. Nye A. Wimer
August 7th, 1945
Re: Tennessee-Schuylkill

Much of the credit for the success of this operation is doubtless due to J. R. Payne who appears to be a man of exceptional competence, both in technical matters and in the guidance and handling of his associates. Naturally the men are all pleased with their earnings to date and since there seems to be every reason to expect that similar earnings can be maintained as long as the premium prices are paid on lead and zinc it is to be earnestly hoped that a mutually fair and equitable division of the returns can be worked out and made effective with approval of the Government officials.

I do not yet feel sufficiently prophetic to attempt to forecast what is likely to happen to this operation after the premiums on base metals are no longer maintained, but if, -as many seem to expect, -the post premium market for lead and zinc should represent approximately the present ceiling plus the A bonus, I anticipate that the Tennessee operations could still be carried on as at present with some margin of profit and to the great advantage of all parties in interest.

Many of the matters to which reference is made above can be gone into more fully after we have had the advantage of a personal discussion which I understand is likely to come about in the near future. Yrs. by this

File

TENNESSEE SCHUYLKILL CORPORATION
CHLORIDE, ARIZONA

March 18, 1946

ANNUAL STOCKHOLDERS' MEETING REPORT

At the annual meeting of stockholders of this corporation held in the office of the company at Chloride, Arizona, March 13, there were represented, in person and by proxy, approximately two million shares of stock. Financial statements and reports of officers for the year 1945 were submitted and approved. The 1945 annual report including financial statements will be mailed out as soon as it can be printed. It seems that printers, like everyone else these days, are over crowded with business and we must wait our turn. A new Board of Directors was elected consisting of Robert H. Leshner, William V. O'Connor and Nye A. Wimer.

Mr. Leshner is now, and has been for the last twenty years, connected with the largest mining supply establishment in this section, at Kingman, Arizona. He has been connected with the mining business for more than forty years and bears an enviable reputation. He also has a wide acquaintance in the industry, and it is my opinion that the assistance he can and will render by becoming a member of the Board of Directors of this corporation will be invaluable.

Mr. O'Connor (Lt. U.S.N.R., Retired) is a prominent practicing attorney of Los Angeles, California. Previous to the time Mr. O'Connor joined the armed services, he was a Special Assistant to the Attorney General of the United States. He is also admitted to practice before the Supreme Court of the United States.

The Tennessee Mine has not been in production since last October for the reason that the contract under which the operation was being conducted was declared to be in violation of some of the rules of the Office of Price Administration. It was necessary to rescind the contract and to draw up a new form of contract eliminating the objectionable features of the previous agreement, all of which has been done.

The manager under the new operating contract is Mr. Thomas L. Chapman, E. M., who graduated from the Colorado School of Mines in 1906, and has a record of experience since that time as a successful mining engineer, geologist and mine operator. Among other operations, Mr. Chapman has to his credit increasing the production of another Arizona mine from 200 to 600 tons per day in less than two years, during which time he was resident manager of the mine, mill and smelter. He has just completed an assignment of three years with the United States Bureau of Mines as mining engineer on a war-duration appointment.

Mammoth
Ed. Austin

The reason the Tennessee Mine is being operated by contract is because it was found, in 1944, that with the increasing labor difficulties costs were reaching a point where profits were impossible. The operating agreement is drawn up on a cooperative basis. There is no payroll, which eliminates the necessity of complying with a maze of Government and union labor rules and regulations. Each member of the cooperative association is working for himself and no outside labor is employed. From actual experience it has been found that production increased about four to one by using this system. It also provides a way for the laborer to make more money than he could possibly make working by the hour, which condition, in turn, benefits the company through holding costs down and eliminating laggards. Another advantage we have found under this system is that there are plenty of good men available who are anxious to become members of the cooperative association. Those who already are members use extreme caution in choosing additional members. New members must have a reputation and standing which are to their credit before they are allowed to join up.

During the recess from production, we have taken advantage of the time to make some necessary repairs. For example, the pumping system for keeping the mine free from water was in need of repairs and replacements. A new pump has been purchased and is at the property for the 1400 ft. level of the main shaft. The 4 in. water column, from the 1400 ft. level to the 700 ft. level, has been replaced by new pipe, and the balance of the water column has been carefully gone over and repairs made where needed. One of the bucket elevator belts in the mill has been renewed and will handle thousands of tons of ore without giving any trouble. A complete new set of ball mill liners are being installed so that there will be no delay when operations begin from this source. Underground there is ore in place ready to mine, and with Mr. Chapman's experience as a geologist, it is my belief that many thousands of tons of ore will be found and mined that might be passed up by someone with lesser knowledge and experience. Everything is all set and we plan to be in production during the present week.

My opinion is that things were never better at the Tennessee Mine than they are today. We have everything we need with which to start up, including the most important thing, which is good ore. Added to this, we have good management, a plentiful labor supply, a good mining and milling plant, etc. Considering the backlog of demands for metals and the shortage in supply of lead, it is felt that a long and successful record of operations will be shown by the Tennessee Mine with this new postwar beginning.

Very truly yours,

TENNESSEE SCHUYLKILL CORPORATION

N. A. Wimer
President

May 21, 1946

Mr. N. A. Wimer
Tennessee Schuylkill Corporation
530 West 6th Street
Los Angeles 14, California

*Tennessee-Schuylkill
mine file*

Dear Mr. Wimer:

I want to thank you for several interesting documents which you have sent me relative to the Tennessee Schuylkill reorganization and resumption of operations, and I particularly mention the annual report for 1945 and the stock holders report dated May 11, 1946.

I have been and shall continue to be much interested in all future developments connected with this property and under the technical management of Tom Chapman (to whom please give my best regards) I think that you should have every chance for success.

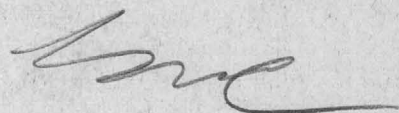
I have also been interested in copies of the Kingman Times which I understand you are publishing and the building of the Bull Head Dam ought to create great prosperity in north-western Arizona for some years to come.

I am told that you have acquired the Arizona Magma Mine and I believe you are going to find some very nice ore in the practically untouched parallel vein north of the mine workings where I recommended that exploration should be carried out.

Should you at any time wish to consider the Payroll Mine at Chloride, I believe that the owners who were once my clients would be glad to do business on a reasonable basis and the same is true of Dr. Blackwell who owns the adjoining property and who stopped in here to see me only a short time ago.

With personal regards and wishing you the best of success in your many enterprises, I remain,

Yours very truly,



GMC:IW

*File Tennessee
Skybell*

NYE A. WIMER
530 WEST SIXTH STREET
LOS ANGELES 14, CALIFORNIA

January 10, 1949

Mr. George M. Colvocoresses
1102 Luhrs Tower
Phoenix, Arizona

Dear Mr. Colvocoresses:

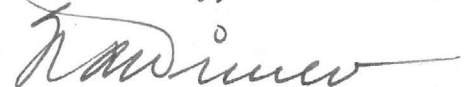
You may have heard that we shut down the Tennessee on December 15th. So far our undertaking to develop an orebody in the Johnny Bull has been without success. We are only about forty feet into the Johnny Bull claim on our 1,000 foot level and while I have no doubt that ore will be encountered when this drift is continued it has been disappointing to-date. This effort detracted from other development work in the Tennessee Mine and the one place where the ore was being mined got so lean in grade that it no longer paid to mine it. Mr. Chapman's health has been such for the past several months that he could not look after the operation properly so it was decided to stop production and do some development in the Tennessee before trying to start up again. With a normal tonnage and grade the mine would show excellent earnings with present metal prices and it's a shame to be losing time but there did not seem much way to avoid it.

Glad to know your health is improved and hope the lameness mentioned in your November 8th letter has left you. 1948 was full of difficulties physically for me. I now have what the doctors say is arthritis and it is so bad some days I can hardly make it to the office. My S.E.C. difficulties are in status quo. No move has been made by either side for the past several months.

After we develop some ore in the Tennessee, which I think we shall do by contracting the work, we will need another manager because I am certain Mr. Chapman's health will not allow him to continue. There will be a good opportunity for the right sort of person. You might know someone who would be qualified for this job and if so I would appreciate your putting me in touch with him.

Best personal wishes for 1949.

Sincerely,



N. A. Wimer

TENNESSEE SCHUYLKILL CORPORATION
CHLORIDE, ARIZONA

STOCKHOLDERS REPORT
MAY 11, 1946

By N. A. Wimer -- President

Shipments of carload lots of concentrates have begun. As reported to you previously, the Tennessee Mine is in production under a form of co-operative agreement and the first carload of concentrates was billed out May 2. This car was zinc concentrates and another carload of zinc concentrates, also a carload of lead concentrates, are ready to go. The co-operative method of operating is surely an advantage to all parties concerned. It is to the advantage of everyone to keep costs at a minimum and our method works wonders in that respect.

You have probably just recently received the Annual Report for 1945. Please bear in mind while reading it that it contains none of the facts regarding progress made since January 1, 1946. We have sent you several short reports so far this year which are designed to keep you informed to date, and we intend to continue this policy.

In the 1945 Annual Report you will find mention made of a legal action instigated by this Corporation in connection with the notification received from the Office of Price Administration to the effect that the operating agreement in force in 1945 was illegal. It is a pleasure to report that this legal action was settled by negotiation and an order has been entered in the Federal Court dismissing all pending suits and dividing the funds that were tied up. In the settlement your Corporation receives a substantial amount of cash. In the 1945 Annual Report the writer ventured the opinion that 1946 would show results satisfactory to everyone concerned. To date this prediction has been amply borne out.

1. An operating agreement that is not only satisfactory from a legal standpoint, but is fair and equitable to the operators and the Company is in force.
2. This contract became effective March 21.
3. Applications for membership in the operating group (labor) are more than ample.
4. Shipments of concentrates began May 2.
5. Plenty of ore in the mine available for production and continued shipments.
6. Mining and milling plant in good condition.
7. Law suits to recover money from 1945 operation settled successfully with the Corporation receiving a large cash fund.

We are still receiving letters from stockholders containing questions about how to buy or sell stock in this Company. Please read again our stockholders report of April 11, 1946, and you will find the answer there. Also, read again the last paragraph in the President's report contained in the Annual Report for 1945. The Corporation has no stock for sale and is not in the securities business.

Mining & Industrial News

OFFICIAL PUBLICATION

Gold Mining Association of America—Mining Association of California—California Hydraulic Mining Association

CLAUDE M. CHAPLIN
Editor and Publisher

General Offices—251 Kearny Street, San Francisco, 8, California

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WHAT PRICE SILVER?

The movement to pay silver miners the full monetary price of \$1.29 per ounce, instead of the present 71.11 cents is progressing.

A recent bill introduced by Senator Pat McCarran of Nevada provided that for the first year after enactment, the miner would receive 80 per cent of the sale price in silver dollars, and at the end of one year, the seller would receive \$1.29 for all silver offered. The bill also provides that free treasury silver may be sold to manufacturers at \$1.03432 per ounce, and that a reservoir of silver equal to outstanding silver certificates must be maintained at all times.

In discussing the silver situation at a recent meeting in Nevada Senator McCarran explained this situation as follows:

The constitution of the United States specifically provides that congress shall coin money and fix the value thereof, and it further says no state shall use anything but gold and silver with which to pay off debts. The first mint act passed provided that silver should be coined and the producer was to receive \$1.29 per fine ounce for his product.

That law has never been changed or amended since 1790. Constitutionally, silver is worth \$1.29 per ounce, less seigniorage or brassage. (Seigniorage or brassage is the term used for alloy of copper with the silver to stabilize the soft metal when used as metallic money).

For the first 50 or 75 years of the life of this nation, the silver producer could get \$1.29, less seigniorage, for his product. Now what changed this process?

In 1873, Great Britain and Germany joined in a fight to change the policy which was being pursued in the United States. America had an abundance of silver while Britain and Germany were not so fortunate. So, they came to the United States to get the policy changed and saw there was little chance of making an alteration of the constitution, so they set about it in another way.

They outlined a plan whereby the miner would be charged more seigniorage for his metal and little by little, the price paid for the production of silver was cut, despite the constitutional price which still was, and remains so to this day, set at \$1.29.

The price of silver was beaten down to a very low figure but, by the silver purchase act, drafted by Senator Key Pittman, the price was raised to 71.11 cents.

Now, silver presented by the producers at the threshold of the mint is worth 71.11, but when it crosses the threshold and gets inside the mint, it is valued at \$1.29 under the constitutional provisions.

Silver can't be produced at the present time for 71.11 cents per ounce. What we are trying to do, is to get for silver what the constitution says it is worth, and I think we may win our fight.

There is a tremendous demand for silver at the present time.

In France the franc is so depreciated it takes a whole bale to get a single loaf of bread. However, if a person has a little piece of silver, no bigger than his fingernail, he can secure full sustenance without difficulty.

Millions of people demand silver. In Bombay the price of silver is \$1.13 per ounce and in most every other country in the world, silver is worth more than it is in America.

Silver is in demand in all types of industry. A small silver pellet can make sea water potable. Silver is the greatest electrical conductor known, even outranking copper.

The demand for silver has been increasing, yet production has fallen off. There is only one mine in America which is producing pure silver. Most of the rest of the silver is a by-product of zinc, lead and other type mines.

Jewelry manufacturers, faced with the shortage of silver, want to take the metal out of the treasury vaults, but they don't want to pay the market price for that silver. The metal is on the government books at \$1.29 per ounce, but the jewelry folks want to purchase it at 71.11 cents.

The jewelry manufacturers have succeeded in having a rider attached to the house appropriations bills for the treasury department, which would allow them to purchase 240,000,000 ounces of the metal for 71.11 cents. They have exerted plenty of pressure.

The silver brokerage firm of Handy and Harmon is behind the move for they need silver desperately. Several years ago, Handy and Harmon succeeded in getting the OPA ceiling price off imported silver, expecting to secure millions of ounces from Mexico. When the ceiling price was removed, Handy and Harmon went to Mexico to purchase silver at the going price in America, 71.11 cents, and the Mexican government thumbed their noses at the brokers, informing them the silver was worth more in other markets.

So now, faced with a shortage of silver, the brokers are trying to loot the treasury vaults through the house bill rider. I think we can beat them.

SOLVING THE LABOR PROBLEM

One method of solving the labor problem is outlined by N. A. Wimer, president of Tennessee Schuykill Corporation, in his annual report to stockholders, as follows:

The Tennessee Mine has not been in production since last October for the reason that the contract under which the operation was being conducted was declared to be in violation of some of the rules of the Office of Price Administration. It was necessary to rescind the contract and to draw up a new form of contract eliminating the objectionable features of the previous agreement, all of which has been done.

The reason the Tennessee Mine is being operated by contract is because it was found, in 1944, that with the increasing labor difficulties costs were reaching a point where profits were impossible.

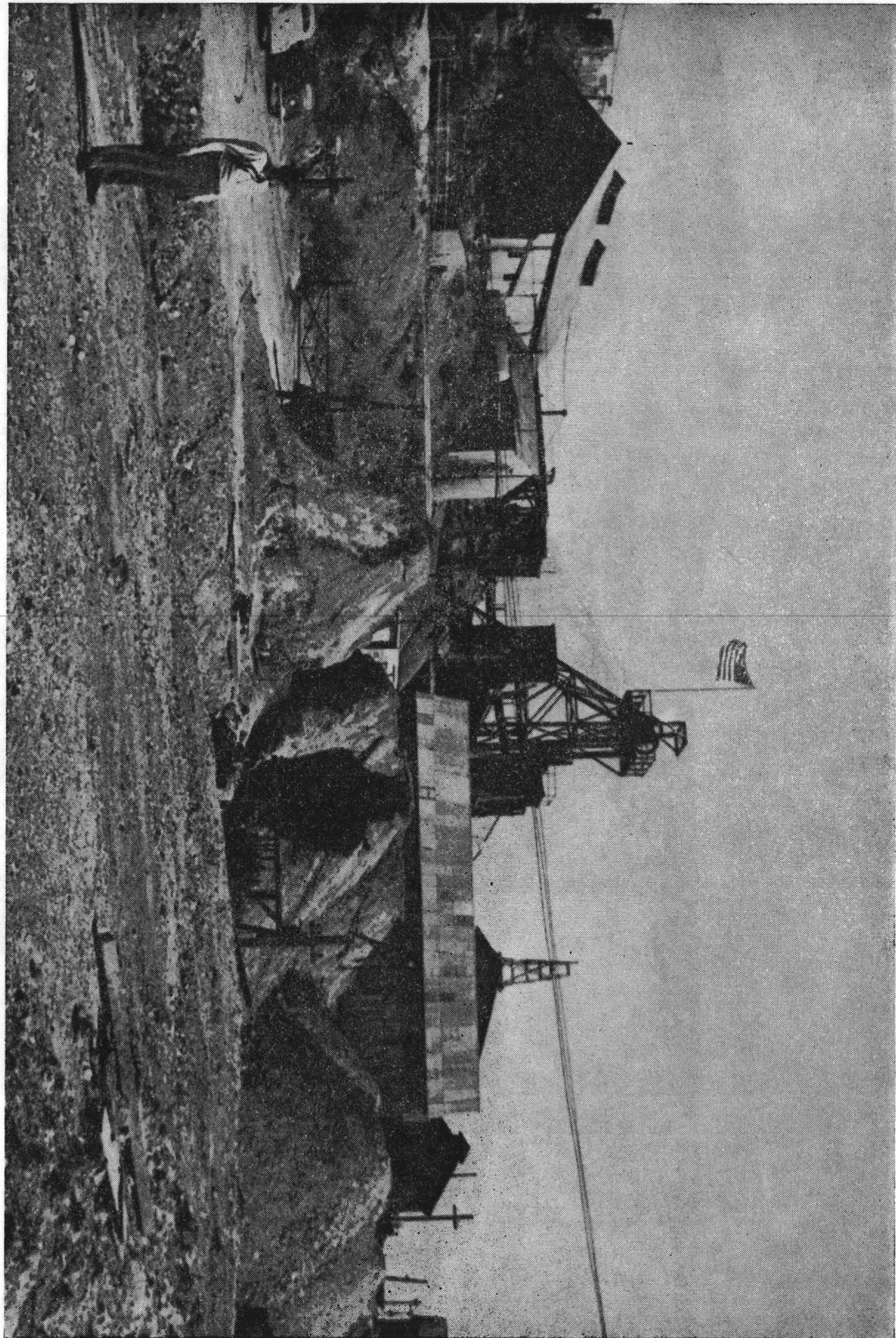
The operating agreement is drawn up on a cooperative basis. There is no payroll, which eliminates the necessity of complying with a maze of government and union labor rules and regulations. Each member of the cooperative association is working for himself and no outside labor is employed.

From actual experience it has been found that production increased about four to one by using this system. It also provides a way for the laborer to make more money than he could possibly make working by the hour, which condition, in turn, benefits the company through holding costs down and eliminating laggards.

Another advantage we have found under this system is that there are plenty of good men available who are anxious to become members of the cooperative association. Those who already are members use extreme caution in choosing additional members. New members must have a reputation and standing which are to their credit before they are allowed to join up.

**TENNESSEE SCHUYLKILL
CORPORATION**

**ANNUAL REPORT
1945**



Portion of Mining & Milling plant at Tennessee Mine.

PRESIDENT'S REPORT, 1942

OFFICERS

NYE A. WIMER *President and Treasurer*
FREDRICK W. FOOTE *Vice President*
DOROTHY A. DECKER *Secretary*

DIRECTORS

NYE A. WIMER
FREDRICK W. FOOTE
DOROTHY A. DECKER



OCONNOR AND OCONNOR *General Counsel*
LOOMIS AND McCALLUM *Auditors*

TRANSFER OFFICE

TENNESSEE SCHUYLKILL CORPORATION
530 West 6th Street, Los Angeles 14, California



EXECUTIVE OFFICES 530 West 6th Street, Los Angeles 14, Calif.
MINES AND OPERATING OFFICE Chloride, Arizona

PRESIDENT'S REPORT, 1945

TO STOCKHOLDERS OF TENNESSEE SCHUYLKILL CORPORATION:

The Tennessee Mine was in production a little over nine months during 1945. Production was discontinued in October because the agreement under which the property was operating was found to be in violation of one of the rules of the Office of Price Administration, and all efforts to amend the contract to meet the requirements of the Office of Price Administration rule met with failure. On advice of counsel the Corporation served a notice of rescission on the contractors early in October.

The operating contract was originally worked out because of the difficulties encountered by the Corporation in 1944 with union labor rules and regulations also Federal Government laws and directives governing labor. It was found that to continue operations in the face of the many burdensome laws and rules imposed on business at that time simply meant depleting the ore reserves in the mine for no good reason, especially when labor was demanding and receiving more than the property could bear. This condition forced the Company to change its policy and to adopt a cooperative system. In short, the new plan was worked out on a basis of every man working for himself through a share in the profits and no outside labor was employed. The operating expenses were deducted from the operating revenue before profits were computed. This was an advantage inasmuch as it was up to each and every man on the job to keep expenses down to the lowest point possible. The result was that production costs went down to an unbelievable figure below the amount per ton it was costing to produce ore when labor was hired by the Company on an hourly basis. It also eliminated all overtime charges and the possibility of anyone loafing on the job. The earnings of the miners depended upon the gross returns from sales of concentrates. One outstanding example of the many advantages of this plan showed up in the tonnage produced per man shift. Over the nine and a fraction months' operation this figure increased to about four to one as compared with the period when labor was paid by the hour.

In connection with the rescission of the contract, our attorneys advised us that it would be necessary for the company to take action in the courts to recover all moneys paid out under the contract which was declared to be illegal by the Office of Price Administration. This resulted in the preparation and filing of an action in the Federal court against the contractors asking that they be required by the court to restore to the Company all moneys they had received under the illegal contract, which amounts to approximately \$250,000.00.

At this writing the contractors have not supplied the Corporation with figures covering the few days they operated during the month of October, 1945, although we have made repeated demands for these figures. The following figures are based on nine months' operation and would change very little with the inclusion of the few days during which the property produced during the tenth month of the year:

At the end of September there had been mined and milled 11,106 tons of ore. Thirty-seven carloads of concentrates were shipped, 16 of which were lead concentrates and 21 zinc concentrates. There were sold 776.83 tons of lead concentrates and 925.03 tons of zinc concentrates. The gross proceeds from production for the year amounted to \$258,527.34. The metal content of the concentrates shipped was as follows:

605.01 ounces of gold
23,116.94 ounces of silver
994,240 pounds of lead
936,680 pounds of zinc
25,500 pounds of copper
347,960 pounds of iron



Part of Plant at Tennessee Mine. Office in right foreground.



Steel Headframe and Ore Bins at Collar of 1400 foot vertical shaft at Tennessee Mine.

There is printed in this report a Balance Sheet and Income and Expense Statement for the year 1945. While there is a loss shown on the Income and Expense Statement, shareholders should not be alarmed because this is due to the trial period of the cooperative contract. There were a number of conditions of the contract that were necessarily experimental for the reason that no such method of operating a mine had ever been tried before, to the knowledge of your management. For example, the division of proceeds was found to be too much in favor of the contractors, which, of course, accounts for the small loss shown for the year. Considering the fact that only a little over 11,000 tons of ore were extracted, and the further fact that we have proven that this method of operation can result in profits to all concerned, it would appear that the cost of the experiment was slight considering the gains made.

The mining and milling plant are in excellent condition, some minor repairs having been made during the period that production was suspended. As to ore possibilities in the mine, it is the opinion of the writer that there is sufficient ore in the Tennessee Mine to keep the plant operating at capacity for many years. The premium price plan for copper, lead and zinc is due to expire June 30, 1946, under the present act of Congress. However, all indications seem to point to the renewal of these premiums and perhaps at the same time the ceiling price will be advanced. Lead is particularly in short supply, the prediction of experts being that the country will be short 200,000 tons of this metal in 1946. Zinc cannot be called exactly short, however, the tonnage on hand would soon be exhausted unless additional zinc is mined in large quantities. The price of silver is expected to be advanced by act of Congress during this year.

With everything considered, it is my opinion that 1946 will be a real satisfactory year from the standpoint of operations at the Tennessee Mine.

Your management is continually receiving letters from stockholders requesting market quotations on the stock of this Corporation. The company does not participate in market transactions, believing this to be the function of licensed brokers. There are over 500 stockholders of record in this Corporation scattered throughout the United States. If you wish to either buy or sell shares in this Corporation the proper procedure is to give an order to your own broker. The stock is not listed on any exchange. There is an active market maintained by brokers and their clients in what is known as the unlisted or over-the-counter market. If you want to sell your stock, make arrangements with your broker to offer it for sale at a price in the unlisted market. If you want to buy more stock arrange with your broker to bid for the number of shares you wish to buy at the price you wish to pay in the unlisted market. If your broker is unable to get immediate action for you don't despair but leave your order to either buy or sell on file with him until it is filled. If you do not have an account or connection with a broker it is a simple matter to establish one. If you had no bank account you could easily open one and it is just as easy to open an account with a broker. The securities business is rigidly regulated and policed by the Securities & Exchange Commission which should make it possible for you to select a reliable brokerage connection without difficulty.

N. A. WIMER,

President.

TENNESSEE SCHUYLKILL CORPORATION

BALANCE SHEET

DECEMBER 31, 1945

ASSETS:

Cash on Hand.....	\$ 583.82	
Accounts Receivable	4,936.05	
Inventory of Supplies	5,545.81	
Sales Contract	975.00	
Special Deposit	500.00	
Prepaid Insurance, etc.	1,188.85	\$ 13,729.53
Mining Properties and Development.....	\$121,771.35	
<i>Less</i> Reserve for Depletion.....	79,989.50	41,781.85
Buildings	\$ 55,849.05	
Machinery and Equipment	136,443.58	
Furniture and Fixtures.....	5,663.24	
	\$197,955.87	
<i>Less</i> Reserves for Depreciation.....	83,062.00	114,893.87
TOTAL ASSETS		<u>\$170,405.25</u>

LIABILITIES AND CAPITAL

Accounts Payable	\$ 32,602.24
Notes Payable	3,554.02
Trade Acceptances Payable.....	10,430.64
Contracts Payable	2,744.20
Taxes Payable	58,536.99
Accrued Interest Payable.....	10,844.67
Accrued Compensation Insurance.....	3,354.96
Loan Payable—N. A. Wimer.....	17,835.50
Accrued Salary—N. A. Wimer.....	10,955.60
Note Payable—N. A. Wimer.....	2,500.00
Capital Stock Outstanding (2,300,000 shares 10¢ par).....	230,000.00
<i>Deficit</i>	<u>\$212,953.57</u>
TOTAL LIABILITIES AND CAPITAL.....	<u>\$170,405.25</u>

TENNESSEE SCHUYLKILL CORPORATION

INCOME AND EXPENSE STATEMENT

DECEMBER 31, 1945

INCOME

Proceeds from Production.....	\$258,527.34	
Miscellaneous Income	126.77	\$258,654.11
<i>Less:</i> Contractors' Deductions.....	\$232,694.11	
Smelter Return Adjustment.....	32.90	232,727.01
		<u>\$ 25,927.10</u>

EXPENSES

Mine Expenses	\$10,290.61	
Mill Expenses	403.76	
Marketing	9.77	
Maintenance of Company Houses.....	387.72	
Staff House Expense	883.74	
Tennessee Cafe Expense	27.14	
Medical Expense	42.71	
Administrative Expense	30,814.02	
Interest	<u>5,556.30</u>	<u>48,415.77</u>
Loss before Depreciation.....		\$ 22,488.67
Depreciation		<u>14,091.48</u>
NET LOSS		<u>\$36,580.15</u>

Notes from Conference with Wimer 8/10/45

Wimer figures that for first six months of this year each one of the operating partners has earned \$641 per month which is obviously out of line since the Tennessee Co has gotten not more than \$300 - \$400 per month after meeting their expenses.

He thinks that the tonnage could be stepped up to about 70 per day without any substantial reduction in the grade of the ore and on that basis with earnings of the men reduced to about \$560 per month and with milling cost of \$250 per ton the men would earn a total of \$437,650 (which would be about a piece allowing for the larger crew and the company would get \$204,708 but this last is probably more than could be expected.

The 10% off net smelter and premium return is figured at \$51,854 ~~and saving of almost 550 per month on taxes and insurance would be about \$100,000~~ And if rental of plant was figured at about \$100,000 then the total company return would be \$150,000 which seems to me entirely fair and equitable to all parties concerned.

Wimer suggests that Payne should get more than the other partners also thought those who had worked more than a year or 6 months should be classed as senior partners and get larger share of returns than the new men. This seems fair.

Power cost is about 1.6¢ per kw. hour.

For Arrangement with Wimer 8/10/45

If he takes on the Magna after deal with Rollinger,-
then I should get a good man to act as Superintendent or to
help me with the Tennessees work.

Might be Joe Klein (if can find) Anger or John Paxton
and pay him \$350 per month

I would visit every 3 months and spend 2 or 3 days
at Chloride on each trip to look over Tennessee and Magna work
and would look after matters between trips from Phoenix office.

Charge by \$150 per month.

August 14, 1945

Notes on Tennessee Audotor's Report

Development of 364' = \$13,943.00 = \$38.30 per foot which seems very high since there was no shaft or winze sinking involved. Also the cost of timber \$4.74 per foot is high but is cannot be properly compared with timber used for mining on a per ton of ore basis and same is probably true of power which works out at \$6.44 per foot but should not have exceeded the power used for mining unless a great deal of waste was hoisted and trammed. Suggest that they should keep track of the tons of waste hoisted as well as the tons of ore.

The market prices of the metals sold, eg smelter settlement sheets are given as \$110,032.60 plus 6,450.00 = 116,482.60 and the premium prices are \$11,200.00 on metal on hand and in transit. It seems that the first figures must include all promium prices actually paid but it should be so noted.

Average earnings of men who have worked full time = \$2,000 = \$333 per month which is not at all out of line altho it represents only about 26 days per month i.e. nearly \$13.00 per day.

Statement shows Tennessee cash balance of \$2,814.71 while Krook told me that he had about \$4,000.00 in this account. Page 48 seems as if some of the current monthly expenses of \$1600 should be borne by the Operators for if this represents regular charges against Company and the pay-

ment by the operators has only been \$11,725.87 (i.e. 1956 per month) then the surplus to go to the creditors (to whom over \$150,000 is said to be owing) will only amount to about \$350 per month and company is not likely to ever be cleared of debt.

I think that all payments made by each of the Amelter and by the Metal Reserve should be listed separately.

NYE A. WIMER
530 WEST SIXTH STREET
LOS ANGELES 14, CALIFORNIA

*Cu 6/25
45*

June 22, 1945

Mr. George M. Colvocoresses
1102 Luhrs Tower
Phoenix, Arizona

Dear Mr. Colvocoresses:

Have your letter of the 20th. Have already forwarded the material regarding premium settlements.

I note that you refer in the last sentence of your letter to "royalty payments" and "lessees". It has been my contention at all times that our operation is not a lease. My reason for this is that the smelter contracts, quota assignments and serial number for priority purposes are all in the name of the Tennessee Schuylkill Corporation and the operation is being carried on under the terms of these various contracts and assignments.

M.P.R. 356 would ^{NOT} apply except where a property is leased. While I have not agreed with the O.P.A. that this rule does apply, I have been trying to meet its requirements simply for the reason that the interpretation of an attorney in the office in Washington that our deal is a lease and not an operating contract. I thought it would be more simple to comply with the terms of this O.P.A. ruling than it would be to convince them that they were wrong in applying the rule. It would probably also be less expensive, however, in case we are unable to reword our contract in a form acceptable to the O.P.A., I would like to be in a position to defend myself, or rather the Company, against any action the O.P.A. might take in the way of penalizing the Corporation for dividing the money up as we are.

If we admit we are receiving royalties or that our property is under lease even in correspondence, it seems to me that our position is weakened. My contention is that Mines Operating Company are contractors and being paid as such and that there are no leases and royalties involved.

Yours very truly,

N. A. Wimer

N. A. Wimer

NAW:df

James M. J.

OFFICE OF WAR INFORMATION
OFFICE OF PRICE ADMINISTRATION

For Immediate Release: OPA-2129
Thursday, April 1, 1943.

Royalties paid by domestic mine operators for copper, lead, and zinc ores mined from leased properties are frozen by the Office of Price Administration today at rates in effect on December 31, 1942.

This is done to ensure that the additional premiums on lead and zinc recently authorized under the Premium Price Plan may be used, as intended, to meet actual costs of producing these strategic metals. Diversion of the added premiums into increased royalties to landowners, OPA said, "is an unwarranted expenditure of public funds, which can contribute nothing to further production."

Royalties based on the original premiums, amounting to 5¢ per pound for copper and 2¾¢ per pound each for lead and zinc, are not affected by this order unless these premiums were not included in royalty calculations last year.

As a result of its action, OPA expects that miners operating leased properties under B and C quotas will be able to mine ores of appreciably lower grade at the present level of premium payments.

The regulation is intended to result in maximum effectiveness of payments to mine operators by the Metals Reserve Company and in increased production, which is thereby made possible.

Considering royalties as payments for ores, OPA includes its ruling on them in Maximum Price Regulation No. 356, Royalties on Copper, Lead and Zinc Ores, effective April 1, 1943. This Regulation does not, however, apply to any ore mined before this date.

In choosing December 31, 1942, as the "freeze" date, OPA planned to disturb existing contracts as little as possible. This date is also immediately before the new B and C premiums for lead and zinc were authorized by the Metals Reserve Company in January.

Royalties on mines which were not leased at that time are to be approved by the Office of Price Administration. The basis for this royalty may include the original but not the new premiums.

The regulation provides expressly that no royalty shall be paid on the basis of premium or bonus money in excess of 5¢ per pound for copper and 2¾¢ per pound each for lead and zinc. (This prohibits royalties on B and C premiums.) In the

Tri-State District, including parts of Missouri, Oklahoma, and Kansas, where premiums are paid on the basis of ore concentrates, this amounts to \$29.70 per ton for 60 percent zinc concentrates and \$41.80 per ton for 80 per cent lead concentrates.

OPA pointed out that payments of royalty on all premium money would result in a situation in which royalties increase progressively as ore grades drop, since B and C premiums are only paid in the case of very marginal ores. Even without a share of this additional bonus, an owner of a mining property would be benefited by receiving royalty on ores which would otherwise stay in the ground.

Today's action has no effect on consumers, except to safeguard continued production of metals from low-grade ores and high-cost mines. The maximum prices to consumers continue to be the OPA ceilings of 12¢, 6½¢ and 8¼¢ per pound for copper, lead and zinc respectively.

In order to make the regulation clear, typical examples are included. They illustrate the degree to which OPA in the current action has followed the recognized practices of the industry.

(Document No. 13454)

PART 1369—METAL ORES

[MPR 356]

ROYALTIES ON COPPER, LEAD AND ZINC ORES

In the judgment of the Price Administrator it is necessary and proper to establish maximum royalties to be paid on the mining of copper, lead and zinc ores in order to ensure that money paid by the Metals Reserve Company under the Premium Price Plan shall not be dissipated but shall make possible greater production of copper, lead and zinc for the war effort. Such regulation is likewise necessary in order to restrain further increases in royalty payments which will so increase costs of production as to discourage the exploitation of marginal ores of copper, lead and zinc or compel the Metals Reserve Company, pursuant to the Premium Price Plan, to pay substantially larger amounts of public monies in order to enable mine operators to bear the increased cost entailed in higher royalties.

The Administrator has given due consideration to royalties on the mining of

copper, lead, and zinc ores which were charged and paid between October 1 and 15, 1941, and to relevant factors of general applicability. So far as practicable the Price Administrator has consulted with representatives of lessors and producers.

In the judgment of the Administrator the maximum royalties on copper, lead and zinc ores established by this regulation are and will be generally fair and equitable and will effectuate the purposes of the Emergency Price Control Act of 1942, as amended. A statement of the considerations involved in the issuance of this regulation, issued simultaneously herewith, has been filed with the Division of the Federal Register.*

§ 1369.51 *Maximum prices payable on the mining of copper, lead and zinc ores.* Under the authority vested in the Price Administrator by the Emergency Price Control Act of 1942, as amended, and Executive Order No. 9250, Maximum Price Regulation No. 356 (Royalties on Copper, Lead and Zinc Ores), which is

* Copies may be obtained from the Office of Price Administration.

annexed hereto and made a part hereof, is hereby issued.

AUTHORITY: § 1369.51 issued under Pub. Laws 421 and 729, 77th Cong.; E.O. 9250, 7 F.R. 7871.

MAXIMUM PRICE REGULATION 356—ROYALTIES ON COPPER, LEAD AND ZINC ORES

CONTENTS

- Sec.
- 1 Royalties covered by this regulation.
 - 2 Maximum royalties on copper, lead and zinc ores mined from properties or workings under lease on December 31, 1942.
 - 3 Maximum royalties on copper, lead and zinc ores mined from properties or workings not under lease on December 31, 1942.
 - 4 Records and reports.
 - 5 Where this regulation applies.
 - 6 Petitions for amendment.
 - 7 Prohibition against paying or receiving higher than maximum royalties.
 - 8 Enforcement.
 - 9 Definitions.

SEC. 1 *Royalties covered by this regulation.* As the price paid for ores by a miner extracting them from land owned by another person is generally called a royalty, the maximum prices estab-

lished by this regulation for copper, lead and zinc ores are stated in terms of the maximum royalties which may be paid by the miner of such ores (called the "lessee") or received by the party owning or controlling the mining property (called the "lessor"). The term "royalty," as used in this regulation, means the price or charge paid by the lessee for copper, lead or zinc bearing ores, or the metals contained therein, together with the right of removing the same. It is the charge or price received by the lessor for copper, lead or zinc bearing ores as they exist in the ground and is payable on those ores, or the metals contained therein, as they are mined and processed by the lessee.

This regulation covers royalties charged and paid for the mining of copper, lead and zinc bearing ores and is limited to cases (a) where the lessee pays to the lessor a definite sum for each unit (as per pound of metal or per ton of ore) mined or produced or (b) where the lessee pays to the lessor a part or percentage of the market price of the metals mined, smelter returns, or some other sum, so that the amount paid by the lessee is based on the amount of ore mined or metal produced.

This regulation does not apply to any case where the lessee pays a flat sum for the right to mine any quantity of ore which he may be able to remove from a property during a stated period and any such agreement shall not, for the purposes of this regulation, be considered a lease. Neither does this regulation apply to the sale or grant of mineral rights for a fixed sum as distinguished from a lease granting the right to mine and carrying the obligations to pay for ore mined or metal produced. (This is true even though the purchase price is payable as royalty.) It does, however, apply to a royalty payable under a lease even though the lease contains or is accompanied by an option to purchase. This regulation applies to overriding royalties and to royalties payable under sub-leases as well as prime leases.

For the purposes of this regulation a mine, slag, or tailings dump is considered as ore in the ground and producing from a dump is considered as mining.

SEC. 2 Maximum royalties on copper, lead and zinc ores mined from properties and workings under lease on December 31, 1942. The maximum royalty which may be paid or received on copper, lead and zinc ores mined from any property or working which was under lease on December 31, 1942, shall be a royalty determined according to the terms of the lease in effect on December 31, 1942. A lease shall be considered to have provided for the payment of a royalty determined on the basis of premium or bonus money if during 1942, or within normal settlement time thereafter, a royalty so determined was in fact paid for ores mined during 1942 from the property or working covered by such lease. In no case, however, shall any royalty be calculated, paid or received on the basis of premium or bonus money in excess of 5¢

per pound of copper, 2 $\frac{3}{4}$ ¢ per pound of lead, and 2 $\frac{3}{4}$ ¢ per pound of zinc, which is received from the Metals Reserve Company pursuant to the Premium Price Plan or a special contract with the lessee. Where premium or bonus money is paid by the Metals Reserve Company on the basis of production of concentrates, equivalent figures shall be used in lieu of 2 $\frac{3}{4}$ ¢ per pound of lead and 2 $\frac{3}{4}$ ¢ per pound of zinc. As of the date of the issuance of this regulation \$41.80 per ton for 80% lead concentrates and \$29.70 per ton for 60% zinc concentrates are the equivalent figures for the Tri-State District.

The maximum royalty payable on copper, lead or zinc ores mined from any property or working shall be determined by the lease in effect on such property or working on December 31, 1942, even though a new lease has been, or may be, made or the lessor and lessee are, or may be, different from the parties to the lease which was in effect on December 31, 1942.

For the purposes of this regulation no property or working shall be considered to have been under lease on December 31, 1942, if the lease thereon was signed or executed prior to January 1, 1941, and no operational or developmental work was done on such property or working from January 1, 1941 to and including December 31, 1942.

As used in this section and hereafter a "property" means a mine or a group of mines operated as one producing unit and a "working" means a limited part of a single producing mine as a specified level or limited area within a mine. In every case where a group of mines was covered by a single lease on December 31, 1942, that lease, for the purpose of this section, shall be considered as having been applicable to each mine separately as well as collectively.

The following are examples of maximum royalties determined on the basis of a lease in effect on December 31, 1942:

Example 1. A five year lease on Mine A was signed in 1939, which provided for a 10% royalty on net smelter returns. This property was mined under this lease through August 1942 but was closed the last four months of 1942.

The maximum royalty which may be paid on ore produced from Mine A is 10% of net smelter returns unless royalty was also paid on the basis of premium money during 1942. If royalty was paid on the basis of premium money received for production for any month from February through August 1942, royalty may be paid on the basis of the first series of premiums but not on the basis of premium money in excess of 5¢ per pound for copper or 2 $\frac{3}{4}$ ¢ per pound each for lead and zinc.

The above is true as to the maximum royalty payable on production from Mine A even though title to the mine or ownership of the lease has changed since the property was last mined.

Example 2. Mine B was under a lease on December 31, 1942, which provided for a royalty of 3% if combined lead and zinc assay was less than 5%, for 10% if 5 to 10% combined grade and for 15% if better than 10% combined grade. The combined assay for December 1942 was 8% and a 10% royalty was therefore paid under the lease.

If lead-zinc assay for April 1943 is 11%, the maximum royalty which may be paid is 15%. On the other hand, if the combined grade for April drops to 4.75%, the maximum royalty which may be paid is 3%.

Example 3. In August 1942 a five year lease on Mine C was signed, which provided for a 5% royalty until June 1, 1943 and a 10% royalty thereafter.

In April 1943 the maximum royalty which may be paid on ore produced from Mine C is 5%. For production in June 1943 and thereafter the maximum royalty will be 10%.

Example 4. In 1937 a ten year lease on Mine D was signed, which provided for a 12% royalty. There has been no mining or development of this property since 1938.

The maximum royalty which may be paid on ore produced from Mine D is not 12% but a royalty to be negotiated between the parties and approved by the Administrator as provided in section 3.

SEC. 3 Maximum royalties on copper, lead and zinc ores mined from properties and workings not under lease on December 31, 1942. The maximum royalty which may be paid or received on copper, lead or zinc ores mined from any property or working which was not under lease on December 31, 1942, shall be a royalty approved by the Administrator. No royalty shall, however, be calculated, paid or received on the basis of premium or bonus money in excess of 5¢ per pound for copper, 2 $\frac{3}{4}$ ¢ per pound for lead or 2 $\frac{3}{4}$ ¢ per pound for zinc, or equivalent figures if payment is on the basis of concentrates.

Every royalty covered by the provisions of this section must be reported by the lessor within 30 days after the effective date of this regulation or within 30 days after the lease providing for it has been signed or executed. This report shall be made by letter addressed to the Non-Ferrous Metals Branch, Office of Price Administration, Washington, D. C., and the royalty reported may be approved or disapproved by a letter signed by the Price Executive of the Non-Ferrous Metals Branch. In approving or disapproving the royalty provisions of such lease, the Office of Price Administration will take account of the royalty provisions generally in effect for similar properties in the mining district in which the property is situated. Pending such approval or disapproval the lessee may pay and the lessor may receive royalty calculated according to the terms submitted for approval. Where a royalty is disapproved by letter, the Administrator will issue a formal order to the same effect if within 30 days any party to the lease requests him to do so.

The report called for by this section shall include (a) the name and address of the lessee and lessor, (b) the royalty terms submitted for approval, (c) a description of the property as to name and location, (d) a statement of royalty rates paid during the last operation of the property, (e) a list of the major items of equipment owned by the lessor to be used by the lessee, (f) a list of the workings in the property to be used by the lessee, (g) a statement describing any ore reserves in the property to be worked by the lessee with respect to tonnage and grade thereof and the cost, if any,

to the lessor of the development of those ore reserves and the dates between which such cost was incurred, (h) a statement that the property or working was not under lease on December 31, 1942. This report may be made by the lessee as agent for the lessor.

SEC. 4 Records and reports. (a) On and after April 1, 1943, every person paying or receiving any royalty on copper, lead or zinc ores shall keep for inspection by the Office of Price Administration, for so long as the Price Control Act of 1942 remains in effect, complete and accurate records of each such payment and receipt showing (1) the amount and date thereof, (2) the names and addresses of the parties, (3) the source of the ore on which such royalty is paid and the period during which it was mined, and (4) a copy of the lease under which the payment was made.

(b) Persons affected by this regulation shall submit such reports to the Office of Price Administration as it may from time to time require.

SEC. 5 Where this regulation applies. This regulation shall apply only to the forty-eight states and the District of Columbia.

SEC. 6 Petitions for amendment. Any person seeking an amendment of any provision of this regulation may file a petition for amendment in accordance with the provisions of Revised Procedural Regulation No. 1 issued by the Office of Price Administration.

SEC. 7 Prohibition against paying or receiving higher than maximum royalties. (a) On and after April 1, 1943, regardless of any contract, agreement, lease or other obligation, no person shall

pay or receive any royalty in excess of the maximum royalty permitted by this regulation and no person shall agree or offer to pay or receive such royalty. This regulation shall not, however, apply to any royalty paid by reason of ores or concentrates shipped to a custom mill or smelter prior to April 1, 1943.

(b) Any practice or device which is an attempt to get the effect of a royalty higher than the maximum without actually charging a higher royalty is prohibited and is as much a violation of this regulation as an outright excessive royalty.

(c) No person operating a custom mill or smelter, and no paying officer thereof, shall be subjected to any liability under this regulation by reason of any disbursement of funds to lessors and lessees when the person disbursing such funds is serving as a paying agent and has no interest in the funds.

(d) Royalties lower than the maximum royalties permitted by this regulation may be paid or received.

SEC. 8 Enforcement. Persons violating any provision of this regulation are subject to the criminal penalties, civil enforcement actions and suits for treble damages provided for by the Emergency Price Control Act of 1942, as amended.

SEC. 9 Definitions. (a) When used in this regulation the term:

(1) "Person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of any of the foregoing, and includes the United States or any agency thereof, or any other government or any of its political subdivisions, or any agency of any of the foregoing.

(2) "Royalty" means the price paid on the mining of copper, lead or zinc ores as defined and limited in Sec. 1.

(3) "Copper, lead or zinc ore" means any ore mined from (i) a property or working on which a quota for copper, lead or zinc is established under the Premium Price Plan for Copper, Lead and Zinc or from (ii) a property or working which is being mined pursuant to a special contract with the Metals Reserve Company, or some other governmental agency, which contract is for the purchase of copper, lead or zinc, or ores or concentrates containing these metals.

(4) "Premium or bonus money" means any money paid by the Metals Reserve Company pursuant to the Premium Price Plan for Copper, Lead and Zinc. It likewise includes any money paid by the Metals Reserve Company, or other governmental agency, pursuant to a special purchase contract to the extent that such purchase price is designed to and does exceed the current market price for such copper, lead or zinc ores, concentrates or metals in the locality where delivery is made. It does not include any part of the price which may be paid by the Metals Reserve Company pursuant to a published price schedule applicable to all sellers of such material.

(b) Unless the context otherwise requires, the definitions set forth in section 302 of the Emergency Price Control Act of 1942 shall apply to other terms used in this regulation.

Effective Date

This regulation shall become effective April 1, 1943.

NOTE. All reporting and record-keeping requirements of this regulation have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

Issued this 1st day of April 1943.

PRENTISS M. BROWN,
Administrator.

¹ 7 F.R. 8961; 8 F.R. 3313.

**OFFICE OF WAR INFORMATION
OFFICE OF PRICE ADMINISTRATION**

Advance Release: OPA-T-1090
For Morning Papers,
Thursday, August 12, 1943.

**AMDT. 1 TO MPR 356—ROYALTIES ON
COPPER, LEAD AND ZINC**

PRESS RELEASE

Four changes in OPA provisions applicable to royalties on copper, lead and zinc ores were announced today by the Office of Price Administration.

The changes are contained in Amendment No. 1 to Maximum Price Regulation No. 356 (Royalties on Copper, Lead and Zinc Ores), and become effective August 17, 1943. They are as follows:

1—The Regulation is clarified to state specifically that it does not apply to any payment made for work, labor or services, even though such payment is stated

as part of the proceeds of a mining operation. The amendment also provides that the Regulation shall not apply to any payment made under any lease, contract or agreement between the principal operator of a mining property and another person who is mining a part of the same property if the lessee does not have a separate quota under the Premium Price Plan for Copper, Lead and Zinc.

2—The amendment provides for payment, subject to OPA approval, of an overriding royalty, even though the override might make the total royalty exceed that which might be payable under the lease in effect on December 31, 1942—the freeze date for royalties. (The regulation provides that the maximum royalty which may be paid or received on copper, lead and zinc ores mined from any property under lease on December

31, 1942, shall be no higher than the royalty provided by the lease in effect on that date.)

3—The amendment provides that where the royalty return calculated under the terms of a lease in effect on December 31, 1942, has decreased sharply or disappeared entirely due to decline in grade of ore or other cause, the parties to the royalty agreement may apply to OPA for permission to pay a royalty of not less than a stated amount.

4—The amendment also provides a simplified method for lessees or lessors to seek approval of royalty terms applicable to a group of properties which were not under lease on December 31, 1942, the freeze date. Under this new method, a lessor or lessee may apply to OPA for advance blanket approval of royalty terms when he has a number of similar properties which he plans to lease.

REGULATIONS

(Document No. 19971)

PART 1369—METAL ORES

[MPR 356¹, Amdt. 1]

ROYALTIES ON COPPER, LEAD AND ZINC

A statement of the considerations involved in the issuance of this amendment, issued simultaneously herewith, has been filed with the Division of the Federal Register.*

Maximum Price Regulation No. 356 is amended in the following respects:

1. The following is added at the end of section 1:

This regulation shall not apply to any payment made for work, labor or services even though such payment is stated as a part or percentage of the proceeds from a mining operation. Nor shall it apply to any payment made under any lease, contract or agreement between the principal operator of a mining property and another person, who is mining a part of the same property, if, and for such time as, no separate quotas have been established under the Premium Price Plan for the mining operation carried on pur-

suant to such lease, contract or agreement.

2. A new section 2a is added as follows:

SEC. 2a. Provision in special cases for a royalty higher than is provided in section 2—(a) Overriding royalties. When a sublease is given on all or any part of a property or working which was under lease on December 31, 1942, or a lease on such property or working is assigned or released, an overriding royalty may be paid to and received by the party giving such sublease, assignment, or release. Subject to approval, this royalty may be paid in addition to the maximum royalty determined according to the terms of the lease which was in effect on December 31, 1942, and may be similarly paid on the basis of premium or bonus money not in excess of 5¢ per pound of copper and 2¾¢ per pound each of lead and zinc if the leases in effect on December 31, 1942, provided for the payment of royalty on such premium money.

A new overriding royalty need not be submitted for approval if the total royalty to be paid by the sublessee does not exceed the maximum royalty as determined by the lease in effect on the property or working on December 31, 1942. In any case, however, in which the payment of an overriding royalty shall cause the total royalty to exceed that determined

by the lease in effect on December 31, 1942, the provision for the payment of such overriding royalty must be approved by the Administrator. Request for approval shall be made within 30 days after the sublease or agreement providing for payment of the overriding royalty has been signed or executed and shall be made by letter addressed to the Non-Ferrous Metals Branch, Office of Price Administration, Washington, D. C. The overriding royalty submitted for approval may be approved or disapproved by a letter signed by the Price Executive of the Non-Ferrous Metals Branch. In approving or disapproving an overriding royalty, the Office of Price Administration will take into consideration the level of overriding royalties in effect under similar circumstances in the mining district in which the property is situated as well as the information submitted with the request for approval. Pending such approval or disapproval, overriding royalty calculated according to the terms submitted for approval may be paid and received. Where an overriding royalty is disapproved by letter, the Administrator will issue a formal order to the same effect if within 30 days any party requests him to do so.

A person making a request for approval of overriding royalty terms should

*Copies may be obtained from the Office of Price Administration.

¹ 8 F.R. 4253.

give (1) the name and address of the parties to pay and to receive the overriding royalty (called the sublessee and sublessor), (2) a description of the property as to name and location, (3) the maximum royalty as determined by the lease in effect on December 31, 1942, (4) the base royalty to be paid, (5) the overriding royalty terms submitted for approval, (6) a statement of development work done or improvements made upon the property by the sublessor, (7) a list of the major items of equipment, if any, owned by the sublessor to be used by the sublessee, (8) a statement as to the sublessee's plans for putting the property into production, and (9) any other facts which the person requesting approval considers to be relevant to his request.

(b) *Amendment of leases to provide for minimum royalty.* Where, because of decline in grade or other cause, the royalty payable according to the terms of a lease in effect on December 31, 1942, is extinguished or is reduced in an amount disproportionate to the decline in grade or other change in circumstances, the lessee or lessor may ask the Administrator for permission to pay or to receive a royalty which shall be at the least, or minimum, a certain amount for each ton of ore mined or each pound of metal contained in ores or concentrates. This request shall be in the form of a request for approval of a supplementary provision of an existing lease or agreement, or a modified provision of a new lease or agreement, which provision calls for such a minimum royalty payment; and, when such a provision has been approved, royalty may be paid and received pursuant to it even though such royalty is higher than that which would otherwise be the maximum royalty under section 2.

Requests for approval of a minimum royalty provision shall be made by letter addressed to the Non-Ferrous Metals

Branch, Office of Price Administration, Washington, D. C., and permission may be given by a letter signed by the Price Executive of the Non-Ferrous Metals Branch. In approving or disapproving a minimum royalty provision, the Office of Price Administration will consider the reasonableness and fairness to all parties, under the circumstances, of the provision of such a minimum royalty. Where such a provision is disapproved by letter, the Administrator will issue a formal order to the same effect if within 30 days any party requests him to do so.

A person making a request for approval of a provision for a minimum royalty should give (1) the name and address of the lessee and lessor, (2) a description of the property as to name and location, (3) the royalty terms of the lease in effect on December 31, 1942, (4) the royalty payable according to these terms during the last three months of operation, if available, (5) an estimate of the royalty which would be payable in the future if determined according to the terms of the lease in effect on December 31, 1942, (6) the minimum royalty provision submitted for approval, (7) an estimate as to ore reserves and grade, and (8) any other facts which the person requesting approval considers to be relevant to his request.

3. The following is added at the end of section 3:

No report is required of the royalty provided by the terms of a lease made prior to January 1, 1941, under which no work was done during 1941 and 1942, until work is done under such lease which will give rise to an obligation to pay royalty. However, from the time such work is begun under the lease, or from the date when any extension or amendment of such lease is made, it shall be considered as a new lease and the roy-

alty to be paid under it shall be reported for approval.

If any person proposes, either as lessee or lessor, to enter into a number of leases covering similar properties or workings (not under lease on December 31, 1942) and containing identical royalty terms, he may request approval of such royalty terms in advance. Request for approval of such proposed royalty terms shall be made by letter addressed to the Non-Ferrous Metals Branch, Office of Price Administration, Washington, D. C. This letter shall set out the proposed royalty terms and shall identify and give a general description of the properties or workings to which they would apply. In approving or disapproving the proposed royalty terms for such a group of similar properties or workings, the Office of Price Administration will take account of the royalty provisions generally in effect for similar properties in the mining district in which the properties are situated. Requests for advance approval may be granted or denied by a letter signed by the Price Executive of the Non-Ferrous Metals Branch. The denial of advance approval shall not prevent any party from thereafter entering into new leases and requesting approval of the royalties provided therein as is otherwise provided in this section 3.

This amendment shall become effective August 17, 1943.

NOTE: All reporting and record-keeping requirements of this amendment have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

(Pub. Laws 421 and 479, 77th Cong.; E.O. 9250, 7 F.R. 7871)

Issued this 11th day of August 1943.

PRENTISS M. BROWN,
Administrator.

PLATE III

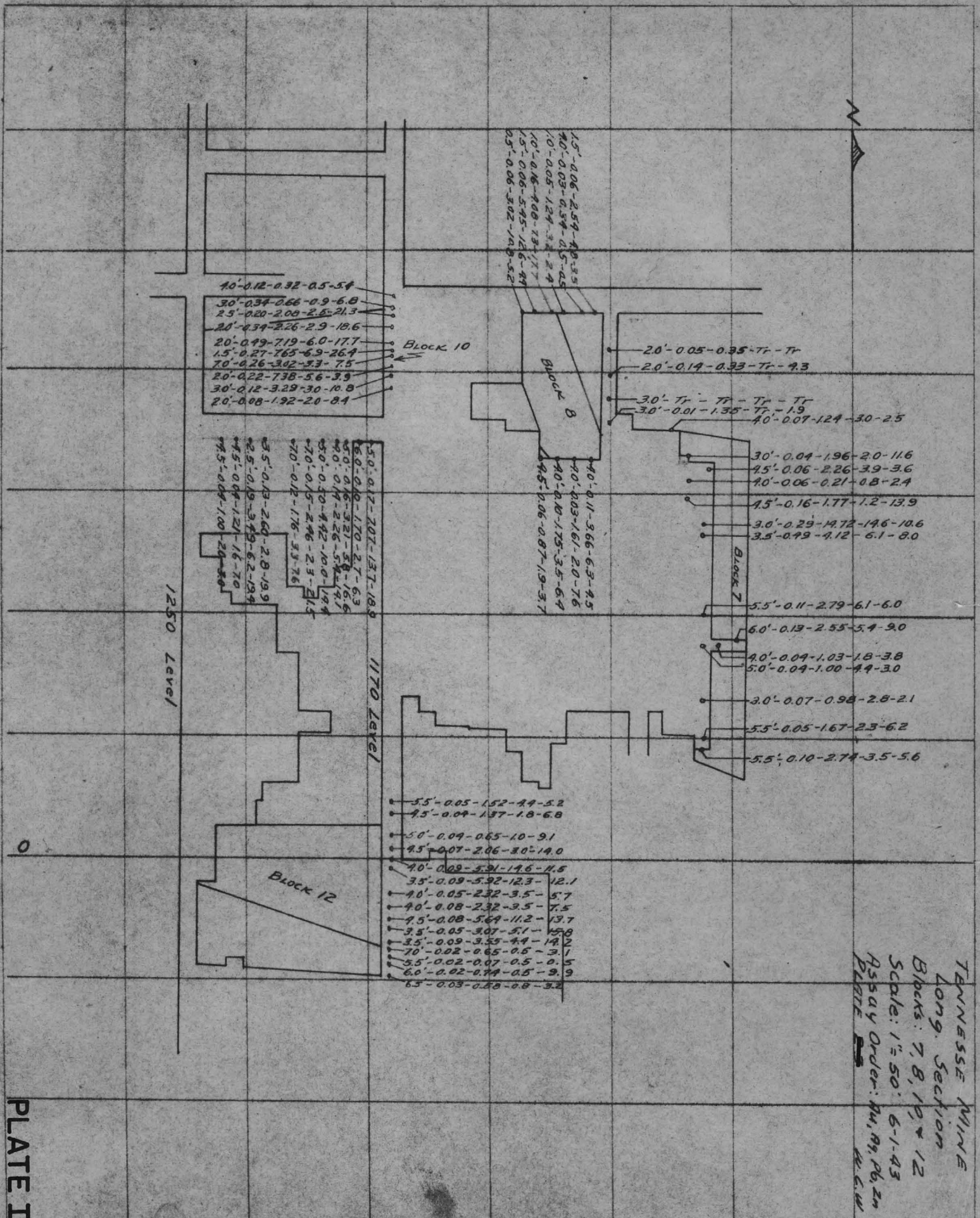


Plate II

FILE

TENNESSEE MINE
Long. Section
Block 20
Scale: 1"=20' 6-1-43
Assay Order: Au, Ag, Pb, Zn
PLATE ~~22~~ Vol. 6

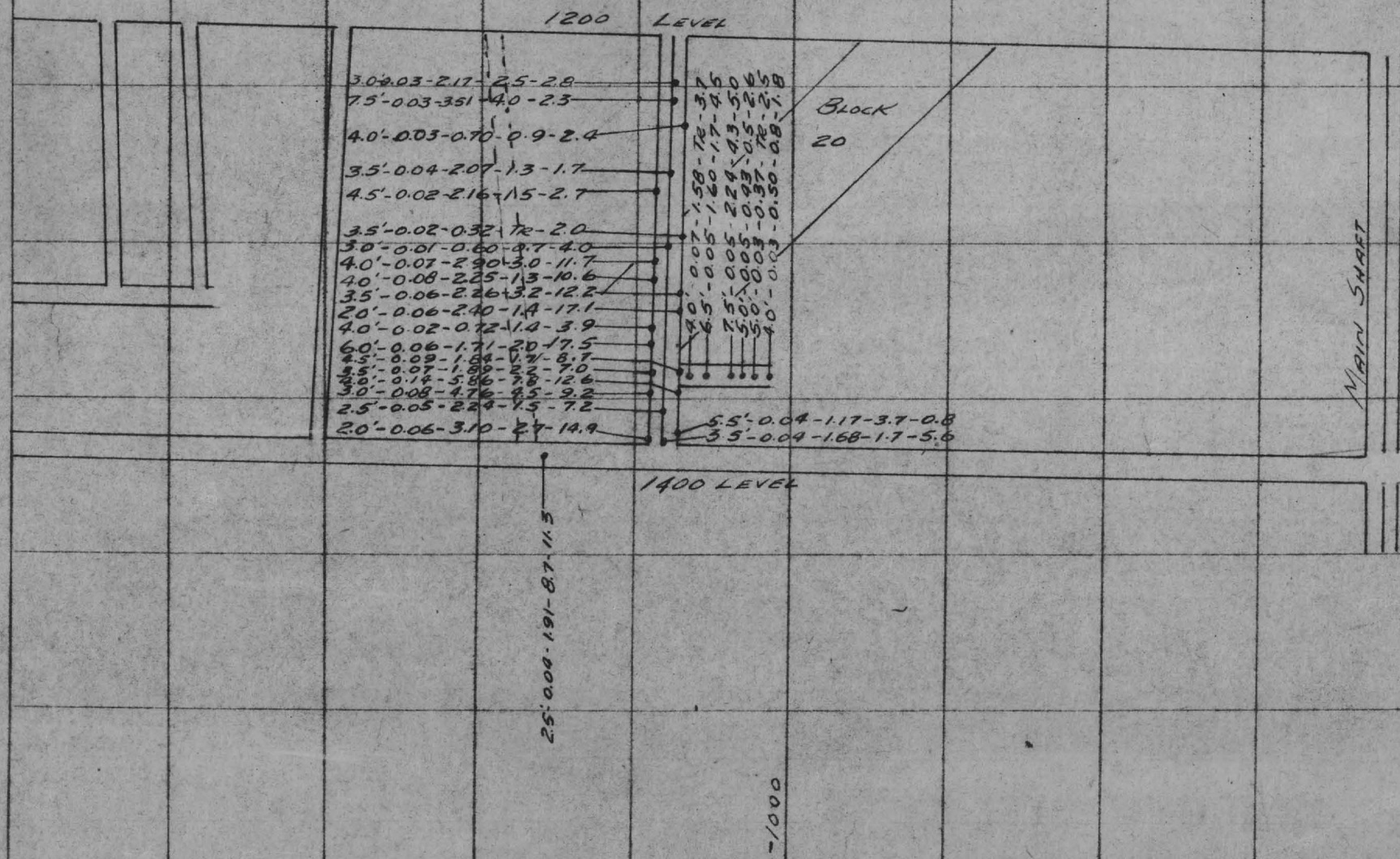


Plate V

FILE

November 25th, 1941

Mr. W. M. Ballinger
P. O. Box 15
Ogilby, California

Dear Ballinger:

I am sending you herewith duplicate sheets for record of the drilling and samples which you may obtain, and please keep this record in duplicate (pencil will be alright) so that one copy can be sent to me at the end of the month and recopied on the typewriter here. I will send you additional sheets for further record in the course of a few days.

I trust that you have already arranged for the core boxes, and you will need quite a few of these to start with and others can be procured later as required. I am assuming that the splitter has been received from the Eagle-Picher people and you should have no difficulty in using this, but could doubtless secure help from Thatcher if you need it. One-half of the core should be retained in the core box and the other half divided in sections of approximately 5' should be ground up to a regular sample and then divided into four equal parts, one of which you should assay by amalgamation. In all cases where the results show anything more than .03 of an ounce of gold (approximately \$1.00 per ton) I think that a second portion had best be sent to me in Phoenix, while the other two portions can be retained for the time being in the mine office until I give you some further instructions.

As to the sludge samples, it will be best to simply dry and preserve these for the present, but no doubt we will wish to have some of them run at least by muller assays in order to check the samples of the cores.

In all probability I shall not be able to get over to Tumco again until the latter part of next week, or possibly the early part of the week following, but meantime, I hope that everything is going nicely and there is no need to make up any formal reports, excepting on the blanks which are being sent you, but I should like to have you write me a letter, say once a week, on general progress, and, of course, advise me of any such developments of importance. At the close of the shift ending this Saturday, unless the drillers intend to work on Sunday, you should measure as closely as possible the depth of holes which they have drilled, and send me a statement of this so that I can make payment promptly in accordance with the contract. It would be well to show this statement to Thatcher, so that he will okay same in advance, and so

6. has record

6726 tons of ore milled had a gross value including
premium of \$50.48 p. ton or 339, 5.28.48

blend we cost ^{which has been} 2.07 per ton, ^{altd only}
1.50 p. ton has required by the contract. (total long tonnage
Contract 7.00

Record of operations Company with led returns &
obtain true value of ore & estimate financial
results.

In reply. Record of operations Co is reasonably
creditable & exact prop & although the labor &
exp. + prop sum & led records & prop
& led any measure of any company mill prop &
I be knowledge some during led it is 1 year &
on prop & bill dated clear up

John
Cotton days

Crop on
fertilizer

fruit (Apr. 14)

hulled by the

Pe since first
hull.

for more hull
fruit.

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Jan
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6. Ann. Report.

6726

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Tennessee Schuylkill Corporation
From Ore Settlement & Duty

Analysis

Lead Core

	2/15/45 Lot 525L	2/27/45 Lot 526	3/16/45 Lot 527L	4/20/45 Lot 528L	5/1/45 Lot 529L	5/14/45 Lot 530L
Gold	.52	.8075	.9575	.515	.475	.495
Silver	27.315	26.2	26.325	32.485	29.845	29.755
Lead	66.96	64.145	59.6	63.715	62.6	60.9
Copper	1.26	1.72	1.25	1.0425	1.1575	1.21
Iron	6.0	6.4	7.1	7.2	8.0	8.0
Insoluble	2.2	2.6	2.6	2.6	2.2	2.5
Silica	1.8	2.2	2.6	2.2	1.8	2.0
Zinc	6.0	6.4	7.1	7.2	8.0	8.0
Mn	—	—	—	—	—	—
Lime	.2	.1	.1	.1	.1	.1
Zinc	5.1	5.0	8.0	5.6	5.0	5.0
Sulphur	18.0	19.7	19.0	18.0	18.9	19.0
Alumina	.1	.2	.2	.3	.2	.2
As	.37	.42	.50	.95	.40	.95
Sk	.12	.15	.18	.15	.15	.17
Bi	.01		.01		.02	.02

September 8, 1944

Mr. N. A. Wimer, President
Tennessee Schuylkill Corporation
Chloride, Arizona

Dear Mr. Wimer:

Please find below the estimated ore reserves of the Tennessee Mine as of September 1, 1944, and the production from the ore reserve blocks during the period January 1, 1944 through August 31, 1944. This production amounted to 14,505 tons with an average grade of:

Au	Ag	Pb	Zn
.037	2.13	4.07	7.06

See Table I.

The total tonnage of the remaining ore reserve is estimated at 13,524 tons with an average grade of:

Au	Ag	Pb	Zn
.065	2.34	4.96	7.52

This shows a net decrease of 18,085 tons since January 1, 1944. See Tables II and III.

As in the previous ore reserve estimates, only a very small tonnage of this reserve can be considered measured ore. Close timbering in all the workings makes it impossible to check former engineer's samples. These samples have proved to be reliable in some cases and in others not. A few of the blocks shown in the reserve of January 1, 1944 have been investigated and mining started where profitable. It has been necessary to write off others where the showing did not check with the samples or where the ground was so heavy that mining costs would be prohibitive. The majority of our underground crew has been used in the stopes above the south 900 level, but now that these stopes are nearly worked out, it will probably be possible to open up and investigate some of the smaller blocks throughout the mine.

SUMMARY OF BLOCKS

(See Plate I)

Block 1B consists of a streak about 10 feet wide on the hangingwall side of the vein. The ground is quite heavy in this area and will permit only a small section at a time to be opened up before filling.

Block 2 remains unchanged with an assigned width of $7\frac{1}{2}$ feet (See Plate II).

Block 3A is based on the southern continuation of the hangingwall streak of block 1B plus a footwall streak which brings the average width to 15 feet.

Block 4 remains unchanged with an assigned width of 8 feet. (See Plate II).

Blocks 5 and 6 have been written off. Check samples were taken in the winze which agreed fairly well with previous samples, but it has been decided that these blocks would be too difficult to mine without the use of sandfill which was counted on when these blocks were included.

Block 7 has also been written off, because it is no longer accessible. There is ore in the back of the 1170 ND stope but it will have to be opened up by drifting south from a point a little above the present back of 1128 Raise. (See Plate III).

Block 8 remains unchanged with an assigned width of 4 feet. (See Plate III).

Block 9 shows a small tonnage remaining. This block, however, may contain quite a substantial tonnage and could be further developed by extending 1128 raise.

A large portion of Block 10 has been written off because a chute set taken up on the north side of 1226 raise proved the samples shown in the raise to be too high. Ore was encountered at the top of this chute set.

Block 12 remains unchanged with an assigned width of $4\frac{1}{2}$ feet. (See Plate III).

Blocks 13, 14, and 15 have been written off because the ground in Block 13 proved to be so loose that mining would be too difficult. Blocks 14 and 15 would not be accessible unless Block 13 was mined.

Block 17 remains unchanged. This is an indicated block based on one of the strongest showings in the mine. The ore between the 1350 and 1250 was good grade and if anything, was better at the lower level. (See Plate IV).

A small tonnage has been written off in Block 18 because the ground next to 1322 stope was too heavy.

Block 19 has been written off because the 1350 level is in very poor shape and the low grade of ore in Block 19 does not warrant the cost of repairing the level.

Block 20 remains unchanged with an assigned width of $4\frac{1}{2}$ feet. (See Plate V).

The grade estimated for each block was obtained by averaging all available samples including cut samples and car samples, where possible, from adjoining workings. The tonnage was estimated by using 10 to 12 cubic feet of ore in place to one ton of broken ore. This figure was varied according to the grade of the ore.

ESTIMATED VALUE OF ORE RESERVES

In Tables IV, V, VI, VII will be found the estimated net value of the ore reserves with various premium payments. In each table gold is figured at \$35.00 per ounce and Silver at 71¢ per ounce.

The gross value per ton on each block allows for all losses in the mill as well as all smelter deductions and charges, including trucking and freight on the concentrates.

The estimated net value of the ore reserves under the premium price plan on which the mine is now operating, i.e., A and B zero quota on lead and A, B, & C zero quota on zinc, is \$128,052.00.

Respectfully submitted,



W. C. Wimer, Engineer

TABLE I

PRODUCTION FROM ORE RESERVE BLOCKS
January 1, 1944 to September 1, 1944
TENNESSEE MINE

<u>Block</u>	<u>Tons</u>	<u>Average Grade</u>			
		<u>Au</u>	<u>Ag</u>	<u>Pb</u>	<u>Zn</u>
1A	2,648	.022	1.55	3.01	6.74
1B	3,232	.027	1.95	4.04	6.68
3A	1,894	.021	1.54	3.20	6.76
9	693	.101	3.39	8.73	5.86
18	2,027	.085	3.24	5.07	7.97
21	<u>4,011</u>	<u>.026</u>	<u>2.16</u>	<u>3.88</u>	<u>7.45</u>
Total	14,505	.037	2.13	4.07	7.06

TABLE II

ESTIMATED ORE RESERVES, SEPTEMBER 1, 1944

TENNESSEE MINE

<u>Block</u>	<u>Tons Estimated Jan. 1, 1944</u>	<u>Tons Developed Jan. 1 to Sept. 1, 1944</u>	<u>Tons Mined Jan. 1 to Sept. 1, 1944</u>	<u>Tons Written Off See Explanation</u>	<u>Tons Estimated Sept. 1, 1944</u>
1A	1,465	1,183	2,648	---	---
1B	2,651	1,806	3,232	---	1,225
2	2,500	---	---	---	2,500
3A	1,467	1,307	1,894	---	880
4	3,000	---	---	---	3,000
5	2,400	---	---	2,400	---
6	1,500	---	---	1,500	---
7	900	---	---	900	---
8	400	---	---	---	400
9	1,104	---	693	---	411
10	1,100	---	---	892	208
12	1,300	---	---	---	1,300
13	3,000	---	---	3,000	---
14	300	---	---	300	---
15	400	---	---	400	---
17	1,600	---	---	---	1,600
18	2,322	---	2,027	295	---
19	1,200	---	---	1,200	---
20	2,000	---	---	---	2,000
21	<u>1,000</u>	<u>3,011</u>	<u>4,011</u>	<u>---</u>	<u>---</u>
	31,609	7,307	14,505	10,887	13,524

TABLE III

ESTIMATED GRADE AND VALUE OF ORE RESERVES, SEPTEMBER 1, 1944

TENNESSEE MINE

<u>Block</u>	<u>Tons</u>	<u>Au</u>	<u>Average Grade</u>			<u>Celing Price</u>	<u>Gross Value Per Ton</u> <u>With Premiums on Pb. & Zn.</u>		
			<u>Ag</u>	<u>Pb</u>	<u>Zn</u>		<u>A</u>	<u>B</u>	<u>C (Zn Only)</u>
1B	1,225	.025	1.72	3.94	6.14	6.37	10.61	14.85	17.24
2	2,500	.034	1.57	3.14	8.18	6.84	11.51	16.18	19.37
3A	880	.021	1.54	3.20	6.76	5.94	10.08	14.22	16.86
4	3,000	.037	2.86	7.08	8.66	10.21	16.92	23.63	27.01
8	400	.082	2.26	3.92	6.01	8.35	12.53	16.71	19.05
9	411	.061	2.52	5.16	4.12	7.90	11.94	15.98	17.59
10	208	.104	2.43	3.74	8.07	9.78	14.69	19.60	22.75
12	1,300	.080	2.02	3.00	7.28	8.07	12.32	16.57	19.41
17	1,600	.219	4.04	9.14	7.52	17.16	24.39	31.62	34.55
20	2,000	.048	2.10	3.67	7.29	7.57	12.13	16.69	19.53
Total	13,524	.065	2.34	4.96	7.52				

TABLE IV

VALUE OF ORE RESERVES

Pb @ .12/lb.

Zn @ .165/lb.

<u>Block</u>	<u>Tons</u>	<u>Gross Value/Ton</u>	<u>Gross Value</u>	<u>Mining</u>	<u>Milling</u>	<u>Net Value</u>
1B	1,225	17.24	21,119.00	12,250.00	3,675.00	5,194.00
2	2,500	19.37	48,425.00	25,000.00	7,500.00	15,925.00
3A	880	16.86	14,836.00	8,800.00	2,640.00	3,396.00
4	3,000	27.01	81,030.00	30,000.00	9,000.00	42,030.00
8	400	19.05	7,620.00	4,400.00	1,200.00	2,020.00
9	411	17.59	7,229.00	4,110.00	1,233.00	1,886.00
10	208	22.75	4,732.00	2,080.00	624.00	2,028.00
12	1,300	19.41	25,233.00	11,700.00	3,900.00	9,633.00
17	1,600	34.55	55,280.00	17,600.00	4,800.00	32,880.00
20	2,000	19.53	39,060.00	20,000.00	6,000.00	13,060.00
Total	13,524	22.52	\$304,564.00	\$135,940.00	\$40,572.00	\$128,052.00

TABLE V

VALUE OF ORE RESERVES

Pb @ .12/lb. Zn @ .1375/lb.

<u>Block</u>	<u>Tons</u>	<u>Gross Value/Ton</u>	<u>Gross Value</u>	<u>Mining</u>	<u>Milling</u>	<u>Net Value</u>
1B	1,225	14.85	18,191.00	12,250.00	3,675.00	2,266.00
2	2,500	16.18	40,450.00	25,000.00	7,500.00	7,950.00
3A	880	14.22	12,513.00	8,800.00	2,640.00	1,073.00
4	3,000	23.63	70,890.00	30,000.00	9,000.00	31,890.00
8	400	16.71	6,684.00	4,400.00	1,200.00	1,084.00
9	411	15.98	6,567.00	4,110.00	1,233.00	1,224.00
10	208	19.60	4,076.00	2,080.00	624.00	1,372.00
12	1,300	16.57	21,541.00	11,700.00	3,900.00	5,941.00
17	1,600	31.62	50,592.00	17,600.00	4,800.00	28,192.00
20	2,000	16.69	33,380.00	20,000.00	6,000.00	7,380.00
Total	13,524	19.59	\$264,884.00	\$135,940.00	\$40,572.00	\$ 88,372.00

TABLE VI

VALUE OF ORE RESERVES

Pb @ .0925/lb. Zn @ .11/lb.

<u>Block</u>	<u>Tons</u>	<u>Gross Value/Ton</u>	<u>Gross Value</u>	<u>Mining</u>	<u>Milling</u>	<u>Net Value</u>
4	3,000	16.92	50,760.00	30,000.00	9,000.00	11,760.00
10	208	14.69	3,055.00	2,080.00	624.00	351.00
12	1,300	12.32	16,016.00	11,700.00	3,900.00	416.00
17	<u>1,600</u>	<u>24.39</u>	<u>39,024.00</u>	<u>17,600.00</u>	<u>4,800.00</u>	<u>16,624.00</u>
Total	6,108	17.82	\$108,855.00	\$61,380.00	\$18,324.00	\$29,151.00

TABLE VII

VALUE OF ORE RESERVES

Pb @ .065/lb. Zn @ .0825/lb.

<u>Block</u>	<u>Tons</u>	<u>Gross Value/Ton</u>	<u>Gross Value</u>	<u>Mining</u>	<u>Milling</u>	<u>Net Value</u>
17	1,600	17.16	\$27,456.00	\$17,600.00	\$4,800.00	\$5,056.00

C O P Y
FROM
TENNESSEE SCHUYLKILL CORPORATION
CHLORIDE, ARIZONA

AUGUST 3, 1945

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WALTER WINSETT

TENNESSEE SCHUYLKILL CORPORATION

BY:

N. A. Wimer

N. A. WIMER - PRESIDENT

MINES OPERATING COMPANY (A PARTNERSHIP)

FINANCIAL STATEMENTS

DECEMBER 26, 1944 - JUNE 30, 1945

Compiled by Dixon Fagerberg, Jr. - C.P.A.

C O N T E N T S

	<u>Pages</u>
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SUMMARY OF RESULTS OF OPERATIONAL CONTRACT (Tennessee Schuylkill Corp. & Mines Operating Co.)	39-46
ESTIMATED MONTHLY EXPENSES & RENTAL INCOME (Tennessee Schuylkill Corp.)	47-49
CAPITAL ASSETS FOR SALE (Tennessee Schuylkill Corp.)	50-52

MINES OPERATING COMPANY (A PARTNERSHIP)

FINANCIAL STATEMENTS

JUNE 30, 1945

MINES OPERATING COMPANYBALANCE SHEETJUNE 30, 1945ASSETS

Valley National Bank—Kingman		\$14,298.99
Due From Smelters	\$11,257.44	
Estimated Values of Concentrates in Transit and on Hand	17,650.00	
Account Receivable	211.17	29,118.61
Inventories	\$ 2,056.63	
Prepaid License	1.00	
Prepaid Insurance	1,114.78	3,172.41
Mining Equipment	\$ 1,010.00	
Less: Reserve for Depreciation	252.51	757.49
TOTAL ASSETS		<u>\$47,347.50</u>

LIABILITIES AND UNDISTRIBUTED PROFITS

Accounts Payable—from schedule Page 5	\$ 4,630.28	
Account Payable—Trustee's Fees	12.95	\$ 4,643.23
Contract Payable—Tarr, McComb and Ware Commercial Company	\$ 2,156.63	
Contract Payable—Jules L. Vermeersch	100.00	2,256.63
Accrued Production Tax		58.68
TOTAL LIABILITIES		\$ 6,958.54
UNDISTRIBUTED PROFITS from statement page 2		<u>40,388.96</u>
TOTAL LIABILITIES AND UNDIVIDED PROFITS		<u>\$47,347.50</u>

MINES OPERATING COMPANY
CONDENSED STATEMENT OF INCOME AND EXPENSE

	June 1945	12/26/44 to 6/30/45
<u>Sales:</u>		
Net smelter settlements from Analysis Page 3	\$22,995.17	\$110,032.60
Estimated revenue from Production in Transit and on hand (Market Prices \$6,450.00; Premium Prices \$11,200.00)	3,850.00	17,650.00
	<u>\$26,845.17</u>	<u>\$127,682.60</u>
Trustee's Fees	\$ 57.48	\$ 275.08
Payments per Operating Contract	2,427.66	11,450.79
	<u>\$ 2,485.14</u>	<u>\$ 11,725.87</u>
GROSS INCOME	\$24,360.03	\$115,956.73
<u>Production Tax, Sampling and Trucking</u>	708.55	2,703.06
BALANCE	\$23,651.48	\$113,253.67
<u>Milling Costs from Analysis Page 4</u>	2,252.62	12,023.67
BALANCE	\$21,398.86	\$101,230.00
<u>Mining Costs from Analysis Page 4</u>	4,825.62	25,662.49
BALANCE	\$16,573.24	\$ 75,567.51
<u>Development Costs from Analysis Page 4</u>	2,415.56	13,943.75
BALANCE	\$14,157.68	\$ 61,623.76
<u>Administrative Expenses</u>	65.59	266.92
BALANCE	\$14,092.09	\$ 61,356.84
<u>Add: Other Income</u>	227.50	252.31
UNDISTRIBUTED PROFITS	<u>\$14,319.59</u>	<u>\$ 61,609.15</u> +
<u>Less:</u>		
Distribution #1	\$ -	\$ 3,000.00
Distribution #2	-	2,300.00
Distribution #3	-	6,450.00
Distribution #4	7,533.63	7,533.63
Distribution #5	1,936.56	1,936.56
	<u>\$ 9,470.19</u>	<u>\$ 21,220.19</u>
UNDISTRIBUTED PROFITS retained in the partnership to accompanying balance sheet	<u>\$ 4,849.40</u>	<u>\$ 40,388.96</u>

MINES OPERATING COMPANYDECEMBER 26, 1944 TO MAY 31, 1945METAL VALUES OF CONCENTRATES

	<u>Combined</u>	<u>Lead</u>	<u>Zinc</u>
<u>METALS:</u>			
Gold	\$ 8,053.74	\$ 7,294.03	\$ 759.71
Silver	7,663.80	6,947.77	716.03
Lead	45,274.76	43,980.26	1,294.50
Zinc	45,002.69	-	45,002.69
Copper	749.40	652.44	96.96
Iron	<u>288.58</u>	<u>288.58</u>	-
 TOTAL METAL VALUES	 \$107,032.97	 \$59,163.08	 \$47,869.89
Smelting Expenses	<u>14,829.28</u>	<u>1,984.60</u>	<u>12,844.68</u>
	\$ 92,203.69	\$57,178.48	\$35,025.21
Railroad Freight, Umpires, etc.	<u>5,166.26</u>	<u>2,926.36</u>	<u>2,239.90</u>
 NET SMELTER SETTLEMENTS to summary page 2	 <u>\$ 87,037.43</u>	 <u>\$54,252.12</u>	 <u>\$32,785.31</u>

METAL CONTENTS OF CONCENTRATES

	<u>Combined</u>	<u>Lead</u>	<u>Zinc</u>
<u>METALS:</u>			
Gold, ounces	251.20	222.25	28.95
Silver, ounces	11,718.40	10,355.46	1,362.94
Lead, tons	219.03	202.58	16.45
Zinc, tons	178.74	20.18	158.56
Copper, tons	6.03	4.65	1.38
Iron, tons	68.30	28.85	39.45
Concentrates, tons	356.46	182.56	173.90
Concentrates, cars	<u>19</u>	<u>9</u>	<u>10</u>

MINES OPERATING COMPANYSUPPORTING ANALYSESANALYSIS OF MILLING COSTS

	<u>June 1945</u>		<u>12/26/44 to 6/30/45</u>	
	<u>Amount</u>	<u>Per Ton</u>	<u>Amount</u>	<u>Per Ton</u>
Partners' Drawings	\$ 600.00	\$0.51	\$ 3,719.88	\$0.55
Accident Insurance	37.26	.03	231.00	.03
	<u>\$ 637.26</u>	<u>\$0.54</u>	<u>\$ 3,950.88</u>	<u>\$0.58</u>
Power	821.92	.70	4,662.60	.69
Reagents	403.49	.34	1,386.75	.22
Balls and Miscellaneous Supplies	266.95	.23	1,149.68	.17
Mill Liners	75.00	.06	450.00	.07
Repairs and Replacements	48.00	.04	323.76	.05
Water	-	-	100.00	.01
 TOTAL MILLING COSTS to				
summary page 2	<u>\$2,252.62</u>	<u>\$1.91</u>	<u>\$12,023.67</u>	<u>\$1.79</u>
TONNAGE	<u>1,179</u>		<u>6,726</u>	

ANALYSIS OF MINING COSTS

	<u>June 1945</u>		<u>12/26/44 to 6/30/45</u>	
	<u>Amount</u>	<u>Per Ton</u>	<u>Amount</u>	<u>Per Ton</u>
Partners' Drawings	\$2,820.14	\$2.39	\$14,486.93	\$2.15
Accident Insurance	264.65	.22	1,317.42	.20
	<u>\$3,084.79</u>	<u>\$2.61</u>	<u>\$15,804.35</u>	<u>\$2.35</u>
Power	502.93	.43	2,317.90	.34
Timber	532.62	.45	3,825.19	.57
Drill Steel and Supplies	291.47	.25	1,808.45	.27
Powder, Caps and Fuse	255.80	.22	862.38	.13
Repairs and Replacements	73.84	.06	791.71	.12
Depreciation	84.17	.07	252.51	.04
 TOTAL MINING COSTS to				
summary page 2	<u>\$4,825.62</u>	<u>\$4.09</u>	<u>\$25,662.49</u>	<u>\$3.82</u>
TONNAGE	<u>1,179</u>		<u>6,726</u>	

ANALYSIS OF DEVELOPMENT COSTS

	<u>June 1945</u>	<u>12/26/44 to 6/30/45</u>
Partners' Drawings	\$1,479.86	\$ 8,731.33
Accident Insurance	86.62	516.83
	<u>\$1,566.48</u>	<u>\$ 9,248.16</u>
Power	319.00	2,344.71
Timber	429.22	1,726.52
Powder, Caps and Fuse	100.86	624.36
 TOTAL DEVELOPMENT COSTS to		
summary Page 2	<u>\$2,415.56</u>	<u>\$13,943.75</u>
PER TON OF ORE EXTRACTED	<u>\$2.05</u>	<u>\$2.07</u>
FOOTAGE	<u>64</u>	<u>364</u>

MINES OPERATING COMPANY
SCHEDULE OF ACCOUNTS PAYABLE

	<u>Balances</u> <u>5/31/45</u>	<u>J u n e</u> <u>Payments</u>	<u>Invoices</u>	<u>Balances</u> <u>6/30/45</u>
Barnes, W. E.	\$ -	\$ -	\$ 4.23	\$ 4.23
Beach and Company	15.30	15.30	9.88	9.88
Boulder Dam Line	-	-	9.01	9.01
Chloride Store Company	-	-	23.46	23.46
Citizens Utilities Company	1,631.70	1,631.70	1,645.16	1,645.16
Hall, Ray G.	46.59	46.59	368.54	368.54
Mines Safety Appliances Co.	44.00	44.00	44.00	44.00
Mines and Smelter Supply Company	-	-	7.45	7.45
Mohave County Miner	-	-	14.14	14.14
Ressler, Earl	61.20	61.20	-	-
Standard Oil Company	8.94	8.94	38.18	38.18
Tarr, McComb and Ware Commercial Company	1,611.20	1,611.20	1,705.29	1,705.29
Tarr, McComb and Ware Commercial Company--Liners*	375.00	-	75.00	450.00
Tennessee Schuylkill Corporation	224.50	224.50	178.59	178.59
Union Oil Company	84.36	84.36	86.35	86.35
Winsett, W. B.	40.75	40.75	46.00	46.00
TOTALS	<u>\$4,143.54</u>	<u>\$3,768.54</u>	<u>\$4,255.28</u>	<u>\$4,630.28</u>

* Estimate

MINES OPERATING COMPANY (A PARTNERSHIP)

FINANCIAL STATEMENTS

MAY 31, 1945

MINES OPERATING COMPANYBALANCE SHEETMAY 31, 1945ASSETS

Valley National Bank--Kingman		\$ 4,978.62
Due from Smelters	\$20,555.44	
Estimated Values of Concentrates in Transit and on hand	13,800.00	
Account Receivable	83.67	34,439.11
Inventories	\$ 2,176.63	
Prepaid License	1.00	2,177.63
Mining Equipment	\$ 1,010.00	
Less: Reserve for Depreciation	168.34	841.66
TOTAL ASSETS		<u>\$42,437.02</u>

LIABILITIES AND UNDISTRIBUTED PROFITS

Accounts Payable--Suppliers from schedule page 5	\$ 4,143.54	
Account Payable--Trustee's Fees	71.42	\$ 4,214.96
Contract Payable--Tarr, McComb and Ware Commercial Company	\$ 2,256.63	
Contract Payable--Jules L. Vermeersch	350.00	2,606.63
Accrued Accident Insurance	\$ 51.86	
Accrued Production Tax	24.01	75.87
TOTAL LIABILITIES		\$ 6,897.46
UNDISTRIBUTED PROFITS from statement page 2		<u>35,539.56</u>
TOTAL LIABILITIES AND UNDISTRIBUTED PROFITS		<u>\$42,437.02</u>

MINES OPERATING COMPANY
CONDENSED STATEMENT OF INCOME AND EXPENSES

	May 1945	12/26/44 to 5/31/45
<u>Sales:</u>		
Net smelter settlement from analysis page 3	\$10,263.00	\$ 87,037.43
Estimated revenue from concentrates in transit and on hand	<u>13,800.00</u>	<u>13,800.00</u>
	\$24,063.00	\$100,837.43
Trustee's Fees	\$ 25.65	\$ 217.60
Payments per Operating Contract	<u>1,087.52</u>	<u>9,023.13</u>
	\$ 1,113.17	\$ 9,240.73
GROSS INCOME	\$22,949.83	\$ 91,596.70
<u>Production Tax, Sampling and Trucking</u>	<u>281.75</u>	<u>1,994.51</u>
BALANCE	\$22,668.08	\$ 89,602.19
<u>Milling Costs from analysis page 4</u>	<u>2,034.87</u>	<u>9,771.05</u>
BALANCE	\$20,633.21	\$ 79,831.14
<u>Mining Costs from analysis page 4</u>	<u>4,429.72</u>	<u>20,836.87</u>
BALANCE	\$16,203.49	\$ 58,994.27
<u>Development Costs from analysis page 4</u>	<u>3,218.61</u>	<u>11,528.19</u>
BALANCE	\$12,984.88	\$ 47,466.08
<u>Administrative Expenses</u>	<u>3.10</u>	<u>201.33</u>
BALANCE	\$12,981.78	\$ 47,264.75
<u>Other Income</u>	<u>10.74</u>	<u>24.81</u>
UNDISTRIBUTED PROFITS	\$12,992.52	\$ 47,289.56
<u>Less:</u>		
Profits distributed to partners #1	-	3,000.00
Profits distributed to partners #2	-	2,300.00
Profits distributed to partners #3	<u>6,450.00</u>	<u>6,450.00</u>
UNDISTRIBUTED PROFITS retained in the partnership to accompanying balance sheet	<u>\$ 6,542.52</u>	<u>\$ 35,539.56</u>

MINES OPERATING COMPANYDECEMBER 26, 1944 TO JUNE 30, 1945METAL VALUES OF CONCENTRATES

	<u>Combined</u>	<u>Lead</u>	<u>Zinc</u>
<u>METALS:</u>			
Gold	\$ 10,529.19	\$ 9,576.47	\$ 952.72
Silver	9,364.41	8,511.87	852.54
Lead	56,672.21	55,127.17	1,545.04
Zinc	57,127.49	-	57,127.49
Copper	938.97	842.01	96.96
Iron	368.74	368.74	-
 TOTAL METAL VALUES	 \$135,001.01	 \$74,426.26	 \$60,574.75
Smelting Expenses	18,520.53	2,485.39	16,035.14
	\$116,480.48	\$71,940.87	\$44,539.61
Railroad Freight, Umpires, etc.	6,447.88	3,633.86	2,814.02
 NET SMELTER SETTLEMENTS to summary Page 2	 \$110,032.60	 \$68,307.01	 \$41,725.59

METAL CONTENTS OF CONCENTRATES

	<u>Combined</u>	<u>Lead</u>	<u>Zinc</u>
<u>METALS:</u>			
Gold, ounces	328.11	291.80	36.31
Silver, ounces	14,331.68	12,686.69	1,644.99
Lead, tons	302.84	283.03	19.81
Zinc, tons	226.27	24.99	201.28
Copper, tons	7.67	5.94	1.73
Iron, tons	85.34	36.87	48.47
Concentrates, tons	895.49	458.39	437.10
Concentrates, cars	19	9	10

MINES OPERATING COMPANYSUPPORTING ANALYSESANALYSIS OF MILLING COSTS

	<u>May 1945</u>		<u>12/26/44 to 5/31/45</u>	
	<u>Amount</u>	<u>Per Ton</u>	<u>Amount</u>	<u>Per Ton</u>
Partners' Drawing Account	\$ 600.00	\$0.42	\$3,119.88	\$0.56
Accident Insurance	37.26	.03	193.74	.04
	<u>\$ 637.26</u>	<u>\$0.45</u>	<u>\$3,313.62</u>	<u>\$0.60</u>
Power	815.85	.57	3,840.68	.69
Reagents	117.19	.08	983.26	.18
Balls and Miscellaneous Supplies	195.42	.14	882.73	.16
Mill Liners	75.00	.05	375.00	.07
Repairs and Replacements	94.15	.07	275.76	.04
Water	100.00	.07	100.00	.02
TOTAL MILLING COSTS to				
summary page 2	<u>\$2,034.87</u>	<u>\$1.43</u>	<u>\$9,771.05</u>	<u>\$1.76</u>
TONNAGE	<u>1,425</u>		<u>5,547</u>	

ANALYSIS OF MINING COSTS

	<u>May 1945</u>		<u>12/26/44 to 5/31/45</u>	
	<u>Amount</u>	<u>Per Ton</u>	<u>Amount</u>	<u>Per Ton</u>
Partners' Drawing Account	\$2,606.41	\$1.83	\$11,666.79	\$2.10
Accident Insurance	232.30	.16	1,052.77	.19
	<u>\$2,838.71</u>	<u>\$1.99</u>	<u>\$12,719.56</u>	<u>\$2.29</u>
Power	337.85	.24	2,014.97	.36
Timber	723.93	.51	3,092.57	.56
Drill Steel and Supplies	271.81	.19	1,516.98	.27
Powder, Caps and Fuse	127.85	.09	606.58	.12
Repairs and Replacements	45.40	.03	717.87	.13
Depreciation	84.17	.06	168.34	.03
TOTAL MINING COSTS to				
summary page 2	<u>\$4,429.72</u>	<u>\$3.11</u>	<u>\$20,836.87</u>	<u>\$3.76</u>
TONNAGE	<u>1,425</u>		<u>5,547</u>	

ANALYSIS OF DEVELOPMENT COSTS

	<u>May 1945</u>	<u>12/26/44 to 5/31/45</u>
	<u>Amount</u>	<u>Amount</u>
Partners' Drawing Account	\$1,936.57	\$ 7,251.47
Accident Insurance	114.46	430.21
	<u>\$2,051.03</u>	<u>\$ 7,681.68</u>
Power	478.00	2,125.71
Timber	519.76	1,197.30
Powder, Caps and Fuse	169.82	523.50
TOTAL DEVELOPMENT COSTS to		
summary page 2	<u>\$3,218.61</u>	<u>\$11,528.19</u>
PER TON OF ORE EXTRACTED	<u>\$ 2.26</u>	<u>\$ 2.08</u>
FOOTAGE	<u>66</u>	<u>300</u>

MINES OPERATING COMPANY
SCHEDULE OF ACCOUNTS PAYABLE

<u>Suppliers:</u>	<u>Balances</u> <u>4/30/45</u>	<u>Payments</u>	<u>M a y</u> <u>Invoices</u>	<u>Balances</u> <u>5/31/45</u>
Beach and Company	\$ 10.05	\$ 10.05	\$ 15.30	\$ 15.30
Bush Brothers	119.61	119.61	-	-
Citizens Utilities Company	1,549.62	1,549.62	1,631.70	1,631.70
Critchett and Ferguson	40.00	40.00	-	-
Hall, Ray G.	322.43	322.43	46.59	46.59
Los Angeles-Albuquerque Express	75.43	75.43	-	-
Mine Safety Appliances Company	44.00	44.00	44.00	44.00
Ressler, Earl	-	-	61.20	61.20
Standard Oil Company	13.21	13.21	8.94	8.94
Tarr, McComb and Ware Commercial Company	1,968.79	1,968.79	1,611.20	1,611.20
Tarr, McComb and Ware Commercial Company--Liners*	300.00	-	75.00	375.00
Tennessee Schuylkill Corporation	258.15	258.15	224.50	224.50
Union Oil Company	185.43	185.43	84.36	84.36
Winsett, W. B.	21.75	21.75	40.75	40.75
TOTALS	<u>\$4,908.47</u>	<u>\$4,608.47</u>	<u>\$3,843.54</u>	<u>\$4,143.54</u>

* Estimate

MINES OPERATING COMPANY (A PARTNERSHIP)

FINANCIAL STATEMENTS

APRIL 30, 1945

MINES OPERATING COMPANYBALANCE SHEETAPRIL 30, 1945ASSETS

Valley National Bank - Kingman		\$ 4,875.56
Due from Smelters	\$28,429.19	
Account Receivable	66.60	28,495.79
Inventories	\$ 2,296.63	
Prepaid License	1.00	
Prepaid Accident Insurance	361.65	2,659.28
Mining Equipment	\$ 1,010.00	
Less: Reserve for Depreciation	84.17	925.83
TOTAL ASSETS		<u>\$36,956.46</u>

LIABILITIES AND UNDISTRIBUTED PROFITS

Accounts Payable - Suppliers from schedule Page 5	\$ 4,908.47	
Account Payable - Trustee's Fees	115.96	\$ 5,024.43
Contract Payable - Tarr, McComb and Ware Commercial Company	\$ 2,356.63	
Contract Payable - Jules L. Vermeersch	500.00	2,856.63
Accrued Production Tax		78.36
TOTAL LIABILITIES		\$ 7,959.42
UNDISTRIBUTED PROFITS from Statement Page 2		28,997.04
TOTAL LIABILITIES AND UNDISTRIBUTED PROFITS		<u>\$36,956.46</u>

MINES OPERATING COMPANY
CONDENSED STATEMENT OF INCOME AND EXPENSES

	<u>April 1945</u>	<u>12/26/44 to 4/30/45</u>
<u>Sales:</u>		
Net smelter settlements from summary Page 3	\$32,414.93	\$76,774.43
Estimated revenue from concentrates in transit and on hand	<u>2,741.50</u> <u>\$29,673.43</u>	<u>None</u> <u>\$76,774.43</u>
Trustee's Fees	\$ 81.04	\$ 191.95
Payments per Operating Contract	<u>3,436.90</u> <u>\$ 3,517.94</u>	<u>7,935.61</u> <u>\$ 8,127.56</u>
GROSS INCOME.	\$26,155.49	\$ 68,646.87
<u>Production Tax, Sampling and Trucking</u>	<u>688.41</u>	<u>1,712.76</u>
BALANCE	\$25,467.08	\$66,934.11
<u>Milling Costs from analysis Page 4</u>	<u>2,439.09</u>	<u>7,736.18</u>
BALANCE	\$23,027.99	\$59,197.93
<u>Mining Costs from analysis Page 4</u>	<u>4,573.14</u>	<u>16,407.15</u>
BALANCE	\$18,454.85	\$42,790.78
<u>Development Costs from analysis Page 4</u>	<u>2,710.74</u>	<u>8,309.58</u>
BALANCE	\$15,744.11	\$34,481.20
<u>Administrative Expenses</u>	<u>—</u>	<u>198.23</u>
BALANCE	\$15,744.11	\$34,282.97
<u>Other Income</u>	<u>—</u>	<u>14.07</u>
UNDISTRIBUTED PROFITS	\$15,744.11	\$34,297.04
<u>Less:</u>		
Profits distributed to Partners #1	<u>—</u>	3,000.00
Profits distributed to Partners #2	<u>2,300.00</u>	<u>2,300.00</u>
UNDISTRIBUTED PROFITS retained in the partnership to accompanying balance sheet.	<u>\$13,444.11</u>	<u>\$28,997.04</u>

MINES OPERATING COMPANYDECEMBER 26, 1944 TO APRIL 30, 1945METAL VALUES OF CONCENTRATES

	<u>Combined</u>	<u>Lead</u>	<u>Zinc</u>
<u>METALS:</u>			
Gold	\$ 7,054.13	\$ 6,384.15	\$ 669.98
Silver	6,801.73	6,164.50	637.23
Lead	40,290.93	38,996.43	1,294.50
Zinc	39,227.71	---	39,227.71
Copper	555.91	555.91	---
Iron	237.75	237.75	---
TOTAL METAL VALUES	<u>\$94,168.16</u>	<u>\$52,338.74</u>	<u>\$41,829.42</u>
Smelting expenses	<u>12,854.09</u>	<u>1,719.35</u>	<u>11,134.74</u>
	<u>\$81,314.07</u>	<u>\$50,619.39</u>	<u>\$30,694.68</u>
Railroad Freight, Umpires, etc.	<u>4,539.64</u>	<u>2,582.99</u>	<u>1,956.65</u>
NET SMELTER SETTLEMENTS to summary Page 2	<u>\$76,774.43</u>	<u>\$48,036.40</u>	<u>\$28,738.03</u>

METAL CONTENTS OF CONCENTRATES

	<u>Combined</u>	<u>Lead</u>	<u>Zinc</u>
<u>METALS:</u>			
Gold, ounces	220.05	194.52	25.53
Silver, ounces	10,393.97	9,188.18	1,205.79
Lead, tons	215.16	200.18	14.98
Zinc, tons	155.80	17.59	138.21
Copper, tons	5.19	4.00	1.19
Iron, tons	57.36	23.77	33.59
Concentrates, tons	310.59	159.46	151.13
Concentrates, cars	<u>14</u>	<u>7</u>	<u>7</u>

MINES OPERATING COMPANYSUPPORTING ANALYSESANALYSIS OF MILLING COSTS

	<u>April 1945</u>		<u>12/26/44 to 4/30/45</u>	
	<u>Amount</u>	<u>Per Ton</u>	<u>Amount</u>	<u>Per Ton</u>
Partners' Drawing Account	\$ 600.00	\$0.44	\$2,519.88	\$0.61
Accident Insurance	37.26	.03	156.48	.04
	<u>\$ 637.26</u>	<u>\$0.47</u>	<u>\$2,676.36</u>	<u>\$0.65</u>
Power	774.81	.57	3,024.83	.73
Reagents	533.50	.39	866.07	.22
Balls and Miscellaneous Supplies	250.37	.18	687.31	.17
Mill Liners	150.00	.12	300.00	.07
Repairs and Replacements	93.15	.07	181.61	.04
TOTAL MILLING COSTS to				
summary Page 2.	<u>\$2,439.09</u>	<u>\$1.80</u>	<u>\$7,736.18</u>	<u>\$1.88</u>
TONNAGE	<u>1,358</u>		<u>4,122</u>	

ANALYSIS OF MINING COSTS

	<u>April 1945</u>		<u>12/26/44 to 4/30/45</u>	
	<u>Amount</u>	<u>Per Ton</u>	<u>Amount</u>	<u>Per Ton</u>
Partners' Drawing Account	\$2,470.48	\$1.82	\$ 9,060.38	\$2.20
Accident Insurance	238.81	.18	820.47	.20
	<u>\$2,709.29</u>	<u>\$2.00</u>	<u>\$ 9,880.85</u>	<u>\$2.40</u>
Power	270.81	.20	1,677.12	.41
Timber	1,025.77	.76	2,368.64	.57
Drill Steel and Supplies	266.85	.20	1,245.17	.30
Powder, Caps and Fuse	152.66	.10	478.73	.12
Repairs and Replacements	63.59	.05	672.47	.16
Depreciation	84.17	.06	84.17	.02
TOTAL MINING COSTS to				
summary Page 2.	<u>\$4,573.14</u>	<u>\$3.37</u>	<u>\$16,407.15</u>	<u>\$3.98</u>
TONNAGE	<u>1,358</u>		<u>4,122</u>	

ANALYSIS OF DEVELOPMENT COSTS

	<u>April 1945</u>		<u>12/26/44 to 4/30/45</u>	
	<u>Amount</u>		<u>Amount</u>	
Partners' Drawing Account	\$1,685.82		\$ 5,314.90	
Accident Insurance	100.44		315.75	
	<u>\$1,786.26</u>		<u>\$ 5,630.65</u>	
Power	504.00		1,347.71	
Timber	284.23		977.54	
Powder, Caps and Fuse	136.25		353.68	
TOTAL DEVELOPMENT COSTS to				
summary Page 2.	<u>\$2,710.74</u>		<u>\$ 8,309.58</u>	
PER TON OF ORE EXTRACTED	<u>\$ 2.00</u>		<u>\$ 2.02</u>	
FOOTAGE	<u>66</u>		<u>234</u>	

MINES OPERATING COMPANY
SCHEDULE OF ACCOUNTS PAYABLE

<u>Suppliers:</u>	<u>Balances</u> <u>3/31/45</u>	<u>Payments</u>	<u>April</u> <u>Invoices</u>	<u>Balances</u> <u>4/30/45</u>
Beach and Company	\$ 15.94	\$ 15.94	\$ 10.05	\$ 10.05
Bush Brothers	—	—	119.61	119.61
Chainte Laboratories	1.00	1.00	—	—
Citizens Utilities Company	1,486.10	1,486.10	1,549.62	1,549.62
Critchett and Ferguson	—	—	40.00	40.00
Hall, Ray G.	169.29	169.29	322.43	322.43
Los Angeles - Albuquerque Express	—	—	75.43	75.43
Mine Safety Appliances Company	44.00	44.00	44.00	44.00
Standard Oil Company	—	—	13.21	13.21
Tarr, McComb and Ware Commercial Co.	986.12	986.12	1,968.79	1,968.79
Tarr, McComb and Ware Commercial Co. - Liners *	150.00	—	150.00	300.00
Tennessee Schuylkill Corporation	541.93	541.93	258.15	258.15
Union Oil Company	94.57	94.57	185.43	185.43
Winsett, W. B.	—	—	21.75	21.75
TOTALS.	<u>\$3,488.95</u>	<u>\$3,338.95</u>	<u>\$4,758.47</u>	<u>\$4,908.47</u>

* Estimate

MINES OPERATING COMPANY (A PARTNERSHIP)

FINANCIAL STATEMENTS

MARCH 31, 1945

MINES OPERATING COMPANYBALANCE SHEETMARCH 31, 1945ASSETS

Valley National Bank--Kingman		\$ 4,597.38
Due from Smelters	\$10,897.23	
Estimated Values of Concentrates in Transit and on hand	2,741.50	
Account Receivable	106.62	13,745.35
Inventories	\$ 2,416.63	
Prepaid License	1.00	
Prepaid Accident Insurance	815.89	3,233.52
TOTAL ASSETS		<u>\$21,576.25</u>

LIABILITIES AND UNDISTRIBUTED PROFITS

Accounts Payable--Suppliers from schedule page 5	\$ 3,488.95	
Account Payable--Trustee's Fees	44.45	
Contract Payable--Tarr, McComb and Ware Commercial Company	2,456.63	\$ 5,990.03
Accrued Production Tax		33.29
TOTAL LIABILITIES		\$ 6,023.32
UNDISTRIBUTED PROFITS from statement page 2		<u>15,552.93</u>
TOTAL LIABILITIES AND UNDISTRIBUTED PROFITS		<u>\$21,576.25</u>

MINES OPERATING COMPANYCONDENSED STATEMENT OF INCOME AND EXPENSES

	March 1945	12/26/44 to 3/31/45
<u>Sales:</u>		
Net smelter settlements from analysis page 3	\$10,893.48	\$44,359.50
Estimated revenue from concentrates in transit and on hand (Market prices \$639.50; premium prices \$2,102.00)	1,565.07	2,741.50
	<u>\$12,458.55</u>	<u>\$47,101.00</u>
Trustee's Fees	\$ 27.23	\$ 110.91
Payments per Operating Contract	1,152.21	4,498.71
	<u>\$ 1,179.44</u>	<u>\$ 4,609.62</u>
GROSS INCOME	\$11,279.11	\$42,491.38
<u>Production Tax, Sampling and Trucking</u>	429.14	1,024.35
BALANCE	\$10,849.97	\$41,467.03
<u>Milling Costs from analysis page 4</u>	1,763.70	5,297.09
BALANCE	\$ 9,086.27	\$36,169.94
<u>Mining Costs from analysis page 4</u>	3,631.03	11,834.01
BALANCE	\$ 5,455.24	\$24,335.93
<u>Development Costs from analysis page 4</u>	2,399.70	5,598.84
BALANCE	\$ 3,055.54	\$18,737.09
<u>Administrative Expenses</u>	25.00	198.23
BALANCE	\$ 3,030.54	\$18,538.86
<u>Other Income</u>	-	14.07
UNDISTRIBUTED PROFITS	\$ 3,030.54	\$18,552.93
<u>Less: Profits distributed to Partners #1</u>	3,000.00	3,000.00
UNDISTRIBUTED PROFITS retained in the partnership to accompanying balance sheet	<u>\$ 30.54</u>	<u>\$15,552.93</u>

MINES OPERATING COMPANYDECEMBER 26, 1944 TO MARCH 31, 1945METAL VALUES OF CONCENTRATES

	<u>Combined</u>	<u>Lead</u>	<u>Zinc</u>
<u>METALS:</u>			
Gold	\$ 4,502.50	\$ 4,149.28	\$ 353.22
Silver	3,758.19	3,415.74	342.45
Lead	23,201.05	22,453.77	747.28
Zinc	21,859.12	-	21,859.12
Copper	340.30	340.30	-
Iron	120.90	120.90	-
 TOTAL METAL VALUES	 \$53,782.06	 \$30,479.99	 \$23,302.07
Smelting Expenses	6,850.24	972.97	5,877.27
	\$46,931.82	\$29,507.02	\$17,424.80
Railroad Freight, Umpires, etc.	2,572.32	1,506.13	1,066.19
 NET SMELTER SETTLEMENTS to summary page 2	 \$44,359.50	 \$28,000.89	 \$16,358.61

METAL CONTENTS OF CONCENTRATES

	<u>Combined</u>	<u>Lead</u>	<u>Zinc</u>
<u>METALS:</u>			
Gold, ounces	139.90	126.43	13.47
Silver, ounces	5,738.36	5,090.50	647.86
Lead, tons	123.43	115.24	8.19
Zinc, tons	87.73	10.71	77.02
Copper, tons	3.08	2.39	0.69
Iron, tons	28.06	12.09	15.97
Concentrates, tons	342.685	181.127	161.558
Concentrates, cars	<u>8</u>	<u>4</u>	<u>4</u>

MINES OPERATING COMPANYSUPPORTING ANALYSESANALYSIS OF MILLING COSTS

	<u>March 1945</u>		<u>12/26/44 to 3/31/45</u>	
	<u>Amount</u>	<u>Per Ton</u>	<u>Amount</u>	<u>Per Ton</u>
Partners' Drawing Account	\$ 600.00	\$0.57	\$ 1,919.88	\$0.69
Accident Insurance	37.26	.04	119.22	.04
	<u>\$ 637.26</u>	<u>\$0.61</u>	<u>\$ 2,039.10</u>	<u>\$0.73</u>
Power	743.05	.70	2,250.02	.82
Reagents	137.90	.13	332.57	.12
Balls and Miscellaneous Supplies	157.70	.15	436.94	.16
Mill Liners	50.00	.05	150.00	.05
Repairs and Replacements	37.79	.04	38.46	.04
TOTAL MILLING COSTS to				
summary page 2	<u>\$1,763.70</u>	<u>\$1.63</u>	<u>\$ 5,297.09</u>	<u>\$1.92</u>
TONNAGE	<u>1,047</u>		<u>2,764</u>	

ANALYSIS OF MINING COSTS

	<u>March 1945</u>		<u>12/26/44 to 3/31/45</u>	
	<u>Amount</u>	<u>Per Ton</u>	<u>Amount</u>	<u>Per Ton</u>
Partners' Drawing Account	\$1,917.48	\$1.83	\$ 6,589.90	\$2.38
Accident Insurance	191.65	.19	581.66	.21
	<u>\$2,109.13</u>	<u>\$2.02</u>	<u>\$ 7,171.56</u>	<u>\$2.59</u>
Power	389.05	.37	1,406.31	.51
Timber	464.71	.44	1,342.87	.49
Drill Steel and Supplies	230.43	.22	978.32	.35
Powder, Caps and Fuse	47.39	.04	326.07	.12
Repairs and Replacements	485.10	.46	608.88	.22
TOTAL MINING COSTS to				
summary page 2	<u>\$3,631.03</u>	<u>\$3.47</u>	<u>\$11,834.01</u>	<u>\$4.28</u>
TONNAGE	<u>1,047</u>		<u>2,764</u>	

ANALYSIS OF DEVELOPMENT COSTS

	<u>March 1945</u>	<u>12/26/44 to 3/31/45</u>
	<u>Amount</u>	<u>Amount</u>
Partners' Drawing Account	\$1,608.86	\$3,629.08
Accident Insurance	94.86	215.31
	<u>\$1,703.72</u>	<u>\$3,844.39</u>
Power	354.00	843.71
Timber	224.06	693.31
Powder, Caps and Fuse	117.92	217.43
TOTAL DEVELOPMENTS COSTS to		
summary page 2	<u>\$2,399.70</u>	<u>\$5,598.84</u>
PER TON OF ORE EXTRACTED	<u>\$ 2.30</u>	<u>\$ 2.03</u>
FOOTAGE	<u>77</u>	<u>168</u>

MINES OPERATING COMPANY
SCHEDULE OF ACCOUNTS PAYABLE

<u>Suppliers:</u>	<u>Balances</u> <u>2/28/45</u>	<u>March</u> <u>Payments</u>	<u>Purchases</u>	<u>Balances</u> <u>3/31/45</u>
Beach and Company			\$ 15.94	\$ 15.94
Chainte Laboratories			1.00	1.00
Citizens Utilities Company	\$1,423.48	\$1,423.48	1,486.10	1,486.10
Hall, Ray G.	93.21	93.21	169.29	169.29
Mine Safety Appliances Company	44.00	44.00	44.00	44.00
Tarr, McComb and Ware Commercial Company	728.76	728.76	986.12	986.12
Tarr, McComb and Ware Commercial Company—Liners*	100.00		50.00	150.00
Tennessee Schuylkill Corporation	517.79	517.79	541.93	541.93
Union Oil Company	137.91	137.91	94.57	94.57
TOTALS	<u>\$3,045.15</u>	<u>\$2,945.15</u>	<u>\$3,388.95</u>	<u>\$3,488.95</u>

* Estimate

MINES OPERATING COMPANY (A PARTNERSHIP)

FINANCIAL STATEMENTS

FEBRUARY 28, 1945

MINES OPERATING COMPANYBALANCE SHEETFEBRUARY 28, 1945ASSETS

Valley National Bank - Kingman		\$ 4,283.59
Due from Smelters	\$17,028.58	
Estimated Values of Concentrates in transit and on hand	1,176.41	
Account Receivable	89.55	18,294.54
Inventories	\$ 2,536.63	
Prepaid License	1.00	
Prepaid Accident Insurance	115.83	2,653.46
TOTAL ASSETS.		<u>\$25,231.59</u>

LIABILITIES AND UNDISTRIBUTED PROFITS

Accounts Payable - Suppliers from schedule Page 5	\$ 3,045.15	
Account Payable - Trustee's Fees	50.13	
Contract Payable - Tarr, McComb and Ware Commercial Company	2,556.63	\$ 5,651.91
Accrued Partners' Drawing Account	\$ 4,000.00	
Accrued Production Tax	57.29	4,057.29
TOTAL LIABILITIES.		\$ 9,709.20
UNDISTRIBUTED PROFITS from statement Page 2.		<u>15,522.39</u>
TOTAL LIABILITIES AND UNDISTRIBUTED PROFITS.		<u>\$25,231.59</u>

MINES OPERATING COMPANY
CONDENSED STATEMENT OF INCOME AND EXPENSES

	<u>February 1945</u>
<u>Sales:</u>	
Net smelter settlements from analysis page 3	\$21,646.86
Estimated revenue from production in transit and on hand (Market prices \$283.31; premium prices \$893.10)	<u>5,878.97</u>
	<u>\$15,767.89</u>
Trustee's Fees	\$ 54.04
Payments per Operating Contract	<u>2,164.68</u>
	<u>\$ 2,218.72</u>
GROSS INCOME	<u>\$13,549.17</u>
<u>Production Tax and Trucking</u>	<u>272.24</u>
BALANCE	<u>\$13,276.93</u>
<u>Milling Costs</u> from analysis page 4	<u>1,740.22</u>
BALANCE	<u>\$11,536.71</u>
<u>Mining Costs</u> from analysis page 4	<u>2,824.88</u>
BALANCE	<u>\$ 8,711.83</u>
<u>Development Costs</u> from analysis page 4	<u>2,603.30</u>
BALANCE	<u>\$ 6,108.53</u>
<u>Administrative Expenses</u>	<u>21.97</u>
BALANCE	<u>\$ 6,086.56</u>
<u>Other Income</u>	<u>13.87</u>
UNDISTRIBUTED PROFITS retained in the partnership to accompanying balance sheet	<u>\$ 6,100.43</u>

MINES OPERATING COMPANYDECEMBER 26, 1944 TO FEBRUARY 28, 1945METAL VALUES OF CONCENTRATES

	<u>Combined</u>	<u>Lead</u>	<u>Zinc</u>
<u>METALS:</u>			
Gold	\$ 3,624.41	\$ 3,372.68	\$ 251.73
Silver	2,663.97	2,413.98	249.99
Lead	17,389.98	16,749.14	640.84
Zinc	16,356.77	-	16,356.77
Copper	281.69	281.69	-
Iron	87.81	87.81	-
 TOTAL METAL VALUES	 \$40,404.63	 \$22,905.30	 \$17,499.33
Smelting	5,004.94	725.75	4,279.19
	\$35,399.69	\$22,179.55	\$13,220.14
Railroad Freight, Umpires, etc.	1,933.65	1,139.66	793.99
 NET SMELTER SETTLEMENTS to summary page 2	 \$33,466.04	 \$21,039.89	 \$12,426.15

METAL CONTENTS OF CONCENTRATES

	<u>Combined</u>	<u>Lead</u>	<u>Zinc</u>
<u>METALS:</u>			
Gold, ounces	112.36	102.76	9.60
Silver, ounces	4,071.86	3,597.74	474.12
Lead, tons	92.55	85.97	6.58
Zinc, tons	65.77	8.14	57.63
Copper, tons	2.42	1.91	0.51
Iron, tons	19.55	8.78	10.77
Concentrates, tons	253.72	135.17	118.55
Concentrates, cars	<u>6</u>	<u>3</u>	<u>3</u>

MINES OPERATING COMPANYSUPPORTING ANALYSESANALYSIS OF MILLING COSTS

	<u>February 1945</u>		<u>12/26/44 to 2/28/45</u>	
	<u>Amount</u>	<u>Per Ton</u>	<u>Amount</u>	<u>Per Ton</u>
Partners' Drawing Account	\$ 600.00	\$0.77	\$1,319.88	\$0.77
Accident Insurance	37.26	.05	81.96	.05
	<u>\$ 637.26</u>	<u>\$0.82</u>	<u>\$1,401.84</u>	<u>\$0.82</u>
Power	711.74	.91	1,506.97	.88
Reagents	104.28	.13	194.67	.11
Balls and Miscellaneous Supplies	160.05	.21	279.24	.16
Mill Liners	100.00	.13	100.00	.06
Repairs and Replacements	26.89	.03	50.67	.03
TOTAL MILLING COSTS to				
summary page 2	<u>\$1,740.22</u>	<u>\$2.23</u>	<u>\$3,533.39</u>	<u>\$2.06</u>
TONNAGE	<u>780</u>		<u>1,717</u>	

ANALYSIS OF MINING COSTS

	<u>February 1945</u>		<u>12/26/44 to 2/28/45</u>	
	<u>Amount</u>	<u>Per Ton</u>	<u>Amount</u>	<u>Per Ton</u>
Partners' Drawing Account	\$1,556.05	\$1.99	\$4,672.42	\$2.72
Accident Insurance	161.18	.21	390.01	.23
	<u>\$1,717.23</u>	<u>\$2.20</u>	<u>\$5,062.43</u>	<u>\$2.95</u>
Power	313.24	.41	1,017.26	.59
Timber	335.84	.43	878.16	.51
Drill Steel and Supplies	213.72	.27	747.89	.44
Powder, Caps and Fuse	180.75	.23	373.46	.22
Repairs and Replacements	64.10	.08	123.78	.07
TOTAL MINING COSTS to				
summary page 2	<u>\$2,824.88</u>	<u>\$3.62</u>	<u>\$8,202.98</u>	<u>\$4.78</u>
TONNAGE	<u>780</u>		<u>1,717</u>	

ANALYSIS OF DEVELOPMENT COSTS

	<u>February 1945</u>	<u>12/26/44 to 2/28/45</u>
	<u>Amount</u>	<u>Amount</u>
Partners' Drawing Account	\$1,643.95	\$2,020.22
Accident Insurance	98.02	120.45
	<u>\$1,741.97</u>	<u>\$2,140.67</u>
Power	398.50	489.71
Timber	381.85	469.25
Powder, Caps and Fuse	80.98	99.51
TOTAL DEVELOPMENT COSTS to		
summary page 2	<u>\$2,603.30</u>	<u>\$3,199.14</u>
PER TON OF ORE EXTRACTED	<u>\$ 3.34</u>	<u>\$ 1.87</u>
FOOTAGE	<u>64</u>	<u>91</u>

MINES OPERATING COMPANY
SCHEDULE OF ACCOUNTS PAYABLE

<u>Suppliers:</u>	<u>Balances</u> <u>1/31/45</u>	<u>February</u> <u>Payments</u>	<u>Purchases</u>	<u>Balances</u> <u>2/28/45</u>
Arizona Tax Commission	\$ 1.00	\$ 1.00		
Boulder Dam Line	129.65	129.65		
Bush Brothers	5.91	5.91		
Chloride Store Company	24.48	24.48		
Citizens Utilities Company	1,590.46	1,590.46	\$1,423.48	\$1,423.48
Hall, Ray G.	54.90	54.90	93.21	93.21
Krook, Carl G.	151.26	151.26	-	-
Mine Safety Appliances Company	44.00	44.00	44.00	44.00
Standard Oil Company	37.29	37.29	-	-
Tarr, McComb & Ware Commercial Company	538.41	538.41	728.76	728.76
Tarr, McComb & Ware Commercial Company—Liners*	-	-	100.00	100.00
Tennessee Schuylkill Corporation	699.26	699.26	517.79	517.79
Union Oil Company	96.73	96.73	137.91	137.91
 TOTALS	 <u>\$3,373.35</u>	 <u>\$3,373.35</u>	 <u>\$3,045.15</u>	 <u>\$3,045.15</u>

* Estimate

MINES OPERATING COMPANY (A PARTNERSHIP)

FINANCIAL STATEMENTS

JANUARY 31, 1945

MINES OPERATING COMPANY (A PARTNERSHIP)BALANCE SHEETJANUARY 31, 1945ASSETS

Valley National Bank - Kingman		\$ 17.80
Due from Smelters	\$10,626.21	
Estimated Values Concentrates in transit and on hand	7,055.38	
Account Receivable	<u>46.71</u>	17,728.30
Prepaid License	\$ 1.00	
Prepaid Accident Insurance	<u>441.78</u>	<u>442.78</u>
TOTAL ASSETS		<u>\$18,188.88</u>

LIABILITIES AND UNDISTRIBUTED PROFITS

Accounts Payable - Trade Creditors from schedule page 5	\$ 3,748.10	
Accounts Payable - Trustee's Fees	29.54	
Note Payable	<u>473.00</u>	\$ 4,250.64
Partners' Drawing Account, Accrued	\$ 4,452.48	
Accrued Production Tax	<u>63.80</u>	<u>4,516.28</u>
TOTAL LIABILITIES.		\$ 8,766.92
UNDISTRIBUTED PROFITS		<u>9,421.96</u>
TOTAL LIABILITIES AND UNDISTRIBUTED PROFITS.		<u>\$18,188.88</u>

MINES OPERATING COMPANY (A PARTNERSHIP)
CONDENSED STATEMENT OF INCOME AND EXPENSES
DECEMBER 26, 1944 TO JANUARY 31, 1945

<u>Sales:</u>	
Net Smelter Settlement from analysis Page 3	\$11,819.18
Estimated Revenue from Production in Transit and on Hand (Market prices \$3,208.28; Premium prices \$3,847.10)	<u>7,055.38</u>
	<u>\$18,874.56</u>
Trustee's Fees	\$ 29.54
Payments per Operating Contract	<u>1,181.92</u>
	<u>\$ 1,211.46</u>
GROSS INCOME.	<u>\$17,663.10</u>
<u>Production Tax and Trucking</u>	<u>322.97</u>
BALANCE	\$17,340.13
<u>Milling Costs from analysis Page 4</u>	<u>1,793.17</u>
BALANCE	\$15,546.96
<u>Mining Costs from analysis Page 4</u>	<u>5,378.10</u>
BALANCE	\$10,168.86
<u>Development Costs from analysis Page 4</u>	<u>595.84</u>
BALANCE	\$ 9,573.02
<u>Administrative Expenses</u>	<u>151.26</u>
BALANCE	\$ 9,421.76
<u>Other Income</u>	<u>.20</u>
UNDISTRIBUTED PROFITS to accompanying balance sheet	<u><u>\$ 9,421.96</u></u>

MINES OPERATING COMPANYDECEMBER 26, 1944 TO JANUARY 31, 1945METAL VALUES OF CONCENTRATES

<u>METALS:</u>	<u>Combined</u>	<u>Lead</u>	<u>Zinc</u>
Gold	\$ 858.83	\$ 774.81	\$ 84.02
Silver	964.87	832.00	132.87
Lead	6,440.94	5,924.90	516.04
Zinc	5,993.85	—	5,993.85
Copper	79.46	79.46	—
Iron	27.23	27.23	—
TOTAL METAL VALUES	<u>\$14,365.18</u>	<u>\$7,638.40</u>	<u>\$6,726.78</u>
Smelting Expenses	<u>1,874.29</u>	<u>239.66</u>	<u>1,634.63</u>
Railroad Freight, Umpires, etc.	<u>\$12,490.89</u>	<u>\$7,398.74</u>	<u>\$5,092.15</u>
	<u>671.71</u>	<u>369.37</u>	<u>302.34</u>
NET SMELTER SETTLEMENTS to summary Page 2.	<u>\$11,819.18</u>	<u>\$7,029.37</u>	<u>\$4,789.81</u>

METAL CONTENTS OF CONCENTRATES

<u>METALS:</u>	<u>Combined</u>	<u>Lead</u>	<u>Zinc</u>
Gold, ounces.	26.80	23.60	3.20
Silver, ounces.	1,475.21	1,239.83	235.38
Lead, tons.	35.09	30.39	4.70
Zinc, tons.	23.43	2.31	21.12
Copper, tons74	.58	.16
Iron, tons	6.60	2.72	3.88
Concentrates, tons.	<u>91.05</u>	<u>45.39</u>	<u>45.66</u>

MINES OPERATING COMPANYSUPPORTING ANALYSESDECEMBER 26, 1944 TO JANUARY 31, 1945ANALYSIS OF MILLING COSTS

	<u>Amount</u>	<u>Per Ton</u>
Partners' Drawing Account	\$ 719.88	\$0.77
Accident Insurance	44.70	.05
Power	\$ 764.58	\$0.82
Reagents	795.23	.85
Balls and Miscellaneous Supplies	90.39	.10
Repairs and Replacements	119.19	.12
	23.78	.02
TOTAL MILLING COSTS to summary Page 2	<u>\$1,793.17</u>	<u>\$1.91</u>
TONNAGE	<u>937</u>	

ANALYSIS OF MINING COSTS

	<u>Amount</u>	<u>Per Ton</u>
Partners' Drawing Account	\$3,116.77	\$3.33
Accident Insurance	228.43	.24
Power	\$3,345.20	\$3.57
Drill steel and Supplies	704.02	.75
Timber	534.17	.57
Powder, Caps and Fuse	542.32	.58
Repairs and Replacements	192.71	.21
	59.68	.06
TOTAL MINING COSTS to summary Page 2	<u>\$5,378.10</u>	<u>\$5.74</u>
TONNAGE	<u>937</u>	

ANALYSIS OF DEVELOPMENT COSTS

	<u>Amount</u>
Partners' Drawing Account	\$ 376.27
Accident Insurance	22.43
Power	\$ 398.70
Timber	91.21
Powder, Caps and Fuse	87.40
	18.53
TOTAL DEVELOPMENT COSTS to summary Page 2	<u>\$ 595.84</u>
PER TON OF ORE EXTRACTED	<u>\$ 0.64</u>
FOOTAGE	<u>27</u>

MINES OPERATING COMPANY
SCHEDULE OF ACCOUNTS PAYABLE

Balances
1/31/45

Suppliers:

Arizona Tax Commission	\$ 1.00
Boulder Dam Line	129.65
Bush Brothers	5.91
Chloride Store Company	24.48
Citizens Utilities Company	1,590.46
Hall, Ray G.	54.90
Krook, Carl G.	151.26
Mines Safety Appliances Company	44.00
Standard Oil Company	37.29
Tarr, McComb & Ware Commercial Company	538.41
Tennessee Schuylkill Corporation	699.26
Union Oil Company	<u>96.73</u>
TOTAL	<u>\$ 3,373.35</u>

MINES OPERATING COMPANY

ANALYSIS OF PARTNERS' DRAWINGS AND DISTRIBUTIONS

<u>Affiliated</u>	<u>Resigned</u>	<u>Name</u>	<u>Total</u>	<u>January</u> <u>12/26/44-1/31/45</u>		<u>February</u> <u>2/1/45-2/28/45</u>		<u>March</u> <u>3/1/45-3/31/45</u>		<u>April</u> <u>4/1/45-4/30/45</u>		<u>May</u> <u>5/1/45-5/31/45</u>		<u>June</u> <u>6/1/45-6/30/45</u>	
				<u>Drawings</u>	<u>Distr.</u>	<u>Drawings</u>	<u>Distr</u>	<u>Drawings</u>	<u>Distr</u>	<u>Drawings</u>	<u>Distr</u>	<u>Drawings</u>	<u>Distr</u>	<u>Drawings</u>	<u>Distr</u>
3/25/45	6/29/45	Andrews, Roy J.	\$ 1,714.90	\$		\$		\$ 46.62	\$	\$ 200.00	\$ 100	\$ 200.00	\$ 250	\$ 200.00	\$ 718.28
12/26/44	6/29/45	Andrews, W. J.	2,458.24	239.96		200.00		200.00	150	200.00	100	200.00	250	200.00	718.28
12/26/44		Barnes, W. Elton	2,089.96	239.96		200.00		200.00	150	200.00	100	200.00	250	200.00	350.00
12/26/44		Dragich, Vinko	2,089.96	239.96		200.00		200.00	150	200.00	100	200.00	250	200.00	350.00
4/2/45	4/12/45	Gaylord, Bert	73.26							73.26					
6/16/45		Hall, K. V.	100.00											100.00	
12/26/44		Hall, Ray G.	2,089.96	239.96		200.00		200.00	150	200.00	100	200.00	250	200.00	350.00
12/26/44		Horbelt, Frank	2,089.96	239.96		200.00		200.00	150	200.00	100	200.00	250	200.00	350.00
12/26/44		Kimsey, D. M.	2,089.96	239.96		200.00		200.00	150	200.00	100	200.00	250	200.00	350.00
6/5/45		Larson, Albin	173.26											100.00	73.26
12/28/44		Larson, Bert	2,076.64	226.64		200.00		200.00	150	200.00	100	200.00	250	200.00	350.00
12/27/44		Lewis, George H.	2,083.30	233.30		200.00		200.00	150	200.00	100	200.00	250	200.00	350.00
12/26/44		Makela, Jack J.	2,089.96	239.96		200.00		200.00	150	200.00	100	200.00	250	200.00	350.00
1/17/45		Moore, John	1,949.90	99.90		200.00		200.00	150	200.00	100	200.00	250	200.00	350.00
1/5/45		Myrmo, John	2,023.36	173.36		200.00		200.00	150	200.00	100	200.00	250	200.00	350.00
12/26/44		Nardini, R. L.	2,089.96	239.96		200.00		200.00	150	200.00	100	200.00	250	200.00	350.00
12/26/44		O'Brien, James G.	2,089.96	239.96		200.00		200.00	150	200.00	100	200.00	250	200.00	350.00
12/26/44	1/3/45	Ogle, W. C.	59.94	59.94											
4/8/45		Patterson, C. G.	1,153.18							153.18		200.00	250	200.00	350.00
12/26/44		Payne, J. R.	2,089.96	239.96		200.00		200.00	150	200.00	100	200.00	250	200.00	350.00
12/26/44		Satoris, Dom	2,089.96	239.96		200.00		200.00	150	200.00	100	200.00	250	200.00	350.00
12/29/44		Schryver, H. O.	2,089.96	219.98		200.00		200.00	150	200.00	100	200.00	250	200.00	350.00
3/12/45		Skanzich, Bob	1,355.65					133.20		200.00	100	200.00	250	200.00	272.45
6/4/45		Smith, Carl G.	179.92											100.00	79.92
4/22/45		Smith, George H.	1,009.94							59.94		200.00	200	200.00	350.00
4/12/45		Sporer, Alfred	1,126.54							126.54		200.00	250	200.00	350.00
3/10/45		Stoffers, Herman	1,446.52					146.52		200.00	100	200.00	250	200.00	350.00
1/20/45	5/28/45	Syrja, Elmer	1,674.28	116.28		200.00		200.00	150	200.00	100	200.00	250		258.00
12/29/44	5/16/45	Thomas, Alfred R.	1,569.98	219.98		200.00		200.00	150	200.00	100	250.00	250		
12/26/44		Thurstin, R. A.	2,089.96	239.96		200.00		200.00	150	200.00	100	200.00	250	200.00	350.00
12/26/44	12/28/44	Watchman, William	19.98	19.98											
12/26/44		Yovick, Mike	2,089.96	239.96		200.00		200.00	150	200.00	100	200.00	250	200.00	350.00
TOTALS.			\$49,398.29	\$4,488.84		\$4,000.00		\$4,326.34	\$3,000	\$5,012.92	\$2,300	\$5,250.00	\$6,450	\$5,100.00	\$9,470.19

*has many coming in
my name who I left*

STATEMENTS

Summary of Results of Operational Contract
TENNESSEE SCHUYLKILL CORPORATION
and
MINES OPERATING COMPANY
December 26, 1944 - June 30, 1945 Inclusive

SUMMARY OF ALL
RECEIPTS AND DISBURSEMENTS
TENNESSEE SCHUYLKILL CORPORATION
FROM DECEMBER 26, 1944 TO JUNE 30, 1945 INCLUSIVE

RECEIPTS:

Net Receipts from Sale of Concentrates		\$95,858.90
Net Receipts from Sale of Capital Assets	\$4,543.51	
Net Receipts from Sale of Capital Assets Trustee a/c - W. Winsett Comp. Ins.	95.03 *	
Net Receipts from Sale of Capital Assets Petty Cash a/c	<u>503.03</u>	5,141.57
Excess payments to H.O. Co. - Returned		2,739.15
N. A. Winer - Advance to Trustee a/c	\$ 75.00	
" " " " Petty Cash	<u>25.00</u>	<u>100.00</u>
TOTAL RECEIPTS		<u>\$103,839.62</u>

DISBURSEMENTS:

Payts. to Mines Operating Co. - Trustee		\$89,895.21
Payts. to Collector of Int. Rev. "		8,335.08
Bal. of Payts. by Trustee	\$2,196.56	
" " " " (Winsett Comp. Ins.)	95.03 *	
Bal. of Payts. - Petty Cash	<u>131.16</u>	2,422.75
N. A. Winer - Ret. of Advance by Trustee		<u>75.00</u>
TOTAL DISBURSEMENTS		\$100,628.05
TRUSTEE BANK BALANCE		2,814.71
PETTY CASH BALANCE		<u>396.87</u>
TOTAL PAYMENTS AND CASH BALANCE		<u>\$103,839.62</u>

* - Mines Operating Co. purchases for March \$541.93
Deducted from remittance, Winsett Comp.
Ins. - 95.03
Net amount sent to Trustee \$446.90

STATEMENT
 SHOWING RECEIPTS AND DISBURSEMENTS
 CARL G. KROOK, TRUSTEE ACCOUNT
 FROM DECEMBER 26, 1944 TO JUNE 30, 1945 INCLUSIVE

RECEIPTS:

From Sale of Concentrates:			
Lead	\$58,263.02		
Zinc	35,315.95		
Silver	<u>2,545.33</u>	\$96,124.30	
Less Deductions:			
Fetzer Judgment	\$ 250.00		
Telegraph Expense 525-L	11.05		
" " 509-Z	3.16		
" " 528-L	<u>1.19</u>		
		<u>265.40</u>	
		\$95,858.90	
Less Total Amount Withheld		<u>3,764.30</u>	
		\$92,094.60	
Total Withheld Amount Paid		<u>3,764.30</u>	
Net Received from Sale of Concentrates			\$95,858.90
Sale of Capital Assets		\$ 4,638.54 *	
Less Winsett Comp. Ins.			
12/26/44 to 4/17/45:		<u>95.03</u>	4,543.51
Excess Payments to Mines Oper. Co.--Returned			2,739.15
Advance by N. A. Winer			<u>75.00</u>
TOTAL RECEIPTS			\$103,216.56

DISBURSEMENTS:

Payments for a/c Mines Operating Co.:			
Share of Smelter Ret.	\$89,799.24		
G. Krook Trustee Fees	<u>95.97</u>		
Total Payments to Mines Operating Co.		\$89,895.21	\$89,895.21
(Excess amount returned			
(to Trustee by M.O. Co.		<u>2,739.15)</u>	
(Net retained by M.O. Co.		\$87,156.06)*	
Payments for a/c T. S. Corp.:			
G. Krook Trustee Fees	\$ 240.29		
W. Winsett (net salary)	699.15		
Dixon Fagerberg	500.00		
Mine & Smelter Supply Co.	10.18		
Int. Revenue Collector	8,235.08 *		
U.S. Corp.--Delaware			
Franchise Tax 1942-43	381.08		
U.S. Corp., Agent, 1945	287.73		
Arizona Corp. Commission	20.00		
Del. Franchise Tax, 1944	<u>58.13</u>		
Total Payments to Tennessee Schuylkill Corp.			10,431.64
Return of Advance to N. A. Winer			<u>75.00</u>
TOTAL DISBURSEMENTS			<u>100,401.85</u>
BALANCE IN CARL G. KROOK TRUSTEE BANK ACCOUNT.			<u>\$ 2,814.71</u>

* - Refer to Supporting Schedules.

STATEMENT
 SHOWING RECEIPTS AND DISBURSEMENTS
 WALTER WINSETT PETTY CASH WAREHOUSE ACCOUNT
 FROM DECEMBER 26, 1944 TO JUNE 30, 1945 INCLUSIVE

<u>1945</u>	<u>Cash Sale of Cap.Assets</u>	<u>Misc. Expenses Paid</u>	<u>Cash Balance</u>
January, Cash Advance by N.A. Wimer			\$ 25.00
January	\$ 12.00	\$ 9.87	27.13
February	55.64	23.55	59.22
March	190.00	30.12	219.10
April	100.00	15.44	303.66
May	54.89	14.74	343.81
June	<u>90.50</u>	<u>37.44</u>	<u>396.87</u>
TOTALS	\$503.03	\$131.16	\$396.87

RECAPITULATION

<u>Total Sales of Capital Assets</u>		<u>Total Cash Balance</u>	
Petty Cash Receipts \$	503.03	Trustee Bank a/c	\$2,814.71
Trustee a/c Receipts	<u>4,638.54</u>	Petty Cash	<u>396.87</u>
TOTAL	\$5,141.57 *	TOTAL	\$3,211.58

CREDIT SALES FROM WAREHOUSE NOT PAID
 MONTH OF JUNE, 1945

Mines Operating Co.	\$232.54
Tarr, McComb & Ware	<u>15.30</u>
TOTAL	\$247.84

* - Refer to Supporting Schedule

TENNESSEE SCHUYLKILL CORPORATION
PAYMENTS TO COLLECTOR OF INTERNAL REVENUE
FROM DECEMBER 26, 1944 TO JUNE 30, 1945 INCLUSIVE

<u>Date</u>	<u>Amount</u>
1/16/45	\$ 1,000.00
2/5/45	315.00
2/6/45	334.44
3/17/45	1,500.00
5/25/45	2,585.64
6/28/45	<u>2,500.00</u>
	<u>\$ 8,235.08</u>

TENNESSEE SCHUYLKILL CORPORATION
CASH RECEIVED FROM SALE OF CAPITAL ASSETS
FROM DECEMBER 26, 1944 TO JUNE 30, 1945 INCLUSIVE

<u>DATE</u>	<u>ITEM SOLD</u>	<u>AMOUNT</u>
1/16/45	Cabins and lots	\$ 1,000.00
1/3/45	1 Agitator tank	200.00
	1 Oliver Filter	100.00
	1 Dry Reagent Feeder	15.00
3/1/45	Differential, execution sale of Ford Coupe	16.06
	Return of oil drums	30.00
	Warehouse supplies	699.26
	Salvage on burned house at mine	200.00
3/13/45	Return of oil drums	10.00
	Warehouse supplies	517.79
3/24/45	Water heater	50.00
3/15/45	Down payment sale of Tennessee Cafe	500.00
3/19/45	Disc filter	25.00
4/11/45	Warehouse supplies	541.93
4/17/45	April installment for Tennessee Cafe	\$50.00
	Interest	<u>7.50</u>
		\$57.50
	Less: Kirkpatrick rent	<u>8.00</u>
5/4/45	2 V-Belts	49.50
	1 Laboratory type Wilfley Concentrating table	3.50
5/8/45	Warehouse supplies	25.00
5/15/45	1 4" x 1/4" pulley	258.15
5/17/45	May installment for Tennessee Cafe	3.50
	Interest	<u>7.25</u>
5/23/45	20 lbs. Babbitt	57.25
	1 pr. spindle bearings for M.S. Float Cell	15.60
	200 lbs. Zinc Sulphate	5.00
6/9/45	Warehouse supplies	14.50
	Return of oil drums	224.50
6/18/45	June installment for Tennessee Cafe	20.00
	Interest	<u>7.00</u>
		57.00

All following entries were sold
for cash by W. Winsett and handled
through special Petty Cash account:

12/23/44	Used watches	4.00
1/12/45	Scrap lumber	2.00
1/20/45	Stove tank	2.00
1/29/45	Return of oil drum	4.00
2/45	Off. clerk's residence - rent	10.00
	Tennessee Cafe - rent	30.00
	Mine Superintendent's residence - rent	15.00
	Bolts	.64
3/6/45	Dalcolight plant	25.00
3/8/45	Mine Superintendent's residence - rent	15.00
3/10/45	Engineer's residence - rent	25.00

<u>DATE</u>	<u>ITEM SOLD</u>	<u>AMOUNT</u>
3/15/45	Office clerk's residence - rent	\$ 10.00
	Chief clerk's residence - rent	15.00
	Roofing, Tent house and building supplies	100.00
4/4/45	Mine Superintendent's residence - rent	15.00
4/15/45	Office clerk's residence - rent	10.00
4/18/45	Engineer's residence - rent for two months	50.00
4/27/45	Engineer's residence - rent	25.00
5/1/45	Mine Superintendent's residence - rent	15.00
	Chief clerk's residence - rent	15.00
5/7/45	Building supplies	1.26
5/9/45	Used pipe	10.00
5/15/45	Office clerk's residence - rent	10.00
5/16/45	Used pipe fittings	1.38
5/18/45	Wire brush	.75
5/20/45	Magnet wire	1.50
6/2/45	House rent - J. Moore to 6/1/45	15.00
6/2/45	" " - R. Greene to 7/1/45	15.00
6/4/45	" " - J. R. Payne to 6/1/45	25.00
6/15/45	" " " " to 7/1/45	25.00
6/15/45	" " - D. A. Abts to 7/15/45	10.00
6/1/45	Two pipe plugs - Al Jagerson	.50
		<u>\$ 5,111.57</u>

PROCEEDS FROM PRODUCTION - TENNESSEE MINE
FROM DECEMBER 26, 1944 TO JUNE 30, 1945 INCLUSIVE

<u>Date Shipped</u>	<u>Lot #</u>	<u>Total Value</u>	<u>Amount Unpaid</u>	<u>Amount Received By Krook</u>	<u>Plus Freight Charges</u>	<u>Proceeds to Distribute</u>	<u>Mines Operating Co. Share</u>	<u>T-S Corp. Share</u>
1/22	509-Z	4,789.80		4,789.80		4,789.80	4,310.82	478.98
1/24	525-L	7,029.38		7,029.38		7,029.38	6,326.45	702.93
2/3	510-Z	3,986.31		3,986.31		3,986.31	3,587.68	398.63
2/5	526-L	7,192.09		7,192.09		7,192.09	6,472.88	719.21
2/19	511-Z	3,648.90		3,648.90		3,648.90	3,284.01	364.89
2/26	527-L	6,818.44		6,818.44		6,818.44	6,136.60	681.84
3/20	512-Z	3,932.45		3,932.45	289.20	4,221.65	3,510.28	422.17
4/2	528-L	6,960.99		6,960.99	359.35	7,320.34	6,228.96	732.03
4/4	513-Z	4,263.96		4,263.96	300.13	4,564.09	3,807.55	456.41
4/7	514-Z	3,964.61		3,964.61	280.82	4,245.43	3,540.07	424.54
4/9	529-L	6,883.95		6,883.95	361.51	7,245.46	6,159.40	724.55
4/23	530-L	6,602.78		6,602.78	354.59	6,957.37	5,907.04	695.74
4/30	515-Z	4,150.11	322.36	3,827.75	302.51	4,130.26	3,414.72	413.03
5/3	531-L	6,548.77	293.24	6,255.53	347.16	6,602.69	5,595.26	660.27
5/11	516-Z	4,047.29	311.77	3,735.52	283.25	4,018.77	3,333.65	401.87
5/18	532-L	6,215.72	273.28	5,942.44	329.13	6,271.57	5,315.28	627.16
5/24	517-Z			4,043.69	274.13	4,317.82	3,611.91	431.78
6/1	533-L	<u>6,820.74</u>	<u>575.03</u>	<u>6,245.71</u>	<u>345.50</u>	<u>6,591.21</u>	<u>5,586.59</u>	<u>659.12</u>
TOTAL		93,856.29	1,775.68	96,124.30	3,827.28	99,951.58	86,129.15	9,995.15

TENNESSEE SCHUYLKILL CORPORATION
STATEMENTS OF MONTHLY EXPENSES & RENTAL INCOME
ESTIMATED FROM ACTUAL CURRENT RECEIPTS & DISBURSEMENTS

TENNESSEE SCHUYLKILL CORPORATION

ESTIMATE OF CURRENT MONTHLY EXPENSE

JUNE 30, 1945

Per Month

Taxes and Insurance:

State and County Property - \$5,209.50 for 1944	\$ 431.13	} - Jc
Fire Insurance - \$75,000 policy	116.37	
Delaware Franchise - \$54.92 for 1944	4.58	
Delaware Resident Agent - \$35.00 per annum	2.91	
Arizona Franchise - \$20.00 per annum	1.66	

Professional Fees, etc.:

Auditor - estimated by Fagerberg	100.00	-
Engineering - estimated	100.00	-
Attorney - based on six months charges (1)	90.00	-
Transfer Agent - \$250.00 per annum (2)	20.83	-
Registrar - \$100.00 per annum (2)	8.33	-

Salaries:

Caretaker - (3)	\$275.00	}	302.17
Caretaker - Industrial Insurance rate \$6.17	17.00		
Caretaker - State Unemployment Insurance rate 2.7%	7.42		
Caretaker - O.A.B.	2.75		
Secretary - (2)	\$195.00	}	202.22
Secretary - State Unemployment Insurance rate 2.7%	5.27		
Secretary - O.A.B.	1.95		
Clerk & Stenographer - (2)	\$150.00		
Clerk & Stenographer - State Unemployment Insurance rate 2.7%	4.05	}	155.55
Clerk & Stenographer - O.A.B.	1.50		

Miscellaneous:

Telephone & Telegraph - estimated (2)	15.00
Traveling - estimated (2)	50.00
	<u>\$1,600.75</u>

(1) Paid by N. A. Wimer	\$331.08
Paid by Corporation	<u>181.49</u>
Total for period	\$512.57

(2) Paid by N. A. Wimer to date.

(3) Paid by N. A. Wimer	\$828.67
Paid by Corporation	<u>958.83</u>
Total for period	\$1,787.50

Additional charges are:

Depreciation & Depletion
Interest on Indebtedness
Trustee Fees

TENNESSEE SCHUYLKILL CORPORATION

ESTIMATED RENTAL INCOME FROM RESIDENTIAL PROPERTY - MONTHLY

JUNE 30, 1945

	<u>Per Month</u>
Engineers Residence	\$ 25.00
Chief Clerks Residence	15.00
Mine Superintendent's Residence	15.00
Master Mechanics Residence *	15.00
Office Clerks Residence	<u>10.00</u>
	<u>\$ 80.00</u>

* Rental on this house is being retained by occupant in liquidation of vacation pay due him per Union Contract at time Corporation discontinued operations.

TENNESSEE SCHUYLKILL CORPORATION

CAPITAL ASSETS FOR SALE

JUNE 30, 1945

TENNESSEE SCHUYLKILL CORPORATION

CAPITAL ASSETS FOR SALE

JUNE 30, 1945

	<u>Sold</u> <u>Balance Due</u>	<u>For Sale</u>
Tennessee Cafe	\$1,350.00	
Engineer's Residence (#5)		\$ 1,750.00
Refrigerator		100.00
Vulcan Hoist - Denver unit cell - 2 vacuum pumps	700.00	
Used Mining Equipment - See attached list		5,220.00
Warehouse Inventory:		
November 30th Balance Sheet	\$11,327.36	
Less: Sales to Contractors		
January	\$699.26	
February	517.79	
March	541.93	
April	258.15	
May	224.50	
	<u>\$2,241.63</u>	
Misc. sales by caretaker	<u>636.19</u>	<u>2,877.82</u>
Net balance		<u>8,449.54</u>
TOTALS.	\$2,050.00	\$15,519.54
		<u>2,050.00</u>
GRAND TOTAL		<u>\$17,569.54</u>

TENNESSEE SCHUYLKILL CORPORATION

CHLORIDE, ARIZONA

June 5, 1945

USED MINING EQUIPMENT FOR SALE

- 1 - Steel Shell Ball Mill - Colorado Iron Works - Size 4' X 5' outside measure - Clutch pulley drive - complete with shell and end liners and 50 HP Westinghouse 440V Induction motor.
- 1 - Dorr Simplex Classifier - Type D - Size 20" X 19".
- 2 - Steel Elevator Boots 8" X 16" Pulley - 4" X 6" buckets for approximately 60' length elevator belt.
- 1 - Flat Pulley - Outside Diameter 63 $\frac{1}{4}$ " - Width of Face 20 $\frac{7}{16}$ " - Bore 4.70 inches - Keyway 1 $\frac{1}{4}$ ".
- 1 - Ainsworth button balance - Type V6 - Sensitivity 1/200 mg.
- 1 - Smith & Thompson Button Balance.
- 1 - Troemer Analytical Balance.
- 1 - Troemer Pulp Balance.
- 1 - Becker Pulp Balance.
- 1 - Map Cabinet - 42" X 57" High - 10 Drawers 38" X 50 $\frac{1}{2}$ ", 2 $\frac{1}{4}$ " Deep, 2 Drawers 38" X 20", 3" Deep - Plywood bottoms and brass drawer pulls.
- 2 - 1600' Reels - 15/16" - 6 X 19 Used cable.
- 3 - 1600' Reels - 7/8" - 6 X 19 Used cable.
- 1 - Ingersoll Rand Compressor 1,000 cu. ft. capacity - Imperial Type 10 BD Right handside - Cyl. 20" X 16" - No. 25622 P.P., Left handside - Cyl. 12" X 16" - No. 25621 P.P., Flywheel - Belt Driven - Dia. Flywheel - 8 ft. Face - Flywheel 21 inches, 150 HP synchronous motor, Type AT-1, Form P.C. Speed 720 RPM, 3 phase, 60 cycle. 440V, 15 $\frac{3}{8}$ Amps, Slip ring type motor, equipped with D.C. exciter, Type EE - Form B.B. and controller and starter equipment - C.R. 1135 Al.
- 1 - 24' diameter X 10' stave, 3" Redwood, 30,500 gallon tank - weight 9625#.
- 1 - Agitator tank 3 $\frac{1}{2}$ ' Diameter, 4' Deep, Redwood stave construction, heavy angle iron top frame bolted to tank - 1.5 HP, 3 Phase 60 cycle 200-440V Induction motor.
- 1 - Oblong tank 6' wide, 7' high, 24' long $\frac{1}{4}$ " steel sheet - 3 rows outside 3" angle iron tie bands - Approx. cap. 7,500 gals. - heavy curved galvanized iron roof.