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U.S. v. ASARCO

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Document Author: HENRY DAY

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Type of Privilege:

ACC WP (CBI) DP (PI) Other

Reviewer: C Paletti

STATUTORY PRVILEGE OF
CONFIDENTIAL BUSINESS &
PROPRIETARY INFO

Day Mines, Inc.

Wallace, Idaho

May 28, 1951

Letter of Transmittal

Defense Minerals Administration
U. S. Department of the Interior
Washington, D. C.

Dear Sirs: Docket Number DMA-106:

"National Exploration Project",
C. D. A. District, Idaho

Original application for government assistance was made under date of November 30, 1950, to which reference is made. The above docket number was assigned under date of December 7, 1950. Since then the project has been examined in the field by the U. S. Geological Survey office of Spokane, Washington. New regulations and blank forms were received about one month ago. During the interim Day Mines, Inc., has continued to re-open the National crosscut, item 1-1' in the original application, and is spending roughly $4,000 per month in this task.

In view of the current situation, the original application of November 30, 1950, is hereby amended to an application for aid for an exploration project pursuant to Mineral Order 5, Defense Production Act of 1950, funds to be supplied on a 50-50 matching basis.

The applicant (and owner of the property), DMI, is filing Form MF-100.

Also Form MF-103 is attached, with data pertinent to the National mine, which has not operated since World War I, or more than 30 years ago.

An amended outline of the project follows, with a statement of the present situation with respect to the details of the original application of November 30, 1950, modified to a two-year program with total estimated expenditure slightly in excess of $300,000.

NATIONAL EXPLORATION PROJECT
"King Area" - C.D.A. District, Idaho

Item	(ITEM NUMBER REFERS TO PLAN MAP, PAGE 16 OF ORIGINAL APPLICATION OF 11/30/50 - Present status shown in small type).	Minimum Time	Approximate Cost
1-1'	REOPEN NATIONAL CROSSCUT (MAIN ADIT ON 1000 LEVEL) AT AN ELEVATION OF 4013 FEET, APPROXIMATELY 4600 FEET IN LENGTH: Nearly completed, but natural ventilation situation uncertain. May require considerable work to re-establish old openings through shaft-raise to level above.	2 Mos.	$10,000
2-2'	EXTEND THIS 1000 LEVEL NATIONAL CROSSCUT ABOUT 1000 FEET NORTHERLY TO INTERSECT MISSOULA VEIN, LAST EXPLORED MORE THAN 900 FEET VERTICALLY HIGHER. Probably cannot start until 1-1' entirely completed	4 "	35,000
3-3'	DRIFT A TOTAL OF 1000 FEET EASTERLY AND WESTERLY ALONG MISSOULA VEIN ON THIS 1000 NATIONAL LEVEL Follow 2-2'.	4 "	38,000
4	RECLAIM OLD WORKINGS OF NATIONAL MINE, BOTH ABOVE AND BELOW THE 1000 ADIT LEVEL, AT LEAST AS HIGH AS 600 LEVEL AND AS DEEP AS 1500 LEVEL WHICH IS REACHED BY A 43° INCLINED SHAFT.	6 "	30,000
	Part may be done by reclaiming upper workings for ventilation, under 1-1'. Inclined shaft may be filled with waste (by Nordquist?)	?	?
5-5'	AFTER ITEM 1 IS ACHIEVED, AND SIMULTANEOUSLY WITH ITEMS 2 TO 4 INCLUSIVE, DRIFT 4000 FEET WESTERLY ON NATIONAL 1000 LEVEL FOLLOWING THE VEIN ZONE OUT UNDERNEATH THE PRESENT LOWEST COPPER KING WORKINGS AT ELEVATION OF 4400 FEET, AND THEN RAISE ABOUT 375 FEET TO CONNECT WITH LATTER.	20 "	175,000
	May not be feasible under two-year limitation. Cannot be completed in that time if natural ventilation is not readily available at point "5". As partial substitute, will start preliminary diamond drilling from Copper King main crosscut, 3 holes totalling 2000 feet of AX section at $6, plus $5,000 crosscut rehabilitation, (see cross-section attached)	4 "	17,000
6-6'	ELIMINATED AS CANNOT BE COMPLETED WITHIN TWO-YEAR LIMITATION.		
	OVERALL TIME 24 MONTHS WITH ESTIMATED EXPENDITURE OF		$305,000

If additional details are required, please advise.

Very truly yours,

Henry L. Day
Manager

Air Mail
Enclosure

SCAN COVER SHEET ONLY

U.S. v. ASARCO

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File Bates Number: USGPD 0001005

File Owner: N. EADES

File Location: DOI - SOL, WASH DC

Document Date: 5/29/51

Document Title: APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

Document Author: HERY DAY

Original Document Attached: Y (N)

If not attached, Original Document Current Location
(must be segregated from other documents)

Type of Privilege:

ACC WP (CBI) DP (PI) Other

Reviewer: C Palletti

STATUTORY PRIVILEGE OF CONFIDENTIAL BUSINESS & PROPRIETARY INFO

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.
Approval expires 6-30-51.

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

DO NOT FILL IN THIS BLOCK

Docket No. .....

Date received .....

Participation .....

DAY MINES, INC.
"National Exploration Project"
Box 1010,
Wallace, Idaho.

Name and address of applicant

Date May 29, 1951

FILL IN THIS BLOCK

Date of application May 29, 1951 (amended)

Estimated cost $305,000

Mineral or metal Copper

Percentage of Government participation 50%

Location of mine 2 miles northeast of Mullan, Shoshone County, Idaho.

Date of filing MF-100 May 29, 1951

DMA Docket Number, if available 106

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four signed copies of the application to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive officer thereof, with your name and address on each sheet of the application and all accompanying papers. If any question is inapplicable, or if you cannot answer it, so state on the form. Where the space provided for answer is insufficient, answer on a separate sheet, annex it to the application form, and refer to it in space for answer. If the application is approved, you will be presented with an exploration project contract on Form MF-200, for your signature.

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation?
*2. If a partnership, state names and addresses of partners.
*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.
*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project.
*5. Are you the owner or the lessee of the property? Owner
6. If owner, state what claims, liens, or encumbrances, if any, are against the property. None
7. If lessee, attach a copy of the lease and state if it is in good standing. ✓

NOTE.—It will be necessary to procure and attach to the exploration project contract agreements of claimants, lienors, encumbrances and lessors subordinating their interests in the property to the interest of the Government under the contract.

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement. 1950 Annual Report attached.
9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)? $152,500.00. Yes.

*If you have already answered these questions on MF-100, you are not required to answer the questions for this application.

16—64067-1

RAH

THE PROPERTY

10. (a) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property. See attached.

(b) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

NOTE.—If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (b) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

*11. State the present and former names of the property, if any.

*12. State, in detail, the location of the property with reference to towns, railroads, roads, shipping points, including distances and directions and kinds and conditions of roads. See attached.

*13. State source and quantity of water available for operations and its sufficiency at all seasons.
State amount of power to be used, rate per hour or other cost, and source.

*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work.

15. State in detail how the ore could be shipped and how and where milled. See attached.

*16. History: See attached

(a) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations.

(b) State briefly the known history and production of adjoining and neighboring properties.

(c) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

*17. Production:

(a) If mine is in production, furnish the following information: Not in production.

	Tons per day	*Grade or analysis*	*Cost per ton*	*Net value per ton*
(1) Mining				
(2) Milling				
(3) Shipped or sold				

*18. Ore or mineral reserves: (If property is or has been operating.)

(a) Describe the ore or mineral deposits briefly. The National Project has no ore reserves.

(b) Submit available maps and assay data.

(c) Give estimated tonnage and grade of each class of ore reserves.

19. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions. See attached.

THE EXPLORATION

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted? See attached.

21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it. See page 2 of letter of transmittal

NOTE.—The Government will not participate in a project that will require more than 2 years to complete.

EMG

22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data. See attached.

THE REQUIREMENTS AND COSTS

RF

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:

(a) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each. See attached.

(b) Supervisors, by numbers and positions, with salaries of each.

(c) Cost of necessary repairs to existing facilities, structures, and buildings.

(d) Cost of necessary installation or construction of additional facilities, structures, and buildings.

(e) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each.

(f) Cost of rental for equipment which the operator proposes to rent.

(g) Rental value of items of equipment which the operator now owns and which will be devoted to the work.

(h) Cost of materials and supplies, including items of equipment costing less than $50 each.

(i) Cost of power, water, utilities, and any other items not provided for above.

24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent. See page 2 of letter of transmittal.

CERTIFICATION

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this form and accompanying papers is correct and complete to the best of their knowledge and belief.

DAY MINES, INC.
(Name of company)

By Henry L. Day
(Signature of authorized official)

May 29, 1951
(Date)

President
(Title)

Title 18, U. S. Code (Crimes), Section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

*Same as footnote on page 1.

Paragraph 8. Financial Statements on last two pages.

ANNUAL REPORT

DAY MINES, INC.

For the Year Ending December 31, 1950

Incorporated Under Laws of Idaho

GENERAL OFFICES

Wallace, Idaho

OFFICERS

HENRY L. DAY, President and Manager
F. M. ROTHROCK, Vice President
PAUL B. JESSUP, Vice President and Comptroller
S. F. HEITFELD, Secretary and Treasurer
R. W. ANNO, Asst. Secretary and Asst. Treasurer

DIRECTORS

ELEANOR DAY BOYCE,* Wallace, Idaho
HENRY L. DAY, Wallace, Idaho
WRAY D. FARMIN, Spokane, Washington
PAUL B. JESSUP, Wallace, Idaho
C. I. PAULSEN, Spokane, Washington
F. M. ROTHROCK, Spokane, Washington
F. W. ROTHROCK, Spokane, Washington

*Deceased Jan. 9, 1951

STOCK TRANSFER AGENT

The Chase National Bank — 11 Broad Street, New York 15, N. Y.

REGISTRAR

Central Hanover Bank & Trust Co. — Box 33, Church St. Station, New York 15, N. Y.

Manager's Report

Wallace, Idaho
March 23, 1951

TO THE STOCKHOLDERS OF
DAY MINES, INC.:

Herewith is submitted the annual report and financial statements for the calendar year 1950. The net profit after all deductions was $369,113.63 as contrasted with $167,692.89 for the year 1949. Cash amounted to $894,216.69 on December 31, 1950, and current assets exceeded current liabilities by $1,749,303.68. The ratio of current assets to current liabilities was approximately 5½ to 1.

DIVIDENDS: One dividend of 10c per share was paid in December, 1950, aggregating $288,657.50. It is estimated that this dividend is 100% taxable under federal revenue laws. The percentage of taxability of the 1949 dividend paid has not been determined as the books of the corporation have not been audited by the Bureau of Internal Revenue for the year of 1949.

PRODUCTION: The 1950 tonnage milled decreased approximately 10% from that milled the preceding year. However, due to an increase in the grade of ore milled, the silver and lead output during the year 1950 was greater than the previous year.

Drawing of old filling from the stopes of the Interstate Mine, which had been discontinued in January, 1950 due to a low zinc price, was resumed last August, along with resumption of stoping from the Amazon vein. Production at other mines was at a normal rate.

The following tabulation shows the tonnage and grade of the ore milled during the past five years. It includes production of predecessor companies of Day Mines, Inc.

	Dry Tons	Silver	Lead	Tons Milled From Which Zinc Recovered	Recoverable Zinc
1946	155,363	2.0 oz.	4.2%	105,761	5.5%
1947-Mine	220,912	2.9	5.1	129,708	4.9
-Tailings	20,059	2.5	3.2	20,059	3.7
1948-Mine	296,198	2.2	4.0	180,584	4.7
-Tailings	10,740	1.7	2.3	10,740	2.4
1949-Mine	228,209	2.7	4.6	122,452	5.1
-Filling	40,937	.6	1.4	40,937	2.6
1950-Mine	205,485	3.7	6.1	108,118	5.0
-Filling	12,205	.6	1.3	12,205	3.2

The gross metallic contents of the ores milled during the last five years are given herewith. The column for pounds of recoverable zinc applies only to the tonnages given in the next to last column above, from which zinc concentrates were made in the mills.

	Silver oz.	Lead lb.	Recoverable Zinc lb.
1946	314,049	12,933,120	11,708,960
1947-Mine	636,868	22,582,318	12,616,918
-Tailings	49,951	1,276,360	1,498,148
1948-Mine	652,983	23,935,306	16,877,482
-Tailings	17,971	493,370	515,992
1949-Mine	609,514	21,085,928	12,521,618
-Filling	23,548	1,132,612	2,131,258
1950-Mine	769,317	25,075,864	10,894,608
-Filling	6,815	304,008	768,552

LEASING: Five underground leases produced a total of 15,940 tons of milling ore in 1950. The average grade was 1.4 ounces of silver per ton, 3.3% lead, and 3.6% zinc. On the surface two dumps and two tailings leases reclaimed and milled 17,879 tons, averaging 0.8 ounces of silver per ton, 1.3% lead and 1.7% zinc.

The total royalties received during 1950 from all leasing operations amounted to $31,689.48, which is comparable to the amount of royalties received in the two preceding years.

EXPLORATION AND DEVELOPMENT: Total progress for the year was about 6% above the 1949 figure.

No major development or exploration was undertaken at the Dayrock Mine, although normal mine development disclosed a new vein at the east end of the 500′ level, the Dora vein, in which only negligible ore has been found to date.

Activity in the Monitor group was confined to resuming production at the Amazon Mine, supplemented by recovery of "gob" from the Interstate workings, in July, 1950.

In the Tamarack mine, exploration was directed primarily towards investigation of the Watson vein on the 3000′

level. Results were disappointing, and the prospects for new ore below this horizon are considered uncertain. However, this chance must be taken, and the necessary work is planned for 1951-52.

In the Hercules mine, a drift along the vein on the 1000′ level was driven westerly for a distance of 630 feet, where structural complications were encountered. A winze on the vein reached the 1300′ level in February, 1951, and the results to date are still considered encouraging.

In the Sherman mine, no new ore was found anywhere, and present reserves will be largely exhausted during 1951.

At the Sunset Lease, a mining partnership, in which Day Mines, Inc. has a 70% interest, the only activity has been through sub-leasing. The ore here is marginal and can be profitably mined only with a favorable zinc price.

The Galena Project, in which Day Mines, Inc. has a one-fourth participating interest, completed shaft-sinking to the 3000′ level (2930′ below the collar of the shaft) in the summer of 1950. Subsequent exploration has consisted of crosscutting, drifting and diamond drilling at this horizon. Results to date are considered encouraging.

At the National property in the King group, the long crosscut of the main adit (1000′) level was reopened to about 3000′ from the portal during 1950.

The following is a summary of progress of the exploration and development work during each of the past five years for Day Mines, Inc. and its predecessor corporations. The achievements of the latter are included for purposes of comparison.

	Drifting	Cross-cutting	Raising	Sinking	Diamond Drilling	Stations & Pockets
1946	4,787 ft.	4,998 ft.	3,638 ft.	..... ft.	4,587 ft.	38,418 cu. ft.
1947	9,501	5,832	4,525	518	8,807	69,056
1948	12,072	2,485	8,302	.....	11,669	59,142
1949	7,063	2,490	6,835	184	8,161	3,914
1950	7,774	2,568	6,988	340	2,351	21,048

ORE RESERVES: From the five principal mines, these were estimated to total 665,650 tons on December 31, 1950. This compares to 737,756 tons at the end of the previous year and represents a reduction of 10%, attributable chiefly to exhaustion of the Sherman ore body. Only "measured" and "indicated" classifications of ore, as defined by the United States Bureau of Mines, are considered in these calculations.

METAL PRICES: The following table shows the average quotation during the past five years of the three principal metals produced by Day Mines, Inc., and its predecessors. Silver figures are the average prices paid by the United States Treasury for newly-mined domestic metal, while the lead prices are New York quotations and the zinc prices are based on the St. Louis Market.

	Silver per oz.	Lead per lb.	Zinc per lb.
1946	80.56c	8.11c	8.73c
1947	90.00	14.67	10.50
1948	90.00	18.04	13.59
1949	90.00	15.36	12.14
1950	90.00	13.30	13.87

Under the law of July, 1946, the Treasury Department continued to purchase silver currently produced in the United States at an official price of 90½c per ounce, less handling charge.

Lead was quoted at 12c per pound in New York at the beginning of the year 1950. At the close of the year 1950 the price was 17c per pound. The low price during the year was reached in March when lead was quoted at 10½c per pound. The average price for lead during the year published by the Engineering and Mining Journal was 13.296c per pound. There were 16 changes in the price of lead during the year 1950.

Zinc was quoted at 9¾c per pound in St. Louis at the beginning of the year 1950. At the close of the year 1950 the price was 17½c per pound. The low price for zinc during the year was the quoted price at the beginning of the year. The average price for zinc during the year published by the Engineering and Mining Journal was 13.866c per pound. There were 12 changes in the price of zinc during the year 1950.

Zinc is presently in short supply in this country. While the lead supply is not as critical as zinc, it may be so in the foreseeable future.

CAPITAL ADDITIONS: The total expenditures for capital purposes in 1950, including advances to wholly owned subsidiaries, were $580,631.48.

Underground the principal expenditures were for new machinery and equipment at the various mines, continued exploration in the bottom of the Hercules mine, further deepening of the Galena shaft and exploration work from the bottom thereof, deepening the Tamarack shaft, and the partial reopening of the National tunnel.

New property acquisitions consisted chiefly of increasing the company's property holdings in the Coeur d'Alene Mining District in the State of Idaho, and the Metaline Mining District in the State of Washington.

SUBSIDIARIES: The activities of the Fern Mining Company, a wholly owned subsidiary, were confined mainly during the year 1950 to the maintenance of this property through the medium of performing the required assessment work on its unpatented mining claims.

The Aurum Mining Company, a wholly owned subsidiary company, was completely liquidated on September 1, 1950. Formal dissolution proceedings are in process. The Aurum properties are located at Republic, Washington. In February, 1950, all company operations were suspended and the plants put on a standby basis. Leasing was again

on a reduced scale during the year. The total Aurum output, shipped direct to a custom smelter as crude siliceous ore, aggregated:

Dry Tons	Gold Grade	Silver Grade
1,686	0.201 oz.	2.08 oz.

Royalty income amounted to $1,003.38, approximately one-fifth of the 1949 figures. Total expenditures during the year were $58,961.20 for exploration and maintenance of all properties. Net expenditures amounted to $14,896.61.

A controlling stock interest was acquired in the Hornsilver Mining & Milling Company and the C. & R. Mining Company, two non-producing Idaho corporations, having property holdings adjoining those of Day Mines, Inc., in the Coeur d'Alene Mining District.

GENERAL: During the latter part of the year 1950, Day Mines, Inc. acquired from the Rainbow Mining & Milling Company the right to use the Rainbow adit, commonly known as the Rainbow tunnel. Plans are being made to develop the Triangle group of claims, jointly owned by Day Mines, Inc. and the American Smelting & Refining Company, by the extension of this adit to the south.

During the year 1950, Day Mines, Inc., along with other mine operators in Coeur d'Alene Mining District, granted a voluntary cost of living wage adjustment to its production employees of 10c per hour.

The number of employees increased during the year due to the opening up of the Monitor operations. On December 31, 1950, there were 476 employees of all classifications on the payroll as compared with 392 as of the close of the preceding year. There were 640 hires and 556 separations during the year, resulting in a net increase of 84 employees.

Lead continues to be the metal of greatest value to the Company. Approximately 59% of the Company's gross income for 1950 was attributable to lead, 27% to zinc, and 14% to silver. The Dayrock and Sherman mines produce only lead-silver concentrates. The Tamarack and Monitor operations produce lead and zinc concentrates.

OUTLOOK: The properties of the Company are well equipped on the surface and underground. With the prospect of labor and material costs remaining relatively high, the prosperity of the Company is dependent upon the price of metals maintaining a similar position.

The Company will sustain a loss of income by reason of the exhaustion of the Sherman Mine, unless this production can be replaced by favorable development of the Hercules Mine.

This opportunity is taken to thank all employees whose loyal and efficient services made the 1950 results possible.

Respectfully submitted,

HENRY L. DAY
President and Manager.

Accountants' Certificate

DAY MINES, INC.

Symons Building
Spokane, Wash.
March 22, 1951

To the Board of Directors of
Day Mines, Inc.
Wallace, Idaho

Gentlemen:

We have examined the balance sheet of Day Mines, Inc., as of December 31, 1950, and the related statements of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and related statements of income and surplus, together with the notes thereon, present fairly the financial position of Day Mines, Inc., at December 31, 1950, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Yours very truly,

LeMASTER & DANIELS,
Certified Public Accountants.

DAY MINES, INC.

Balance Sheet

December 31, 1950

ASSETS

CURRENT ASSETS:		
Cash on hand and in banks		$ 894,216.69
Bonds and accrued interest (Market value, $158,255.65)		148,837.00
Concentrates in transit and sold to smelters		498,538.77
Concentrates on hand—at market value		65,163.50
Accounts and notes receivable		17,880.74
Mine and mill supplies on hand—at cost		345,858.81
Total current assets		1,970,495.51
INVESTMENTS:		
Shares of wholly owned subsidiaries at cost plus advances	$ 74,722.62	
Shares in other corporations—at cost	192,026.00	
Other investments—at cost	379,869.76	
Total investments		646,618.38
MINING PROPERTIES, PLANT AND EQUIPMENT:		
Operating mining properties:		
Mining claims, ore bodies and development (less reserves for depletion and amortization $1,279,601.65) (Note 1)	1,864,719.53	
Buildings, machinery and equipment (less reserves for depreciation $564,751.82)	554,646.63	
	2,419,366.16	
Non-operating mining properties, claims and development costs (Note 2)	2,928,818.43	
Land and water rights	14,296.55	
Total mining properties, plant and equipment		5,362,481.14
PREPAID INSURANCE		38,077.98
OTHER ASSETS		102,697.76
		$8,120,370.77

LIABILITIES

CURRENT LIABILITIES:		
Contracts payable		$ 8,500.00
Accounts payable		98,901.36
Wages and salaries payable		109,136.38
Provision for taxes		131,549.18
Total current liabilities		348,086.92
LONG-TERM LIABILITIES:		
Contracts payable	$ 50,500.00	
Less: Amount shown as current liability	8,500.00	
Total long-term liabilities		42,000.00
CAPITAL STOCK AND SURPLUS:		
Capital stock—authorized, 5,000,000 shares of 10c par value each; outstanding, 2,886,575 shares	288,657.50	
Surplus:		
Capital	$7,153,128.70	
Earned	288,497.65	
	7,441,626.35	
Total capital and surplus		7,730,283.85
		$8,120,370.77

NOTE 1: Values of mining claims and development costs of operating properties are stated at the bases reported to the Treasury Department for computing earnings and profits available for payment of dividends to shareholders. Properties included in this classification are producing mines or are in the advanced development stage.

NOTE 2: Non-operating mining properties, claims and development costs represent the book value of properties held for possible future development and are stated at values carried upon the books of predecessor corporations plus costs of additions subsequent to acquisition. Included in the total book value of non-operating properties is the sum of $1,537,027.00 representing the par value of shares of predecessor companies issued in exchange for property.

DAY MINES, INC.

Statement of Profit and Loss for the Year Ended December 31, 1950

OPERATING INCOME:			
Gross revenue from concentrates			$3,352,560.81
Royalties from lease operations			31,689.48
Gross revenue from custom milling			4,632.44
Total			3,388,882.73
OPERATING EXPENSES:			
Ore breaking		$1,873,038.96	
Milling		361,029.39	
Hauling ores and concentrates		4,819.94	
Office, administrative and general expenses:			
Salaries	$ 91,594.95		
Property taxes	56,310.82		
Other expenses	119,029.06	266,934.83	
			2,505,823.12
OPERATING PROFIT (before depletion, depreciation and amortization)			883,059.61
OTHER INCOME LESS OTHER CHARGES			55,775.34
PROFIT BEFORE DEPLETION, DEPRECIATION, AMORTIZATION AND INCOME TAXES			938,834.95
DEPRECIATION AND AMORTIZATION			251,664.76
PROFIT BEFORE INCOME TAXES AND DEPLETION			687,170.19
INCOME TAXES:			
Federal income tax		58,646.06	
State income tax		25,026.99	
State mine license tax		8,509.13	92,182.18
PROFIT BEFORE DEPLETION			594,988.01
DEPLETION			225,874.38
NET PROFIT			$ 369,113.63

DAY MINES, INC.

Statement of Surplus for the Year Ended December 31, 1950

CAPITAL SURPLUS:		
Balance at December 31, 1949		$7,219,026.35
Deduct:		
Prior years Federal income taxes of predecessor company	$ 8,532.81	
Prior year State income taxes of predecessor companies	770.85	
Write down arising from liquidation of wholly owned subsidiary	56,593.99	65,897.65
Balance at December 31, 1950		$7,153,128.70
EARNED SURPLUS:		
Balance at December 31, 1949		$ 208,041.52
Add:		
Net profit for the year 1950		369,113.63
		577,155.15
Deduct:		
Dividend paid (10c per share)		288,657.50
Balance at December 31, 1950		$ 288,497.65

DAY MINES, INC.

WALLACE, IDAHO

COPY

Form MF - 103 Application for aid for an Exploration Project pursuant to Mineral Order 5, under Defense Production Act of 1950.

NATIONAL EXPLORATION PROJECT

10. (a & b) The following is a list of the patented and unpatented claims in this project which includes the old National Copper Company, Copper King Company, and the Missoula Copper Company groups; plus 24 unpatented claims that have been located in recent years. These are all contiguous groups and located in T. 48 N., R. 5 and R. 6 E. B. M., Shoshone County, Idaho. The real property is the same as the legal description.

National Copper Group:

Claim	Survey No.	Claim	Survey No.
Victor	2245	Nellie	2302
Bull Frog	"	Mabel May	2246A
Victor No. 2	2242	Little Bert	2724A
Bill No. 1	"	Mable May No. 2	2724C
Bill No. 2	"		

Copper King Group:

Black Cloud	3098	Sunshine	3098
Snow Cloud	"	Sunshine No. 1	"
Red Cloud	"	Sunshine No. 2	"
Gray Cloud	"	King Richards	"
Huckleberry	"	Berryfield Fraction	"
Copper Queen	"	Copper King Fraction	"
Copper Queen Fraction	"	Portia	"
Copper King	"	King Henry VIII	"
Blue Streak	"	Dull Pen	2358
Sunshine Fraction	"		

Missoula Group:

Slide	2670	Lost Horse	2670
Slide Fraction	"	Wisconsin Fraction	"
Wisconsin	"	Ground Squirrel	"
Manistee	"	Olive	"
Missoula	"	Rose	"

DAY MINES, INC.

WALLACE, IDAHO

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NATIONAL EXPLORATION PROJECT
Page Two - Concluded

Unpatented Claims:

General No. 1
General No. 2
General No. 3
General No. 4
General No. 5
Eisenhower
General No. 6
General No. 7
General No. 8
General No. 9
General No. 10
Slide No. 2

General No. 11
General No. 12
General No. 13
General No. 14
General No. 15
June
General No. 16
General No. 21
General No. 22
General No. 23
General No. 24
April

Approximate total acreage of Patented Claims	537
Approximate total acreage of Unpatented Claims	297

DAY MINES, INC.

National Exploration Project - Form MF-103

Wallace, Idaho
May 30, 1951

ITEM 12. LOCATION:

The property embraced by the National exploration project consists mainly of the old holdings of three defunct corporations, Natinnal Copper, Missoula Copper and Copper King mining companies, which have been acquired in recent years by Day Mines, Inc., plus some newly located claims which are as yet unpatented.

The mineralized area to be explored covers 1½ miles along strike of vein systems, and is approximately ½ mile in width. It lies 1½ miles northeast of Mullan, Idaho, at the head of Dead Man Gulch, high up on the south slope of the ridge that divides the Mullan Canyon from the Burke Canyon. Mullan is 7 miles easterly of Wallace, Idaho; both towns lie on U.S. Highway 10, a paved road in this locality. The Northern Pacific Railway is but a mile distant from the National mine. The Gold Hunter siding another ½ mile away, would probably be the nearest shipping point. The present road from mine to railway is a dirt one, narrow and steep in a few places. It could be easily replaced with a much better grade.

DAY MINES, INC.

National Exploration Project - Form MF-103

Wallace, Idaho
May 30, 1951

ITEM MILLING:

15. Day Mines, Inc. is at the present time purchasing 99.57% of the outstanding stock of the Gold Hunter Mines, Inc. On the property of the latter there is located an all-flotation concentrator which has been idle for several years. This mill has a capacity of 300 tons per 24 hours, and with a nominal expenditure could be placed in condition to treat ores discovered by the National exploration project. The Hunter mill is less than two miles by truck from the National mine, and an eminently suitable trucking road on a down grade of about 5% could readily be constructed. This new road would be a great improvement over the present one serving the mine.

Also the Morning mill of Federal Mining and Smelting Company at Mullan, about a three-mile truck haul, has excess capacity, as well as possibly the Golconda mill, another four miles distant. In addition the Hercules mill of Day Mines, Inc., at Wallace, a 300-ton concentrator, about eleven miles by truck is lying idle.

16. HISTORY:

A concise statement of the former operation of this property, its production, difficulties, and final shut-down is given in the original application of November 30, 1950. Not much other accurate data is available.

DAY MINES, INC.

National Exploration Project - Form MF-103

Wallace, Idaho
May 30, 1951

ITEM OTHER CIRCUMSTANCES:

19. This project consists of the rehabilitation of the former main haulage level of the National mine, and extensions therefrom northeasterly and northwesterly which attempt to find new ore-bodies, plus a re-examination of the old National workings to ascertain if mineable extensions were overlooked by earlier operators.

20. ORES SOUGHT:

Copper is the principal metal sought as 170,000 tons (plus?) of milling ore were produced prior to 1920, averaging 1% copper and possibly 3 oz silver per ton. The old records are meager and fragmentary. However, the Copper King veins, several thousand feet to the northwest embraced in this contemplated project contained values in lead, zinc, copper and silver (possibly although not certainly) in that order of importance. These ores are all sulfides. True fissure veins as well as mineralized quartzitic beds are the two types of deposits sought.

22. GEOLOGICAL BASIS:

The "National Project" is a multiple-objective exploration venture, involving several different geological possibilities. The old National and Missoula group of workings were directed toward two different types of mineralization. The first was a rather low grade dissemination of a particular horizon in the Revett formation, and it was from this source

that the production of the old National Copper Company came. In addition, however, four separate well-defined quartz veins were also intersected and partly developed by the old workings -- chiefly the Missoula tunnels. These veins show small but variable amounts of sulphide minerals, including galena and chalcopyrite locally, and appear to be strong persistent structures. The Copper King workings were apparently concentrated along shear zones, and related branching structures, which are believed to lie along the course of the National Fault zone. Reports of the mineralization in the older workings vary considerably as to extent, although all agree that galena, sphalerite, and chalcopyrite were among the ore minerals contained in the veins; and a small quantity (5 or 6 tons) of good ore can be seen at the portal of one of the inaccessible upper tunnels. Experience in the Coeur d'Alene district, particularly in recent years, has shown that many veins which are low grade near the surface may be very fertile prospects with increasing depth. This is the primary basis for the "National Project".

Items 2-2' and 3-3' of the present exploration program are designed to prospect the Missoula vein, considered the most promising of the four noted above, at a depth of approximately 940 feet below its last known exposure. Item 4 will make possible a new evaluation of the disseminated copper mineralization in the Revett quartzite bed (or beds). The Snowstorm mine, a mile to the east is the principal example of this type of ore deposition. Item 5-5' is considered attractive for two reasons: (1) because it will explore the Copper King series of veins approximately 400 feet below the present workings, and (2) because it will prospect slightly more than half a mile of virgin territory along the strike of the National Fault zone. It is acknowledged to be the most speculative portion of the project, but it could equally become the most important.

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National Exploration Project - Form MF-103
Wallace, Idaho
May 30, 1951.

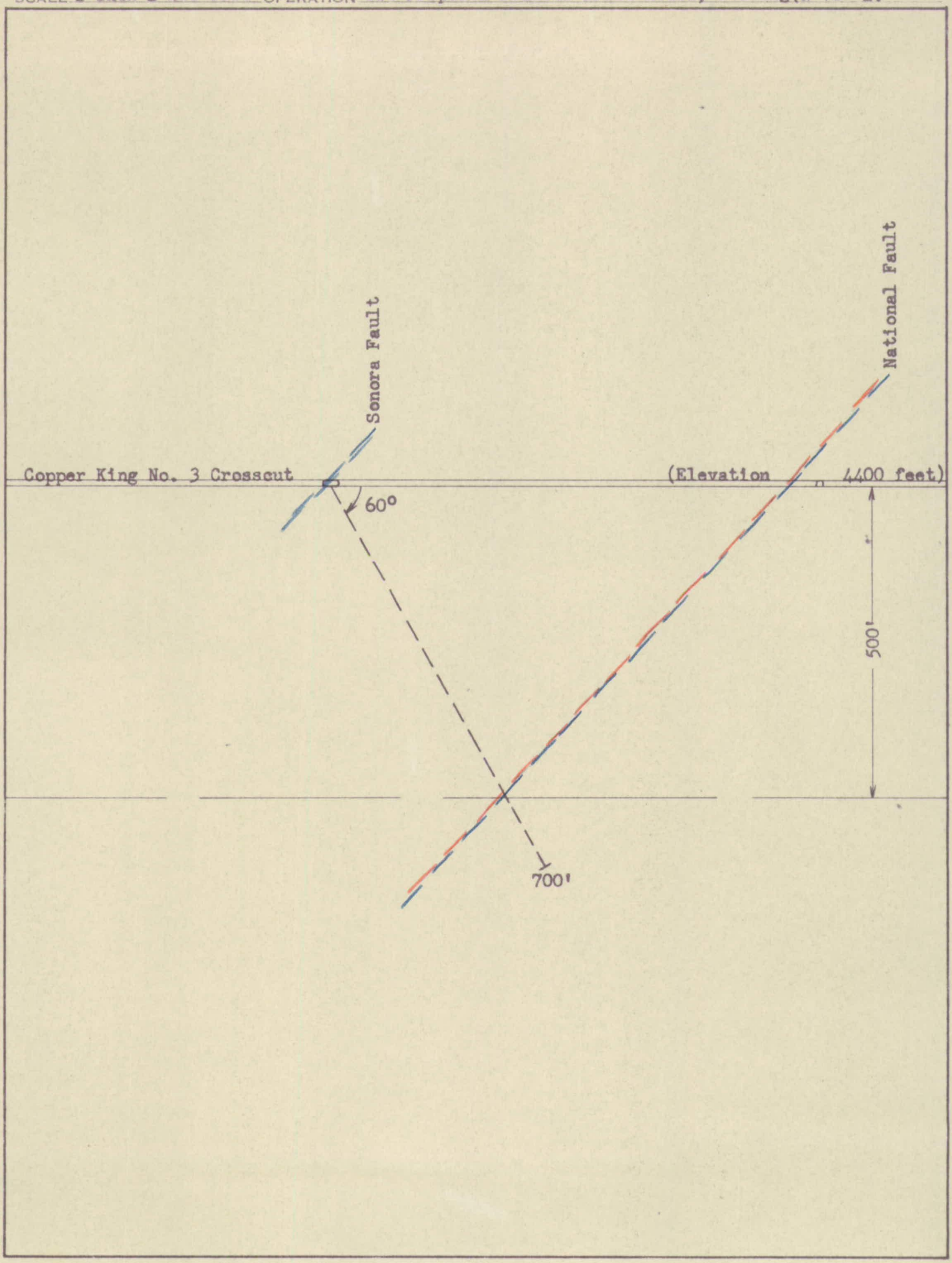
ITEM 23. C O S T S:

	Estimated Percentage of Total Cost	Basis	*ITEM 1-1' (Small letters) Reopen National Adit and Ventilation Raises	*ITEM 2-2' Extend Main Crosscut 1,000 ft. to Missoula Vein	*ITEM 3-3' Drift 1,000 ft. on Missoula Vein	*ITEM 4 Reclaim National Mine up to 600 level, down to 1500 level	*ITEM 5-5' Drift 4,000 ft. toward Copper King Mine; Raise 375 ft.; Rehabilitate and Diamond Drill 2,000 ft.	TOTALS
a. Direct Labor	50%		$ 5,000	$ 17,500	$ 19,000	$ 15,000	$ 96,000	$152,500
b. Supervision and Engineering	10%		1,000	3,500	3,800	3,000	19,200	30,500
c. Repairs to existing facilities.) d. Additional facilities installation) e. Cost of new equipment to be purchased) f. Rental of Equipment) g. Rental Value of DAY MINES, INC. equipment used)	10%		1,000	3,500	3,800	3,000	19,200	30,500
h. Materials and Supplies	20%		2,000	7,000	7,600	6,000	38,400	61,000
i. Power and Other Items	10%		1,000	3,500	3,800	3,000	19,200	30,500
TOTAL	100%		$10,000	$ 35,000	$ 38,000	$ 30,000	$ 192,000	$305,000

* these items refer to those enumerated in letter of transmittal of May 29, 1951.

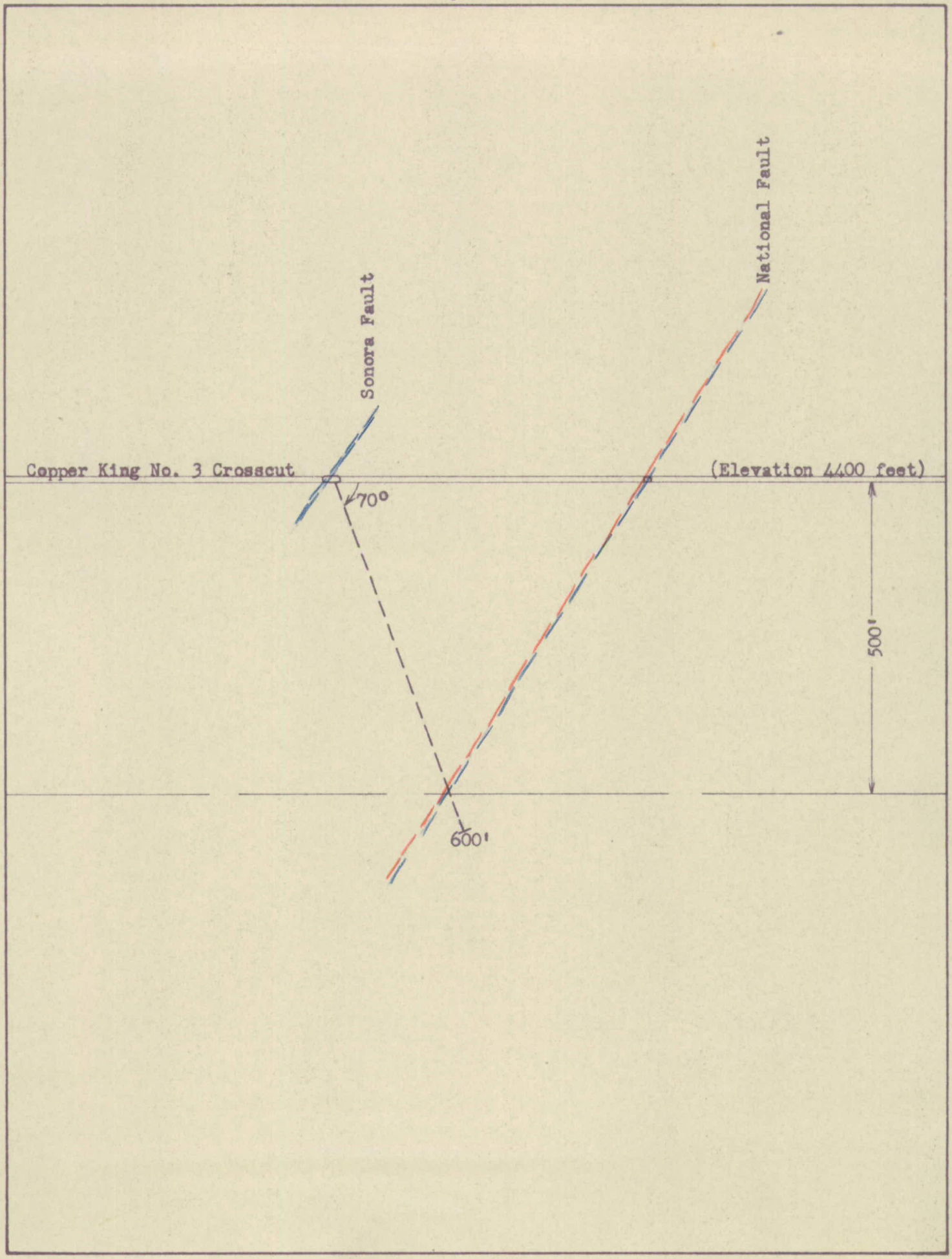
LEVEL Cross Section MINE Copper King (No. 3 Adit) DATE 5/29/51 BY FMG

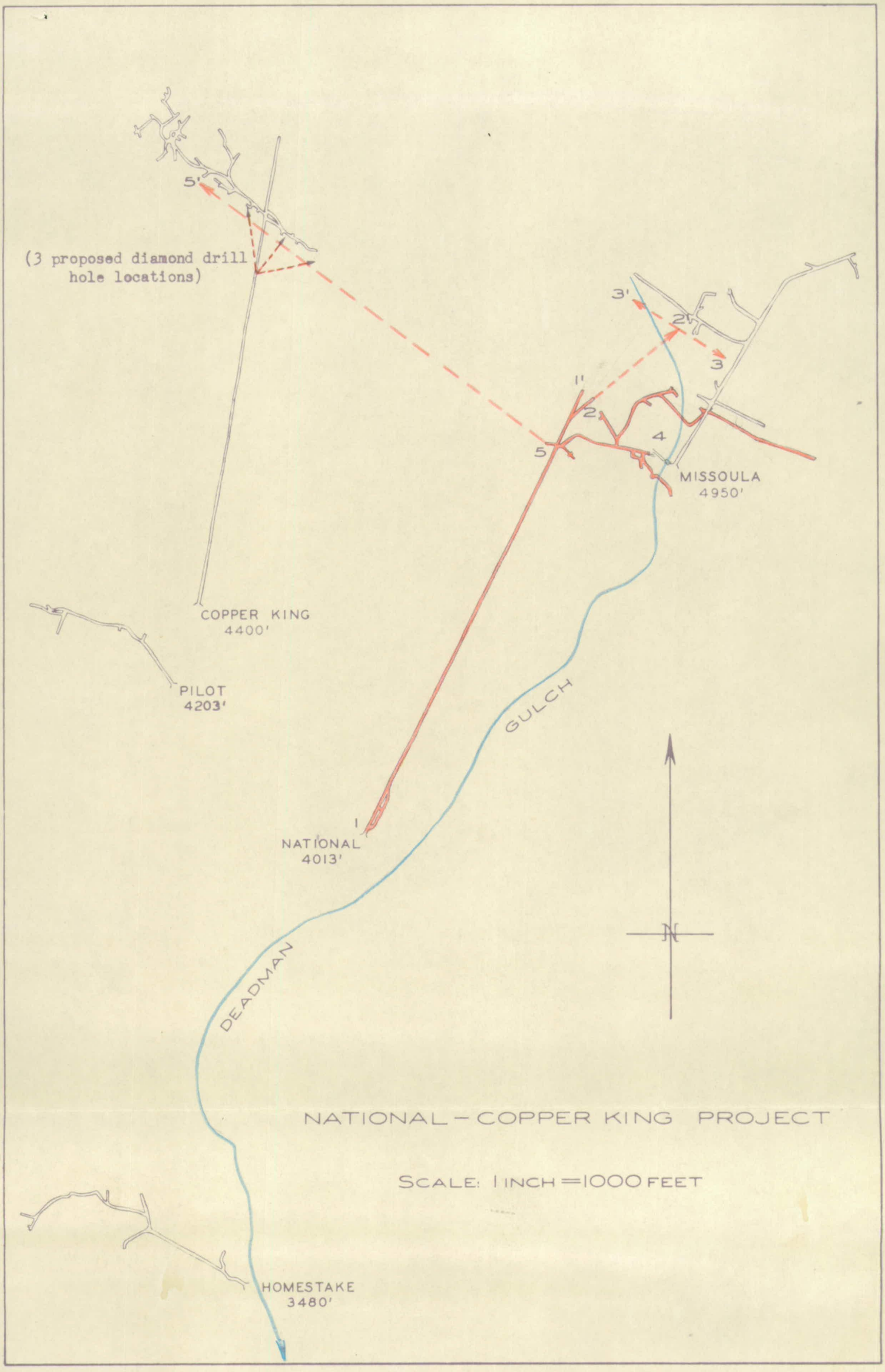
SCALE 1 inch = 200 feet OPERATION Two Proposed Diamond Drill Holes, bearing (N 8° W (N 78° E.



LEVEL Cross Section MINE Copper King (No. 3 Adit) DATE 5/29/51 BY FMG

SCALE 1 inch = 200 feet OPERATION Proposed Diamond Drill Hole, bearing N 35° E.




5'
(3 proposed diamond drill hole locations)
3'
2'
3
1'
2
4
5
MISSOULA
4950'
COPPER KING
4400'
PILOT
4203'
GULCH
1
NATIONAL
4013'
N
DEADMAN
NATIONAL - COPPER KING PROJECT
SCALE: 1 INCH = 1000 FEET
HOMESTAKE
3480'