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The Calhoun Consolidated Mines Company,

Mines in Gilpin County, Colorado.

OFFICERS AND DIRECTORS.

ALFRED M. STEARNS, President, and Treasurer, Lockland, Ohio.
PERCY R. ALSDORF, Secretary and Manager, Central City, Colorado.
GEORGE DEIHL, Cripple Creek, Colo. FRED E. GREEN, Oskaloosa, Iowa.
D. H. COBLE, Pittsburg, Pa. L. D. McCALL, New York, City, N. Y.
CHARLES A CONSTABLE, Erie, Pa.

Pittsburg, Pa., March 6th, 1912.

TO THE STOCKHOLDERS OF THE CALHOUN CONSOLIDATED MINES COMPANY:

Enclosed you will find report of the treasurer of your company, showing the financial condition at the present time. You will also find enclosed report of Mr. P. R. Alsdorf, E. M., of Central City, Colo., who during the last few months has been making a careful examination and investigation of that portion of the property now accessible, as well as making as complete an investigation as possible of developments which have taken place from adjacent property, which developments bear largely upon the future value of the properties of this company.

We trust each stockholder will give these reports his careful consideration.

At a special meeting of the stockholders of the company, held at the Hotel Henry, Pittsburg, Pa., on March 6th, 1912, at which meeting there were present twenty-eight stockholders in person, owning a total of 154,427 shares out of a present total outstanding issue of 401,834 shares, the conditions now existing at the property were thoroughly canvassed.

Owing to engineer's report, and other facts submitted, it was decided that it was not advisable to offer the property for sale, but that on the contrary, efforts should be at once made to raise a fund of money sufficient, not only to take care of the present obligations of the company, but also sufficient to thoroughly open up the property as recommended in the engineer's report, at an estimated cost of about \$55,000, and for the purpose of securing such funds, the directors were authorized and instructed to offer for sale 300,000 shares of the treasury stock of the company at 20c per share, this stock to be offered to the present stockholders of the company.

Enclosed you will find a subscription blank, which you are requested to fill out with the number of shares you desire to secure at this price, and forward at once to the offices of the company, Central City, Colo. The present stockholders will be given until April 20th, 1912, to designate the number of shares of this issue they desire to purchase, after which date, the stock remaining unsold will be offered at 25c per share to others not at present connected with the company.

It is the desire of the company that the present stockholders secure as much of this issue as possible and on the most favorable terms and conditions it is possible to offer. For that reason they are offered the stock at the 20c price and the secretary is also instructed, in case requests be made on him, to accept the payment of 25 per cent cash, 25 per cent in ninety days, 25 per cent in six months, and 25 per cent in nine months. In case, however, these terms are requested and given, no stock will be delivered until subscription is fully paid.

You will note from the report of Mr. Alsdorf, that owing to the recent discoveries in the upper workings of the West Calhoun and Kemp Calhoun mines, it is believed possible to start operations in a small way at once, which operations should be profitable. You are, therefore advised that by resolution of the stockholders, by unanimous vote at their meeting on March 6th, the directors have authorized the work to be started at once and have employed Mr. Alsdorf to superintend such operations. As fast as the funds are received from the sale of stock, the work of fully developing the property by the sinking of the Jefferson shaft an additional depth of at least 750 feet, and the drifting on the veins of the properties of this Company, a distance of 1500 feet, some 500 feet of cross-cutting and 1,000 feet of upraises, will be undertaken to the end that the ore bodies will be opened up and the property be placed on an earning basis.

The stockholders are advised that there has been discovered recently large bodies of rich ore at a depth of 1,360 feet below the surface in territory which, according to surveys in our possession, is believed to be in the property of this company.

At the meeting of stockholders Mr. C. A. Constable of Erie, Pa., and Mr. D. H. Coble of Pittsburg Pa., were selected to act as directors of the company to fill the two vacancies existing.

The plans as outlined in this communication, were advocated and adopted after a full and general discussion by the following stockholders, and by the unanimous consent and approved of each stockholder present, who are the owners of 154,427 shares of the issued capital stock;

- | | | |
|------------------------------------|---|-------------------------------------|
| Charles Broomfield, Pittsburg, Pa. | Joseph Bleakly, Donora, Pa. | D. H. Coble, Pittsburg, Pa. |
| George Deihl, Cripple Creek, Colo. | Robert Dempster, Donora, Pa. | H. Blanche Eckert, Erie Pa. |
| James L. Horning, Pittsburg, Pa. | H. H. Foringer, Erie, Pa. | Charles E. Foringer, Kaylor, Pa. |
| L. N. Fife, Venetia, Pa. | P. R. Alsdorf, Central City, Colo. | L. D. McCall, New York City, N. Y. |
| Gustave Johns, Fairhaven, Pa. | O. W. Kennedy, Uniontown, Pa. | James Somes, Bellevue, Pa. |
| E. G. Wasson, Cuba, New York. | Alfred M. Stearns, Lockland, Ohio. | August Reinert, New Kensington, Pa. |
| Mabel K. Somes, Bellevue, Pa. | C. A. Constable, Erie, Pa. | Geo. W. Fess, New Kensington, Pa. |
| | Justice Eakin, New Martinsville, W. Va., and others by proxy. | |

An informal meeting of the stockholders was held at Erie, Pa., Tuesday, March 12th, at which there were present some 25 stockholders residing in that vicinity. The reports presented to the Pittsburg meeting, were made by Mr. Alsdorf, and the actions taken by that meeting seemed to meet their approval.

Oct. 1948 Mrs. E. C. Cullin - Entert

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Treasurer's Report.

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CALHOUN CONSOLIDATED MINES COMPANY.

Pittsburg, Pa., March 6th, 1912.

STOCK

Capitalization, 1,000,000 shares, par value, \$1.00, fully paid and non-assessable.

Issued 401,834 shares
Balance in Treasury 598,166 shares

RECEIPTS

August 18, 1911, Balance	\$772.51
Oct. 17, 1911, Cash, sale of stock ..	20.00
Dec. 20, 1911, Loan, A. M. Stearns ..	50.00
Jan. 31, 1912, Loan, A. M. Stearns ..	500.00
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	\$1342.51

EXPENDITURES

Building repairs	\$164.50
Office expense	320.90
Pay roll	330.00
General expense	79.45
Mine examination	235.00
James H. Thomas	6.10
Bank Balance, Jan. 31, 1912	206.56
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	\$1342.51

LIABILITIES

Loans from F. A. Williams, Aug. 18, 1911	\$800.00
Loans A. M. Stearns	550.00
Taxes, sale, interest and redemption costs for years 1909-1910	1587.15
Taxes year 1911, now due	457.00
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	\$3394.15

Respectfully submitted,

A. M. STEARNS,

Treasurer.

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COLORADO SCHOOL OF MINES
GOLDEN, COLORADO

ENGINEER'S REPORT,

TO THE PRESIDENT AND BOARD OF DIRECTORS OF THE CALHOUN CONS. MINES COMPANY:

GENTLEMEN:-

In accordance with the wish of your President, I have made an examination of the surface, the buildings, the plants, and accessible workings of your several claims and mine shafts, and submit the following data concerning them, together with interesting data obtained from adjacent operations.

Property.

Consists of the Capital Prize, Survey No. 5979, Jefferson, Sur. No. 768, Calhoun, Sur. 8419, Jefferson, Sur. No. 1011, Calhoun, Sur. No. 231, Mayflower, Sur. No. 5512, Calhoun, Sur. No. 837, East Calhoun, Sur. No. 7319, Fremont, Sur. No. 7953, and Gold King, Sur. No. 7953; lodes all held under United States patent.

Physical Conditions.

At the meeting of your Board of Directors, held at Central City, August 18th, 1911, it was ordered to repaint all buildings, stacks, repair all loosened places on the several buildings and plants. This was done at an expense of \$164.50, and all have withstood the past severe winter in excellent shape.

East Calhoun Plant.

In good shape, all movable tools, brasses, supplies are stored here, insured against fire, and under the care of a watchman. The boiler is badly pitted and may require new tubes before operation again.

Shaft:

Ladderway in fair condition, plank in the shaft loose and dangerous until repairs are made, no immediate signs of the walls caving; water level on December 20th, was 380 feet from the collar.

West Calhoun Plant:

The building is in excellent repair, the engine is too small and worn for extensive operations, and were it deemed advisable to push operations on this shaft, would have to be replaced; the boiler can be made to answer for small operations, by replacing one or more tubes.

Shaft:

Is in first class shape to the 387 level, except at the 275-foot level where operations by leasers have broken the timbers and plank; some rock and minor repairs are required, and an expenditure of \$100 will fix it up. The water is 10 feet above the 5 level, but had been in the 387-level probably last Spring.

Kemp Building:

This shaft has no machinery equipment on it, and the building is not in good shape, the ladders being rotten, but the shaft way is open. It is not necessary to keep this place in good repairs, as it is used for airway only.

Jefferson Plant:

This building is in fine shape, and all of the plant as good as when placed, small repairs amounting to \$25.00 being required to fix up the engine and pump. It is reported that the boiler tubes are thin and may have to be replaced later. It will cost approximately to put in commission, \$100.00.

Shaft:

The ladderway and hoisting ways are in fine shape down to the water level, a distance of 320 feet, but if the mine is kept idle, it will be necessary to provide air circulation soon to prevent dry rot to the shaft timbers.

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Underground Workings:

Nearly all workings above the water level in the several mines are accessible, and we were enabled to form a good opinion of the veins and workings. We took some 125 samples from the accessible workings, which returned negative values as far as commercial operations were concerned, except in the west 387 level of the West Calhoun shaft.

This level is driven on a vein, whose course is 40 deg. North of the regular course of the Calhoun vein and whose dip is 15 deg. flatter than the dip of the Calhoun vein as shown in the shaft and raise at this level. This would make it appear as though this vein had not been touched from this level to the surface (380 feet) and that it apexed in your Mayflower Lode claim. This vein is an older formation that the Calhoun deposit and does not, as far as noted, join or intersect it, but remains tangent to it.

This vein is followed by the level, a distance of 179 feet, the first 35 feet returning negative commercial results, the next 35 feet returning average values of \$104.00 in gold and silver, from 2.4 per cent to 29 per cent uranium oxide, which averaged 6.1 per cent, which is worth approximately \$360 per ton, or a total gross value of \$464 per ton, averaging 3.1 inches in width.

The next 40 feet gave gold and silver value of \$70.00 per ton, with small percentages of uranium, while the last 60 feet returned no commercial profit ore in sight.

Uranium, being a secondary deposit mineral, as we have it in this vein, is apparently deposited only under certain chemical conditions of the country rock, and is therefore extremely erratic and spasmodic in occurrence in the vein. This has proven the case in the few mines of the world, where it has been found to date, the pockets when found are quite profitable but development for other pockets, in most cases absorb the profit so obtained.

To mine and develop for the uranium alone would therefore be a very serious gamble, were it not for the fact that the exposed faces of ore show us enough gold and silver value to more than pay our operating expenses, development expense, and a margin over, leaving the uranium obtained as clear profit.

The operation in this level can be carried on at very little cost and does not necessitate operating the large plant at the Jefferson shaft at the same time; if the operations prove unprofitable at any time they can be suspended immediately.

I would recommend the starting of operations with three or four men underground at once, to exploit this ore body, later to crosscut from the upper Calhoun levels north to this vein, and see the results above.

The surface plant need not be fired up only once or twice a week to hoist out dull steel, and broken dirt, thus confining the expense almost entirely to production and development of the ore body.

I have received bids for the 28 per cent ore, which will net the Company \$1500 per ton for the uranium. I give it my opinion that it will not be difficult to hand-sort this ore to nearly this grade,

at a cost of \$3.00 per ton, or from data at hand, it seems possible to treat the lower grade materials 2 to 4 per cent profitably in Henry Woods' concentrator, at Denver, at a cost of \$20.00 per ton, making as high as 55 per cent product with a good percentage of saving.

From the demand, I see no immediate danger of overstocking the market, and breaking the present prices, which run to \$4.50 per pound for the higher percentages.

Calhoun Vein, 387 Level, West:

At a point 40 feet from the West Calhoun shaft on the south side of the drift, there is a small vein which corresponds to the general course and dip of the Calhoun vein, going into the wall. My samples gave 3 inches, assaying \$140 per ton, and after shooting a few holes, found it continuing on, assaying \$70.00 per ton in gold and silver. I would recommend that this vein be followed for a distance, as its course and direction would lead it under the bottom of the shaft and ore bodies of the Kemp shaft.

Calhoun Vein, 275 Level, West of Kemp Shaft:

The regular vein, followed by this drift, at a distance 150 feet from the Kemp shaft, is intersected by a vein at an angle of 35 deg. to it, and the level follows this vein to connect with the Jefferson 387 level.

The Calhoun vein apparently continues in its same general direction and dip, although quite small and of no commercial value; the walls of the fracture are quite plain, and continued, would apparently correspond to the vein known as the Little Jefferson of your property. I believe it wise to drive along this fracture to prove the vein, whether ore be encountered or not, as will later appear.

Recent Developments Bearing on Calhoun Property:

One of the adjacent mining companies to the south of the Calhoun, have been extensively developing their mine, sinking their shaft to a total depth of 1500 feet on an average incline of 55 deg., and from surveys of their shaft and workings in our possession, show their bottom workings north of

the center of the Calhoun acreage. They have diamond drilled the country to the north of their vein, from their 1400 and 1500 levels, locating veins a distance of 50 feet and 187 feet north of their fracture; they crosscut to these veins, and on the first one have driven east 400 feet, and west 252 feet, with reputed good values. The 187-foot vein- just cut, yielded much higher grade values, and they are now drifting on it. The reported values obtained are so good that were they divided by two they show an excellent profit above all operating, developing and milling charges.

The survey notes platted on the Calhoun maps, together with the distance of these veins located, would indicate that the first one would correspond to the Kemp Calhoun vein in direction, dip and location, provided this Kemp vein maintained its course and dip, for 800 feet deeper, as it shows for the first 500 feet.

The second vein, which reports give such good values, would be within 8 feet of the location of the Jefferson vein, if we assume the same dip and course for it, a distance of 752 feet deeper, as it had for the first 605 feet.

No one can state that these veins belong to the Calhoun Company definitely, until the shaft is sunk, and the vein proven up at that depth 752 feet deeper than the present workings on the Jefferson shaft.

Further than expressing my belief in the accuracy of the survey notes of this adjoining mine, and that from my observation of the regularity of the Calhoun and Jefferson fractures, that there is no reason to expect a sudden change in their dip, course, or any faults likely to be encountered, I cannot go. It seems to me to be necessary to prove the several veins, known to apex on your property to this depth, for this purpose I submit the following estimates taken from cost operations of similarly situated mines in this district.

Costs:

Sinking of 3 compartment Jefferson shaft, timbering, top expense and overhead costs at the rate of 90 feet per month, \$32.50 per foot, a distance of 750 feet	\$24,375
Estimate of unwatering present shaft	500
Estimate of retimbering (maximum)	1,000
Total to sink shaft to depth of 1,355 feet	\$25,875
There should be provided for drifting 1500 feet at \$9.50 per foot	\$14,250
Also 500 feet of crosscuts at \$10.00 per foot	5,000
And 1,000 feet of upraises at \$8.00 per foot	8,000
Total	\$27,250
Or to prove up the real value of your property, you should be prepared to expend	\$55,000.

Additional Matters Bearing on Calhoun Property:

I note that the West Calhoun ore body, which was profitable, ended with depth when the vein fracture went into the formation known as the Idaho Springs Schist. I also note the Kemp ore body west, stopped when this same schist was encountered; that no values were found in the Jefferson vein after it went into this same formation. From what I can gather, the East Calhoun shaft encountered this, and all work did not yield any encouragement for a distance of 340 feet, when the granite-gneiss was again encountered, and with it the regularity of the vein fracture, and coincident, ore yielding a profit to the operators.

Other adjacent mines have sunk through this formation and have been quite discouraged while in this schist, owing to almost total lack of pay values, but have found much better conditions below in the granite-gneiss. My data approximates it from 250 to 350 feet in thickness, so far as proven.

Your Jefferson shaft is in this formation a distance of 200 feet, with the shaft now, and here-say reports the last few feet to be in the granite again, and from experience of others you are warranted in expecting much better values in your vein and a better fracture to follow.

The geologists tell us that is it probably due to the soft nature of this schist crumbling instead of fracturing, and the vein values being therefore disseminated through the country, rather than concentrated in the fracture.

The cores taken from the diamond drill, work of your neighbor are solid granite, and the rock from their crosscut shows no schist. In closing, I wish too state that it is difficult to make the conditions clear without the use of maps, but those who have seen the maps can readily understand that this is a plain statement of the facts as they exist.

Very respectfully submitted,

P. R. ALSDORF,

Engineer of Mines