

STONE CABIN CONSOLIDATED MINES, INC.

70 PINE STREET

NEW YORK, N. Y.

(SUITE 923)

MINE-COMO-LYON COUNTY, NEVADA
(P. O.) DAYTON, NEVADA

This letter is not, and is under no circumstances to be construed as an offering of these securities for sale or as a solicitation of an offer to buy any of such securities. The offering will be made only by the Prospectus which will be made available to you when all the requirements of the Securities and Exchange Commission have been fulfilled.

August 31, 1936.

To the Stockholders of

STONE CABIN CONSOLIDATED MINES, INC.:

In my letter to the stockholders dated June 26, 1936, certain definite plans for the operation of your property were outlined. These plans, as stated, were dependent upon the successful conclusion of the financial arrangements. Such arrangements have been delayed and the underwriters have not been successful in completing their program up to the present time.

Our operating program cannot and should not be delayed longer. It is essential in order to protect and promote the interests of all stockholders that the mill be put in operation immediately producing gold concentrates only. This is the opinion of your present management and its soundness is supported and confirmed by opinions of several independent mining engineers whose reports are on file in the Company's office. We quote excerpts from some of these reports, viz:

F. W. ROYER, E.M.: "You have a property of very great potentialities, which I firmly believe, on development, will make a mine of magnitude." (*Report dated May, 1933*)

GEO. A. KENNEDY, E.M.: "There is no question about ample tonnage being available for big operations and should future development prove sufficient values to exist throughout the exposed area a mill of even 1,000 tons daily capacity can be supplied for many years." (*Report dated July, 1934*)

FRED H. DAKIN, E.M.: "The part of it above the 125 foot level, figures close to 100,000 tons. There is a possibility that 2,000,000 tons or more of this grade can be developed, in which case 500 ton mill operation can be made profitable. The development possibilities include two objectives—first the development of addition \$6. or \$7. ore by sinking the winze, and second the development of \$4.50 ore in sufficient quantity for a 500 ton mill by sinking the winze and by driving a new adit." (*Report dated July, 1934*)

R. A. HARDY, E.M.: "There is considerable tonnage of low grade ore indicated from the present development work. The surface cuts and main tunnel indicate a length of about 350 feet of oxidized ore having a probable value between \$3.00 and \$4.00, over widths of 30 feet or more. These values may be increased by the inclusion of bunches of higher grade ores that were found originally in the old workings near the surface. While operations will be marginal they should show a profit per ton mined by operating on a scale not less than 300 tons per day." (*Report dated July, 1936*)

G. C. SNYMAN, E.M., and General Manager: "As a result of my many visits to the mine and careful study of the Pony Meadows ore bodies, and a close analysis of the mining and milling costs of the 1935 operation, I am convinced beyond any doubt, that a more satisfactory operating cost can be obtained which will insure profits for your Company."

"Instead of only milling 122½ tons per day, as indicated in the previous operation, a tonnage of 300 and 500 can be maintained. The management definitely plans to eliminate the cyanide and leaching unit, for the present, which consumed in the past operation excessive water and the slime interference caused heavy metal losses, accounting for one-third of our total operating costs."

"The present flow sheet provides for the recovery of 50% plus of the metal values by means of recently improved mineral jigs, and the balance of the recoveries will be accounted for through flotation and concentration."

"A study of our assay maps and previous ore breaking data, also our contemplated plans for mining by power shovel, indicates we should maintain a \$4.00 or better mill-head, and our total costs including metallurgical losses should not exceed \$2.00 per ton. Therefore, all ore milled in excess of \$2.00 would show a profit. I am basing my opinion on the following estimates compared with the operating costs of 1935, which operations were beset with many obstacles, always present in starting any new mill."

COSTS PER TON—6 MONTHS 1935 AVERAGE 122½ TONS DAILY (USING \$4.00 ORE)		COSTS PER TON—NEW BASIS MAKING CONCENTRATES ONLY 500 TONS DAILY (USING \$4.00 ORE)	
MINING		MINING	
Labor	\$.77	Supplies - Blasting - Labor	\$.15
Supplies .....	.22	Power Shovel (Contract) .....	.25
Power .....	.04		\$.40
	\$1.03	Indirect - Overhead and General...	\$.05
Indirect - Overhead and General...	.08	TOTAL MINING	\$.45
TOTAL MINING	\$1.11		
MILLING		MILLING	
Labor	\$.92	Labor (43% less)	\$.52
Supplies .....	.40	Supplies (50% less) .....	.20
Power .....	.23	Power .....	.13
	\$1.55		\$.85
Indirect - Overhead and General...	.08	Indirect - Overhead and General Plus Marketing .....	.30
TOTAL MILLING	\$1.63	TOTAL MILLING	\$1.15
TOTAL MINING AND MILLING.....	\$2.74	TOTAL MINING AND MILLING.....	\$1.60
METAL LOSSES IN MILLING 34%	1.36	METAL LOSSES IN MILLING 10%	.40
	\$4.10		\$2.00

"During the course of past development operations many stringers of higher grade ore were encountered with depth in the Pony Meadows Vein, and I agree, with the other conservative engineers who have examined our Pony Meadows Vein, that we have a mine with great potential possibilities, and that higher grades of ore will undoubtedly be encountered by further systematic development." (Report dated August, 1936)

It is the opinion of your present management that the mining and milling of the ore, on the Pony Meadows Vein, should not have been discontinued but that operations should have continued there and the imperfect phases adjusted through the continued operation of the mill as was originally planned by the Company.

The immediate operation of the mill on a power shovel, large tonnage, low cost basis, should be profitable and successful. We propose to mine the ore by power shovel operation and to increase the present capacity of the mill from 300 tons daily to 500 tons daily.

During the six months milling operation of this plant in 1935, a total tonnage of 22,181 tons of ore was actually milled, or an average of 122½ tons per day. We produced and shipped a total of \$27,990 of gold product. The analysis of the cost system, maintained during the period of operations of this plant, show that our total mining and milling costs per ton of ore was \$2.74 per ton. This low cost was without power shoveling, and milling with constant shortages of water due to the cyanide leaching operation. It is an assured fact that by our present plans of power shovel and enlarged operations these costs can be very greatly reduced.

Based on costs of \$2.74 per ton from our actual operation, which was limited because of conditions explained, total expenses of mining and milling 500 tons of ore per day should not exceed \$2.00 per ton. All ore over \$2.00 gross value per ton should be profitable. Your management is very confident that an average grade of \$4.00 per ton or better can be maintained. Therefore, your

property should yield a profit of \$30,000 per month or \$360,000 per year on a 500 ton daily operation.

The Company is now faced with the problem of meeting at maturity, October 1, 1936, \$25,000 outstanding 6% Notes, being the balance of a total issue of \$60,000 secured by a first lien on the mill and milling equipment of the Company. \$35,000 of these Notes have been retired. *This maturity must be met to protect the full interests of all stockholders.* In addition to these \$25,000 Notes falling due on October 1, 1936, there are current accounts of trade creditors in the amount of approximately \$10,000 due and payable, and further working capital is required immediately in order to put the property in full operation and add necessary equipment to increase the capacity of the mill to 500 tons per day.

In order to take care of these obligations, your Officers are making plans to issue shortly:

\$100,000 Principal Amount First Mortgage & Refunding 6% Notes, in denominations of \$1,000, \$500, and \$100, to be dated October 1, 1936 and to mature October 1, 1938.

This new issue of Notes, when issued subject to the requirements of the Securities Act of 1933 and the regulations of the Securities and Exchange Commission, will be, upon retirement of the \$25,000 Secured Notes now outstanding, a first mortgage on all the property of Stone Cabin Consolidated Mines, Inc. located in the Palmyra and Indian Springs Mining District, Lyon County, Nevada, and will be payable out of 20% of the net smelter or U. S. Mint receipts of the product of the Company as sold. The Trustee under the Note issue will call by lot at monthly intervals such Notes in denominations of \$100 or multiples thereof as are required by funds it has received direct from the smelter or U. S. Mint.

This financing is for the sole purpose of putting your Company in full operation and placing its financial affairs in good condition. Being a first mortgage it will have a preferred asset position in the Company, ranking ahead of your stockholdings. Therefore, to protect your present investment in the Company and to put your Company in operation, we earnestly ask your cooperation.

Enclosed find return envelope and application blank for your convenience. This application for Notes will only be accepted subject to the financing Plan being declared operative.

It is of paramount importance that we have the full cooperation of the stockholders in this matter immediately. Only by immediate action on the part of all stockholders can the pending financial stringency of the Company be averted.

FURTHER, several of the larger stockholders have donated to a Trustee sufficient of their holdings to be given as a bonus to the purchasers of these Notes. With each \$100 Note purchased, 200 shares of stock will be given as a bonus, and in the same proportion, bonus stock will be given for larger amounts of Notes purchased.

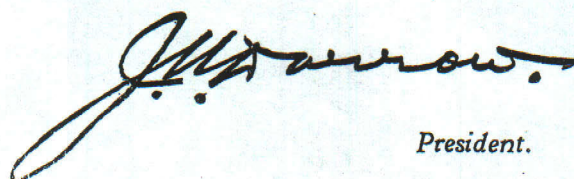
Your management feels that with the mill operating on the schedule herein outlined these Notes will be retired long before maturity.

The management reserves the right to declare the financing operative when in their opinion sufficient Notes have been purchased to make effective this program of operation as outlined. They further reserve the right to accept or reject any or all of the subscriptions received.

This program has been determined after very serious thought and consideration and is solely, in our opinion, for the benefit of all the stockholders.

Please reply promptly.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. H. Morrow", with a long, sweeping underline that extends to the left and then curves back under the name.

President.

P.S. In order to keep you advised of Company's developments, please notify us of any change in your address.

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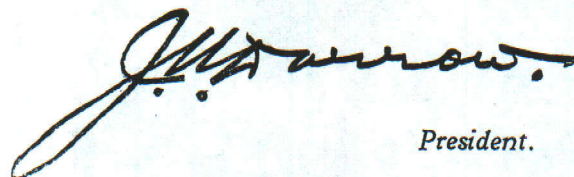
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President.

P.S. In order to keep you advised of Company's developments, please notify us of any change in your address.

Peter
Guilsey

~~Guilsey~~

322-3195

775. Maina Drive.
Rae

Call
Frank Zorpi.
Deel mtr.
Paley.

Interested in and
comodac
narcotics
Back in Reno
By 1 Oct 7

STONE CABIN PROPERTY
 COMO - LYON CO - NEVADA.
 - PALMYRA - MINING - DIST

Loc: at Como in Pine Nut Range in S.W. Lyon
 County. - DAYTON on SPAR. is 12 mi N.W.
 SOMETIMES CALLED PALMYRA + INDIAN
 SPRINGS DISTRICT. E & DORADO - COAL
 DISTRICT ADJOINS IT ON WEST

SECTIONS 14 + 15 - Twp 15N - Rge. 22E.
 (STONE CABIN ?)

SEE - SUMMARY IN "LINCOLN."

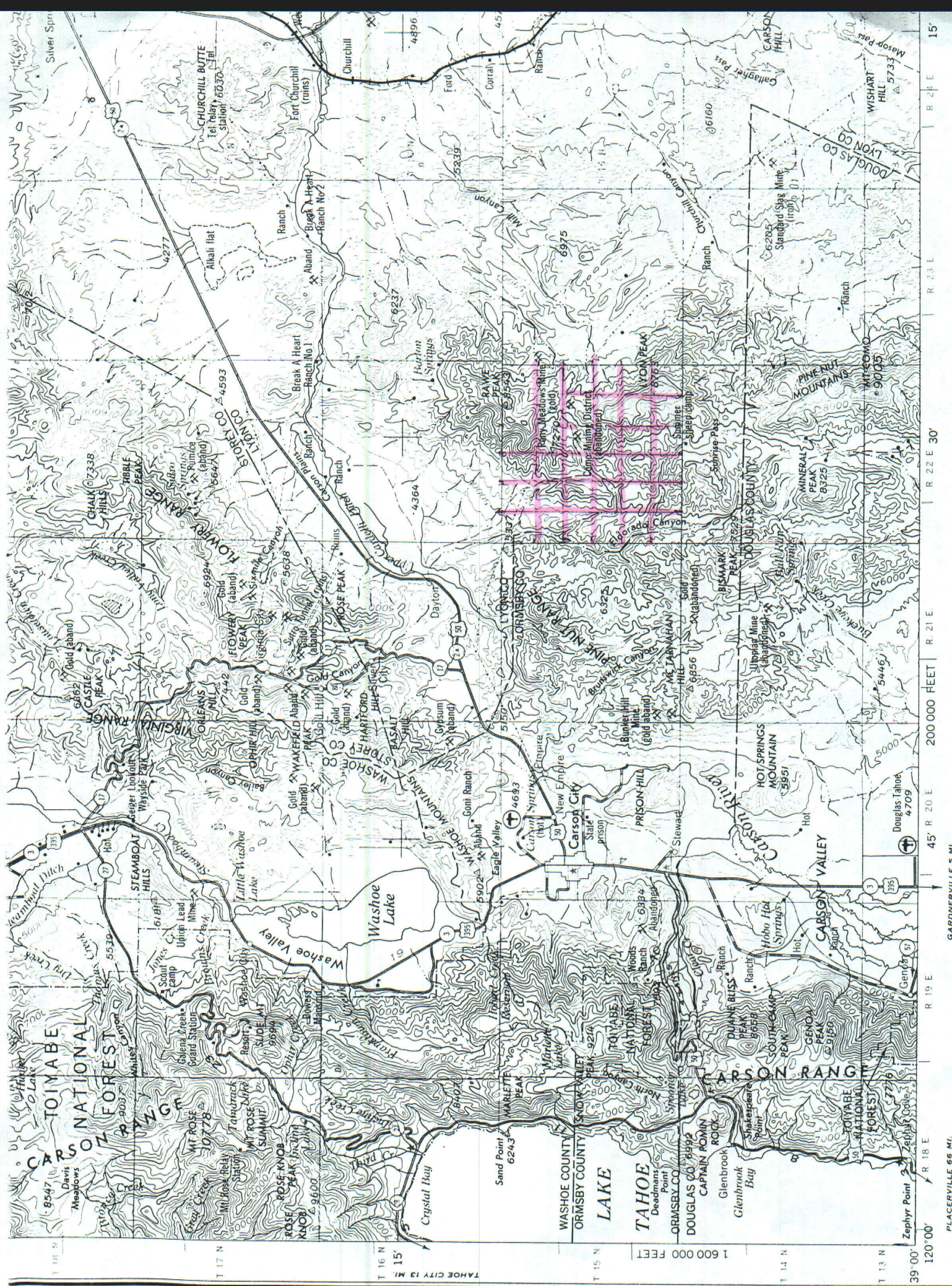
AT LYON CO. COURT HOUSE

- JULY - 6 - 1964 -

CURRENT STATUS - STONE CABIN.

JAMES BARTON - Rodeo
 (Ref. Clark Guild. in).

W.H. Scott - ^{former} Sect - Como. mines - loc.
 See Chester Barton - Dist. Sherry -



B-

T15N

U

TROOP AREA
OF
STONE CANYON
NINE

R22E

1

12

24

11

COMO

10

14

23

22

OLD COMB
CONS. GROUP
CHAS- OSTER
DORMANT BUT
TO BE ACTIVATED
LAST ACTIVITY
CIRCA. 1939.

DAYTON



465 Court Street
Reno, Nevada

July 21, 1964

Mr. Charles Oster,
Room 430,
Holiday Hotel,
Reno, Nevada.

Dear Mr. Oster:

The opportunity of talking with you yesterday afternoon has been greatly appreciated; too, I looked forward very much to accompanying you in the field, early next week, to the Como district.

However, last night I received a call from an old client, asking me to proceed to Arizona and the examination of properties, presented for his consideration yesterday. I trust that you will sympathize with my position and understand why I am taking off immediately. The duration of examination and report preparation is a matter of conjecture, but I do plan to be in touch with you just as soon as I am back in Reno and free, which should be in less than two weeks.

Your interest in my mine-management possibilities was gratifying, and I trust that my negative stand was not too abrupt or indicative of an unwillingness to accept responsibility. Despite the fact that once I 'shifted' underground for the Climax Molybdenum Company, I do not feel as accomplished as I should along such lines. As long as there is underground exploration and development, surface geological mapping and mining-property appraisals to be done, it is fairer to any client to have my efforts stay in such paths.

But, rest assured that I would like to be considered in such fields and hope that sometime I can be of service to you. You asked me if, as a geologist, I knew mining, to which I replied 'Yes' and, in support of which, I list in brief the following professional record:

1928-1932	Mining geologist with Anaconda Copper at Cananea, Mexico (Copper)
1933-1935	Chief Geologist and Engineer with Maricio Hochschild at Potosi, Bolivia (tin and silver)
1936-1940	Chief Geologist for Climax Molybdenum Company in Colorado (Moly and Tungsten)

1940-1942	Field Engineer with Freeport Sulphur Company, in Reno, covering all Western states (all metals)
1942-1943	Board of Economic Warfare, Washington D.C. (Nickel)
1943-1945	Shift Boss with Climax Molybdenum Company on underground stoping.
1945-1951	Geologist and geophysicist with The Ohio Oil Company (Now Marathon Oil) (Petroleum)
1951-1964	Private consulting practice with base in Wichita, Kansas, and services divided between oil and mining evaluation, exoloration and development.

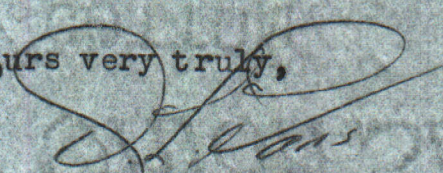
References for any of the above are available should such be desired.

I am partially retained as I enter the Nevada and Wsetrn field but such is with the understanding that I can accept other consulting at any time, if and when the opportunity arises.

Again may I say that I have been most appreciative of the time you gave me yesterday and that I found your property descriptions extremely interesting and helpful.

With best regards, I am,

Yours very truly,


David LeCount Evans.

Telephone: FAirview 3-9717

DAVID LE COUNT EVANS
CONSULTING PETROLEUM AND MINING GEOLOGIST
3645 ONEIDA STREET
WICHITA 8, KANSAS

465 Court St.

Mr. Joseph P. McDaniel,
Mining Engineer,
Fairplay Hotel,
Fairplay, Colorado.

September 13, 1964

Dear Joe:

I consider myself privileged to be included as a reference on your professional record, and thank you for the opportunity of trying to be of some help.

The gentleman that I mentioned to you, some weeks back, is at the moment very active in the old Rochester District, just out of Lovelock. He also has control of the old Como Consolidated, across the valley from Virginia City. Both areas seem to be of merit, and he seems to be doing a lot of work in the former.

His name is Mr. Charles Oster,
Room 430,
Holiday Hotel,
Reno, Nevada.

I will be in town tomorrow, and maybe Tuesday; at any rate I will try and get an appointment with him and give him the dope, including the professional record you included in my letter. If not, then I will write him, for he may be out of town.

In the meantime, I feel that a letter from you should not have to be delayed, and open it with a statement that I had mentioned the possibility to you.

Thanks, too, for the return of the maps, and the copy of your letter to Pat, outlining Gresser's second conflict of claim. There seems to be never a dull moment.

I have been busy ever since I arrived, and trust that it lasts. Kitty is selling the house in Wichita and should join me out here by Mid-October. Cathie, of course, is doing a good job at the Palo Alto Clinic, Suzie is on her way to London to undertake more studies on a scholarship at a Cerebral Palsey Clinic, and Davey is, today, spending his first day at Colorado State, having arrived last night.

Need I say Joe that working with you has been a damned good experience for me; you do a good job and I trust that you and I will have our trails crossing again one of these days; but, to hell with the job you do, the other half of the argument is that you are a very good one to get along with. I have enjoyed it very much indeed.

Good luck to you, and I'll keep you advised.

465 Court

September 15, 1964

Mr. Charles Oster,
Room 430,
Holiday Hotel,
Reno,
Nevada.

Dear Mr. Oster:

I am sorry that I called yesterday when you were in meeting and then enroute to New York. But I do look forward to seeing you on your return. Since July it has been my good fortune to be on the go most of the time, Plans to take advantage of your suggestion that I see the Como Consolidated area have, therefore, been constantly put off, but I would like to take you up on the idea at your convenience.

In July, too, you were looking for professional help for your Rochester project. By now, I trust that things are well taken care of. But in Saturday's mail there arrived a letter from a Mr. Joseph P. McDaniel, who is going to be available by the 18th of September.

The liberty is being taken of presenting his professional experience record, since he is considered a very capable individual, a hard worker and one of the best combinations of engineering know-how and geology I have ever met. We worked together throughout 1963-1964 in Colorado and I think very highly of him.

Sincerely and with best regards, I am,

Yours very truly,

David LeCount Evans

P.S. I am suggesting to Mr. McDaniel
that he write you personally.

Fairplay, Colorado

Sept. 19, 1964

Mr. David L. Evans
465 Court Street
Reno, Nevada

Dear Dave:

Attached hereto are your maps and sketches that you so kindly loaned to me for the assessment work, as well as my letter report to Pat Fazio concerning the assessment work and the apparent conflict that has developed between Gresser's Humboldt and Humboldt Extension Placer claims and the lode and placer claims of a Mr. George S. Lechner of Englewood, Colorado. My letter should be self-explanatory in detailing the conflict.

It appears that Swerdfeger and I are about to be out of jobs here; I have several prospects that I have managed to keep alive while we were finishing this up, however, I would be very interested in hearing about the possible job that you mentioned while you were here. As you may recall, I have some management experience in underground mining, and am more slanted along that line than along the line of pure engineering. I am taking the liberty of enclosing a recent copy of my resume, in the event that you may wish to submit it to the man you mentioned. In any event, I can be reached here at Fairplay until about the 18th of September. After that I can be reached by mail at my brother-in-law's address in Denver: (Please note that I have used you as a reference - my apologies and thanks)

c/o John Ball
12410 W. 44th Avenue
Wheatridge, Colorado

Telephone: 422-4022

477-7827 Area Code: 303 (Denver)

Best regards to your family when you see or hear from them. Perhaps someday soon we can get together and have one of those "Koolas Grandes" (Spanish spelling?).

Very truly yours,

JPM
Joseph P. McDaniel

1700 Royal Dr.

September 24, 1964

Mr. Benj. C. Charles,
P.O. Box 447,
San Juan Capistrano,
California.

Re: Como District, Lyon Co.
Nevada.

Dear Ben:

From what I have been able to recover from the literature which is meagre, a trip to the area on September 18, and from conversations with Mr. Charles Oster, who apparently controls the area, the Como area has considerable merit.

The enclosed 1912 description speaks for itself. It paints a legitimate and very promising picture.

On Saturday, last, I followed the Mill Canyon Road (see map on Photostat) to the 'Oakland Group'. 'No trespassing' signs and a well marked side line, on the east margin, suggested that this portion, too, is part of Oster's Como Consolidated.

The district is crossed by an all-weather road, rocky but very good, completed two years ago by Western Union to service a relay station they maintain on the property. Como Consolidated keeps a watchman on the property, the 4000 foot tunnel appears open and in good shape. Oster assures me that I can see everything, including reports by responsible geologists and engineers. This I plan to follow through on.

I have been unable to locate anything called 'Stone Cabin' and I have not pursued matters with Oster; the man is definitely a 'promoter' and queries at this stage of the game appear poor policy.

But I do like the looks of the area and plan to pursue the problem further.

Trust all has gone well in Oregon.

Sincerely,

Taffy.

September 25

Have just talked with you, but will send this on anyway. Peter Quilesey is to be interviewed, and the chances are he will go out with me, but he has been on a trip and is not expected back until Oct. 7.

Glad you gave me the 1927-1930 dates. I have confined things to 1930 on, which clippings are available at the University; will dig into the Gazette Morgue, now that I have the dope and see what we can come up with. Appear to be strapped by the Wichita furniture, probably until November and will be gone from Oct. 1 to the Fish and Wildlife Service.

CHARLES, RYAN & RIVERS

ORANGE COUNTY OFFICE
P. O. Box 447
SAN JUAN CAPISTRANO
547-5636

INSURANCE BROKERS
544 SOUTH SAN VICENTE BLVD.
LOS ANGELES, CALIFORNIA 90048

SOUTH COAST OFFICE
P. O. Box 1125
TORRANCE, CALIFORNIA
320-2560

December 7, 1964

Dear Taffy:

Your letter to McCulloch Oil is fine. It will be interesting to know their reaction. Also, did you hear from your Wichita friends? They should have first priority since they were the last to carry on at Majuba.

Every investment service I have sent you, and I have read, urges a hedge in gold, silver, copper, lead and zinc - and of course, tin, if it's available.

You may be required to break down your costs by some and others will take your estimates. Provide, in any case, for unforeseen delay due to weather, breakdown, etc. to the extent your figures won't be beyond your reach if someone says - to ~~do~~ it, but on your figures bring the footage, etc., in line with your report, or else.

I'm sure if you write our friends at Cerra Corp. and urge action if they are interested that you will get possibly favorable reply as they are having their best year and are loaded with exploration funds and 100% greater earnings than last year. I'm sure they would like the copper, tin, silver ratio and value of the ore.

^{one}
Bralome Mines - Auston Taylor in Vancouver is a good prospect. Percy Dobson worked for them, lives there and ran the mine for them for years outside Fallon. Ira Joraleman, Peter's father, is on their board and a director, so you could go direct to him as it would only be referred to him in the end.

You know Ira Joraleman was on the loan board of the government years ago when they were making R.F.C. loans. He may be on the new board. If he is, and he approves of your geology, he could recommend it and the funds required would be small. It's a thought to keep in mind.

It's difficult for me to see where you couldn't get an operating company today that wouldn't jump at the chance to have a good look, with such a high reward to play for.

December 7, 1964

Page 2

You will find enclosed some booklets I ran into amongst some of Dad's papers.

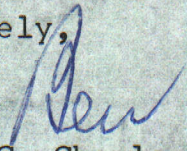
1. The Stone Cabin Report - It was on its last legs then because of inadequately designed mill and flow sheet, and the financing was poor. However, the times, 1934 and prior years, was a bad time to raise funds, as you can imagine or remember. Royer, by letter from you, I'm sure could write you and varify that the vein was very wide and averaged \$4.00 to \$8.00 over 170' +

2. An old Tonopah Mining Company statement is enclosed. This Dad managed during its best 12 years. 500 tons a day at \$22.00 to \$25.00 per ton. Along with this report is La Luz Mines report. This is the property he spent one year opening up in Nicaragua for ~~Tonopah~~ ^{La Luz} Mining. Subsequently, Ventures (Thayer Lindsey) got ~~contract~~ ^{contract} of Tonopah and La Luz Mines and now its all absorbed by Falconbridge Nickle.

Keep these for me and anything else I dig up I will send along. I don't know who owns Hilltop now, but Soxie and I appraised the mill and equipment and also climbed through the Burns tunnel for 2,000 or 3,000 feet and down an 800 foot shaft and thence out the transportation tunnel. It has possibilities but ore occurs in very large bodies, high grade and large volume with no apparent relation to one another. Sox can tell you more about it, but the McGovern lease shipped some good ore.

Best regards and will see you soon, I hope.

Sincerely,



Benj. C. Charles

BCC:lv
Encl. (3)

Re: - Palmyra (Como Indian Springs Dist.)

① J.R. BROWN - "Reports on the Mineral Resources
of the United States for 1867, 328,
Govt printing office - Washington - 1868

2. H.C. Cutler - - Como - Nevada - M & Sci. Press 104
539-540 - 1912

3. Lincoln - Mining Districts & Mineral Resources of Nevada
[BRIEF COMMENT - NO MORE] 8/26/64

4. Steteh. R.H. - Nevada - State Mineralogist's Rpt. 1866 -
27 - Carson City - 1867.

5. White - A.F. (a) 1. " " " " " 1867 & 1868 -
(b) 88 - Carson City 1869.

5(a) "In an early day there was much excitement
about mines in the vicinity of Como. A district
was organized and a large number of claims
were located. Mills were erected and
hundreds of thousands of dollars expended
But no productive mines were opened."

5(b) Nothing

H.C. Geller

Cum
Min + Sci Press
104
539-540-1912

Oster - enters the picture on March 22-1929.

Completion of 1930 - (may tell me what happened
to Nevada). Chances are the 1929 - crash
may have ^{essentially} stopped their work. The company had
two carpenters - involved in the work (neither
seems to be ~~Jack~~ Jay A. Carpenter); a J. C.
Carpenter was Pres. & Mgr. - & T. M. Carpenter
was V. P. & Treasurer. Stockholders - were all
from Stockton - Calif. - will proceed
when Quilley returns a 7th.

Am leaving in morning for Denver & will
be back here Wednesday. Bedding area - Talk
will be looked at when I go over to Nevada.

Thanks for your recent letter and the check.

+
 Chester Barton in
 Dayton - Knolls Area -
 Piny Meadows -
 Other Area

- Leadville - Nevada }
 Silver City -

- Next February.
Change - yth

May - 26 -

- Oster - out -

- only stock interest $\frac{1}{2}$
↑

Silver State.

- Bob Jackson. at hotel -

Cimo - area -

Jackson + Jess - have - it -

- call Jackson -
- Prepare -
- - - - -

Jess - to finance - examination -

Leo Goodman Dr. - Washington.
800,000 shares. -
Cimo Carol.

415,000 \$.

Call again about 12:15 -

Rochester Reserve

11,497,000

30,000,000 gross

Frederick. Geol.
Geo. Barnett - operator
Started - 1912 -
on ground - getting mine
ready for production

1927.

JAN - Thru MARCH -

NO - Stone C&B
a B C. CHARLES
comments

July - thru Sept.

Tues. Aug - 16 - same name
only ref.

Tokyo.

Start in Oct 1927.

Tues. Oct 25 - 1927.

JAN - Feb - Mar. 1928
+ April.

Tues Jan 15 1928

Start in May 1928

Nov. 2 - 1928 -

Nov. 16 - 1928

Tues. Aug. 16, 1927.
Pano Gazette

1. Letson Balliet - Tonopah M.T. - was examining
Corno mine - and sending letters to Stockholders
to pay off debts & raise an operating fund
2. Property irregularly operated by Col. Boyle - Jack
of late Ernest J. Boyle turned Nevada Greener.
He had mined to depth of several hundred feet &
mined a lot of ore - value being chiefly in the
water. Became hard to handle - & Colonel started
a long drain tunnel at Barry hill to the South
and advanced it considerably - when he was killed.
J.H. Rae & Dayton - acquired mine which he
operated for a time - later selling to Gurney
Gardner, Charles Taylor & Herbert A. Humphrey.
They built a new mill - But found it too small
& milling too great because of H₂O. A number
of years ago - work was suspended & Gurney Gardner
appointed receiver.
3. Mr. Balliet - wanted to continue tunnel under old
 workings & new mill from top of hill to Tunnel port 20.

Como

Gazette
Tues. Oct. 25 - 1927

Western Nevada Mines Co. working a CONGRESS mine
not far from Potosi Bush Terr.

in former times - a 40' shaft - entering a slope 50' long - had
produced 40,000 tons

company had sunk level shaft to 250' level - on vein
which averaged a good width 8 1/2 ft.

are continuing to 300 level - where depth will be 250 ft
& within 200' - no depth - cross vein is expected A.T.P.
there would be 500 to 600 ft of rock.

C.E. Shat Reno ally - pres. & corp.; mostly Calif. partners

C. Carpenter - mine operator & manager

Company has also acquired 2 claims N-east of Como mine -
traversed by a strong mineralized dip N-S -
which must intersect Como vein at southern end

Tues Jan 8 - 1928

Shaft of Western Nevada Mines - will soon reach 300' level

Depth expected by Feb 1 - J. G. Carpenter - Mgr
Shaft is 1 compartment & mainway. Advance all in mill grade

400' to 1100' a crossing of 7 miles - here they expect to see
also planned a drift 250' S.W. to get under ore vein
80' - Shaft - vein averaged 50' width

a 3 compartment shaft will be raised to surface

Property was the old "Copper" & is partly old Como mine

~ NW. 2 - 1928 -

Shaft of Western Nevada - down to 400 ft & a 40' Samp.
workings making 80-90 gpm - H₂O; 100 gpm
Pump being installed

E. G. Shat - Reno ally - reports that a wide body
of ore carrying high silver values had been
developed on 300' level - by C. J. Carpenter Manager
- with pure Rocky silver

Nov. 16-1928

"all that is necessary to get ore in the Comstock district is to go down after it" - says C. S. Carpenter mqr.

Shaft has been deepened steadily and is now down below the 400 level where a drift run 60' - has been in 4' - all the way that averages from 39 to 62 per ton in Au & Ag - the former predominating -

on 300 level 300' of drift has been in a wide continuous body that gave maximum of 50 ft or less 200 gpm. pump installed

It is probable that big spring surface will be blocked out to plan a well

Dec. 15-1928

R. A. Fraser - Consulting engineer reports

1. Shaft down 400' in a strong mineralized vein from 8' to 16' wide. on 400 level 2-3 1/2' ribbon of ore carrying fine values in Au & Ag; rest of ledge matrix contains less mineral. Vein well defined - with perfect hanging wall.
2. Drifted to north on 100 & 300' levels - 250'. passing thru several old shoots - some more or less leached; Each Drift encountered a fault about 60' from shaft which checked vein for quite a distance & developed poor water.
3. Pumps established on 300 & 400 levels and a drift to north on 400 level - cut fault at 150 feet from shaft. Level was flooded to 4 to 5 feet of water on 400 from fault. At Reno article getting ready to lower water.
4. a drift started south in "Best ore" yet. 400 level is with sulphide zone - just at top of 2nd or enrichment.
5. Planned to go to 500 level where they expected better values yet -

MARCH-19-1929

Working on 425' level - while dump was being chugged they had encountered some shot to Sec. encountered before being driven out by water.

One Body - 4' wide - with 2' girth - had avg of 0.50% Au & 159.50 ozs ag. - a total value of \$99.32. Remaining 2 feet gave 46.59 & 47.66 per ton. Prepare to drift 50 feet and then raise to 400' level

Drift northwest on 400 level - 225' in continuous ore - width 5 to 6' - (size of workings) with ore still in center well with values of ± 40 per ton

Crosscut now being driven from the vein the "Surprise" a distance of 400' South - where it is the intention to raise a 3 compartment shaft to surface connecting with an old 50' shaft that has 8' girth ~~32~~ 32' in both. Well will be located just below the shaft.

Surprise & Tunnel vein intersect several hundred feet northwest & large ore bodies expected at intersection western horizon - made up mostly of stockton material

March-22-1929

Sale of Como lode mines - approved by Judge Bartlett according to Quincy Gordon - Receiver; Buyer was Charles Oster.

Mines included are. Como, Buckeye, Rapidan, Peer, Lucky Sunday & Star of the West. - 20 claims well

In Como, Buckeye & Rapidan - reported 250,000 tons ore in sight averaging $1\frac{1}{2}\%$ copper, 5 to 60% Ag - & ± 4 Au - with 15,000 tons more in stock.

Sale includes Aqueduct mill & machinery plant

The Como lode shaft down 300 feet & 60 feet dump with 100' levels. Values divided into Au & Ag with Cu on lower level.

30 129
777

Cu - 10.00
Ag - 7.74
Au - 6.00
2374

Mar. 22-1929

Considerable tho in the Pinos - as well as Rapidan
where shaft is 350' deep. In Rapidan - ore
are straight silver + ore were just entering
Sulphate zone + richer than in oxide zone as there
has been some from the Peer but from Star
just very rich gold ore was mined & milled.
Buckeye ledge - very large - with much silver in grain.

Lucky Smelter - discovered in 1915, put in Ave -
had produced 25,000 from small shaft. Rep.
Bundy closed down - then merged with the Pinos

former control was Judge Rae & Dwyer & later
Col. Edwin Boyle; then Harry Taggart & Goldfield
& finally the Pinos purchased & financed by
M. C. Humphrey, J. Fred Taggart & Joseph - Guernsey
Gordon - Harry Carter & others. 100 PM per acre
plus shaft & develop work done. BUT EXPENSE
of HANDLING WATER & HIGH COST of LABOR & SUPPLIES
AT THAT TIME closed it down in 1920.

Production to date placed at 800,000 with
\$350,000 yet coming from the Pinos Blue Hole
which extends from surface to 300 level.

Colonel Boyle had driven 4500 & a 4900 foot
water tunnel deep stopping 1/2; they would have
had 630 feet of rock at deepest point. Osta
intended to complete tunnel.

Osta had agreed to pay \$17,000 due during Nat. Bank
of 15,000 in cash - & 150,000 (shares) stock were
to be distributed among the creditors.

March 26

Oster also bought the Howard mine - see
Silver City for his. St. Joe. Am. Miner. Co. has
of wallate & lake.

March 29

Western Nevada reports that ore body on 400
level is becoming richer & larger. - New hole
watered to 4 feet & average assay of 80 ozs
full width has been had. - Getting ready
to sink the 3 compartment shaft - which
will go to 500 level - before drifting.

May 17

Western Nevada - drifting west on 425 level - cut 100 ft
in 4 feet of quartz - averaging from 40 to 160 lbs.
(much more & native Ag). This was started on 400 level - but
could not find ground so they moved to 425 level.

Also drifting to drift east on 400 level - but being
ruined in foot wall. - cut 50' & will intersect &
about 225 feet further to intersection of veins.

Also & cutting shaft toward Seneca vein & is cut
200 feet - under new shaft. - & 125' to go to reach
Seneca vein. - Large waste floor!

June 4-1929.

Comm. meeting of Western Nevada

C.E. Shurt - Pres.
J.C. Carpenter - Sect. ~~Int. Mgr.~~
T.M. Carpenter - U.P. & Financial agent -
Stockholders present -
Dr. W. T. McNeill - Dr. for Sta. for @ Stockton
Miss Emma ~~Thorn~~
Ralph Casciaro -
Mrs. Bush

Empire Building has been moved that Oster has come over

June 23-1929.

@ Oster - Come over for - had taken possession.
had tunnel (Boyle) placed out to 350' -
15 men working - machine Shyco portable. Turn.
to be extended to Como - Everett - Beckers see in south
& north Rapidan mine in north. W.H. Scoot in charge

July 23 -

30 men working in Boyle Turn; This will
relieve property of large volume of water
"which has proved so costly to handle in past."

Aug 2 - 1929.

Western Nevada - 1st drilled south on 400 level
100' - on re that averaged 45 to 50/Ton; dug
to north in 'kettle' re. Vein is 18' wide -
cut at center gave 4 1/2' - at 60/T. &
remainder was \pm 30.

new flow H₂O had added 100 gpm - to 50 gpm
already being pumped. Seeking 500' shaft -
delayed. New pump completed

Oster had 20 men cleaning Tunnel which would
be 600' below previous workings. also
WIDENING Tunnel!

Oct. 18 - 1929

Omoo mine still rendering Tunnel -- equipment
at present -- except for locomotive.

Western Nevada - has excavated for engine & compressor -
with which 500 foot shaft will be sunk.

- In addition vein - passing through it -- 18' wide
at 30 ft.

will be being installed in Pony Nevada feet. of dist.

December 17 -

Western Nevada - mine - a general - many days claims
also known as the Sky Ground - short distance
NE of Omoo mine.

To here - Dec 31, 1929,

See - 28 + 29 -

Stone taken in Leppuigs

Apr. 14, 1931

Gazette, Sept.

Como Mines Co - A large dep. controlling 36 gold + silver claims in the Territory.

Officers of Co. - Charles Oster, ^{Pres.} President; Chas. Franchot, ^{V.P.} (Buffalo)
E.S. McCurdy, E.M. - Sect. Treas.; other Director Dr. Cowell
& R.M. A. Treaster - Dr. New York Engineer

A Treaster - Amer. Engineer & Graduate from German University
& much mining experience Canada - Mexico - Europe & U.S.A.

Como Mines Co controls - the Como, NORTH RAPIDAN, Buckeye, Peer and Star West mines - comprising 31 claims & Lucky Sunday Mining Co - with 5 claims

Former workings developed on Boulder to 350 y depth and more than \$1,000,000 in gold was recovered.

Business Management by Oster; Mining - execution by McCurdy.

They planned to extend tunnel - already 4000 feet from portal, in 2 directions to the Como & Rapidan Rivers.


Fri. - Wall Street Journal.

Article on Mining.

NOTICE



All Stockholders are urgently requested to advise the Secretary's Office immediately of any change of address so that they will receive the periodical advices sent to all Stockholders advising the progress being made in your operations.



Address—Secretary's Office
STONE CABIN CONSOLIDATED MINES, INC.
1112 Commonwealth Building
Philadelphia, Pa.

1190 0030

581
2794

3rd

REPORT

of the

Stone Cabin Consolidated Mines, Inc.

FOR THE PERIOD ENDING APRIL 30TH, 1934



Merger of Mining Properties of

PONY MEADOWS MINING COMPANY

MOUNT LINCOLN MINES COMPANY

OLD STONE CABIN MINES COMPANY



Owners of

HILL TOP NEVADA CO., MINES

Battle Mountain, Nevada

Stone Cabin Consolidated Mines, Inc.

Gold Mines - Located at Como, Lyon County, Nevada.

Authorized Capital, \$1,500,000.

Par value of shares, 25 cents each.

BOARD OF DIRECTORS

C. C. ASHLEY.....Newhall, Cal.
GUIDO E. CAGLIERI.....San Francisco, Cal.
W. W. CHARLES.....Los Angeles, Cal.
CONRAD F. CLOTHIER, JR.....Philadelphia, Pa.
PAUL V. DEFORD.....San Francisco, Cal.
G. B. STREET.....Wilmington, Del.
GRAHAM C. WOODWARD.....Philadelphia, Pa.

EXECUTIVE OFFICERS

W. W. CHARLES, *President*.....Los Angeles, Cal.
C. C. ASHLEY, *Vice President and Treasurer*.....Newhall, Cal.
CONRAD F. CLOTHIER, JR., *Vice President*.....Philadelphia, Pa.
GRAHAM C. WOODWARD, *Secretary and General Counsel*....Philadelphia, Pa.

OPERATING STAFF

FRANK W. ROYER, E. M., *Consulting Engineer*
W. W. HARRITT, *General Superintendent*
T. A. FRAZIER, *Auditor*

NEVADA COUNSEL

WALTER ROWSON.....Lyon Building, Reno, Nevada

TRANSFER AGENT

SECURITY REGISTER & TRANSFER COMPANY
381 Bush Street - San Francisco, California

HOME OFFICE OF COMPANY

100 West 10th Street - Wilmington, Delaware

Annual Meeting - May 8th, 1934

MAILING ADDRESSES

SECRETARY'S OFFICE.....1101 Commonwealth Building, Philadelphia, Pa.
WESTERN OFFICE.....510 West Sixth Street, Los Angeles, California.
MINE.....Dayton (P. O.), Nevada

To the Stockholders of the

STONE CABIN CONSOLIDATED MINES, INC.

I submit herewith for your information the third annual report of the Company and the financial statement for the period January 1, 1933 to April 30, 1934. Since this report was prepared, our cash position has improved, and we expect now to have your 200 ton mill in operation by June 1, 1934.

Your mine has been very carefully developed and thoroughly sampled, and we now have sufficient ore in reserve to operate steadily.

On June 30, 1933, your Directors approved the purchase of the Hill Top Nevada Mining Company properties and its 150 ton mill, for 220,000 shares of Stone Cabin Consolidated Mines, Inc. stock, at par, and \$500.00 in cash, as it was found upon careful inspection that this mill was in splendid condition, and was just what your Company needed for its operations. With some additional crushing equipment, it will now treat 200 tons of ore daily.

Since my recent inspection of your property, and noting the large amount of development work accomplished in profitable ore, and also the progress being made in erecting your 200 ton mill, I am more convinced than ever, that if our ore continues to develop as in the past, your property is destined to prove to be a huge low grade gold producer for many years.

Your entire properties are fully paid for, and are free and clear of all encumbrances.

Much credit is due your development and operating organization: viz., Frank W. Royer, E. M., Consulting Engineer, W. W. Harritt, General Superintendent, and T. A. Frazier, Auditor, all of whom have been very loyal, and have cheerfully cooperated in getting your mine on such a well developed basis and in watching expenses on the limited amount of money available, from time to time, for this purpose.

We now expect to be operating and producing by June 1, 1934.

Very respectfully,

W. W. CHARLES,
President

Philadelphia, Pa.,
May 8, 1934.

REPORT OF CONSULTING ENGINEER

MR. W. W. CHARLES, *President*
Stone Cabin Consolidated Mines, Inc.,
Philadelphia, Pa.

Los Angeles, California,
April 21, 1934.

Dear Sir:

The Stone Cabin properties have been closed down since about the first of June, 1933.

Before this property was closed down, there were blocked out and thoroughly sampled 100,000 tons of ore above the Tunnel Level. Several upraises were run and this block of ground is ready for cheap mining operations.

The samples taken from this block of ground, some 600 in number, indicated an average value of \$6.00 per ton, estimating the gold value at \$20.00 per ounce.

To check the above results, the mill was provided with an automatic sampler and ten ton lots were run through the mill from various places accessible to this 100,000 ton block. The result of these tests averaged \$7.20 per ton, gold estimated at \$20.00 per ounce.

Estimating the value of one ounce of gold at a price of \$35.00 per ounce changes the above values as follows:

600 samples averaged 0.30 ozs. gold @ \$35.00	.....	\$10.50 per ton
Mill tests averaged 0.36 ozs. gold @ \$35.00	.....	\$12.60 per ton

During the months of April, May and June, 1933, the winze was sunk to an inclined depth of 125 feet below this level—the tunnel level—and a total of 700 feet of work was done on this level, exposing a total width of ore of 207 feet for a length of 400 feet. Both breasts along the vein are still in ore. Both cut samples of the faces and muck samples taken after each round of shots indicated a gold content of 0.1525 ounces per ton, which, at a valuation of \$20.00 per ounce, gave an average value of \$3.05 per ton, but on the present valuation of \$35.00 per ounce, the average is \$5.33 per ton.

There is in this block of ground in excess of 500,000 tons of ore which can be put in sight by the driving of three or more cross cuts and several raises to the workings above.

During the past month grading for foundations and foundations have been made for the mill machinery which will be installed during the next couple of months.

By mill tests made on ten ton samples from the various parts of the high grade and low ore body, it was found that a recovery of between 90% and 95% of the gold content could be obtained by flotation, and that the concentrates made by flotation, which will in volume be between 10 and 15 tons daily when treating 200 tons of ore, can be cheaply treated on the ground by cyanidation, thereby getting the gold in an impure bar which can be sent directly to the Mint for refining and selling.

A number of tests are now in progress to determine the flow sheet best to be used in the cyanide plant. So far, the tests indicate that the flotation concentrates can be treated without regrinding or roasting and that a 98% recovery can be obtained, with a very low loss of cyanide.

Yours very truly,

FRANK W. ROYER,
Consulting Engineer.

REPORT OF GENERAL SUPERINTENDENT

Mr. W. W. CHARLES, *President*,
Stone Cabin Consolidated Mines, Inc.,
Philadelphia, Pa.

Carson City, Nev.
April 20, 1934.

Dear Mr. Charles:

In response to your request for statement of conditions at the mine. Since last spring, there has been very little work underground, beyond a raise or two to prepare for glory hole operations. Mill Tests during May and June of last year proved beyond any doubt that the values as given for the block above the tunnel level were in excess of SIX DOLLARS per ton. This value taken with Gold at \$20.00 per fine ounce. These tests were run on ore broken from various sections of the mine in ten ton lots, and run through an automatic sampler at the mill. Head samples taken at the mill averaged 400 pounds per ten ton lot. The actual average value given by these tests was \$7.20. In our estimate of \$6.00 or better, both Mr. Royer and myself allowed for a possible dilution of 15% in mining. The tonnage estimate of the block above the tunnel level was carefully gone into and the estimate is conservative.

The ore below the tunnel level and above the 125 foot level in the winze averaged \$3.05 at \$20.00. The vein 207 feet in width and drifted on for a total distance of 400 feet. This ore now has a value of \$5.33 per ton. Which is ample to insure a good profit, even at a 200 ton basis.

It has been definitely proven this year by exhaustive tests that the flotation concentrate made from the mill tests is readily amenable to cyanidation on the ground, thus with very little expense eliminating the costly realization of concentrates. Further tests are in progress.

The new work is progressing favorably. The mill foundation is ready for the mill, and the crusher and roll foundations are being poured. The Mills have begun sawing timber here now, and the first cut was our storage bin timber. This is nearly all at the mine at this writing.

The 125 ft. Level has in excess of 500,000 tons partially blocked ore. A crosscut at each end of the 400 ft. drift with a couple of raises to the tunnel level would prove this block beyond any question. This level is in the transition zone (from oxide to sulphide) and may be expected to increase in value in depth. Further promised by some of the samples taken in the sump. Our water problem will be solved as soon as sinking of the winze is resumed.

Respectfully submitted,

W. W. HARRITT,
Superintendent.

REPORT OF AUDITOR

MR. W. W. CHARLES, *President,*
Stone Cabin Consolidated Mines, Inc.,
Philadelphia, Pa.

Dear Sir:

I submit herewith Report showing financial position of the Corporation on April 30, 1934.

In submitting this Report, I wish to state that the records of the Stone Cabin Consolidated Mines, Inc. have been kept in accordance with present day customs of accounting. The expenditures have been checked for correctness as made and bear proper approval for the disbursements. The figures as shown have been carefully analyzed and are correct.

Respectfully submitted,

T. A. FRAZIER,
Auditor for the Stone Cabin Consolidated Mines, Inc.

Los Angeles, California,
May 3, 1934.

STATEMENT OF ASSETS AND LIABILITIES

APRIL 30TH, 1934

ASSETS

Mining Property	\$ 1,531,117.12	
Buildings and Equipment	104,316.19	
		\$ 1,635,433.31
Cash in Banks	\$ 1,402.39	
Cash in Office—Petty	25.00	
		1,427.39
Cash—In Suspended Banks		2,006.53
Deposit—Sierra Pacific Power Company		350.00
Deposit—Nevada Industrial Commission		91.39
Unfinished Product in Mill		252.63
Accounts Receivable		226,318.24
Prepaid Insurance Premiums		46.23
General Equipment		1,063.40
Supplies in Stock		1,002.20
		\$ 1,867,991.32

LIABILITIES

Loans Payable, to Trustee, Deferred	\$ 10,750.00
Loans Payable, to Directors	2,800.00
Accounts Payable	5,747.84
Labor Payable	848.50
Voting Trust Certificates Purchased	700.00
Product Sold for Future Delivery	1,000.00
Sales Contract	181,471.00

Capital Stock:

Authorized	6,000,000 Shares @ 25c....	\$ 1,500,000.00
In Treasury	982,440 Shares @ 25c....	245,610.00
Outstanding	5,017,560 Shares @ 25c....	\$ 1,254,390.00
Donated Surplus		410,283.98

Total Capital Stock and Surplus

\$ 1,867,991.32

The Balance Sheet shown above presents a true and correct statement of the corporate affairs of The Stone Cabin Consolidated Mines, Inc., on April 30th, 1934.

(Sgd.) T. A. FRAZIER,
Auditor.

STONE CABIN CONSOLIDATED MINES, INC.
PRODUCTION RECORD FROM TESTING ORE AT PILOT MILL
YEAR - 1933

GOLD CONCENTRATES

LOT NO.	DATE	GROSS WEIGHT LBS.	SACKS NO.	WT. LB.	NET WEIGHT LBS.	H ₂ O %	H ₂ O WEIGHT LBS.	DRY WEIGHT LBS.	DRY WEIGHT TONS	SETTLEMENT AU	ASSAYS AG
1*	1/23-33	7040	75	56	6984	0.9	62	6922	3.461	34.095	28.34
2*	3/15-33	4710	58	44	4666	1.3	60	4606	2.303	13.715	16.25
†									0.400		
	TOTAL								6.164		

(Continued)

CONTENTS		GROSS METAL VALUE	DEDUCTIONS		TOTAL NET VALUE		SMELTER	EXPRESS	TOTAL
OZ. GOLD	OZ. SILVER	GOLD (20.6718)	GOLD RATE	SILVER AMOUNT	GOLD (.6718)	SILVER (%)	CHARGE	OR HAUL	NET RETURNS
118.002	98.08	\$2439.31	.261/4	\$25.74	\$79.26	\$1.27	\$45.95	\$265.63	\$2,072.94
31.585	37.42	652.92	.291/2	10.29	21.20	.51	27.27	64.03	550.20
13.250	10.00						5.00	10.00	252.63
162.837	145.50						\$78.22	\$339.66	\$2,875.77

*Concentrates shipped to the Smelter.

†Odd lots at Mill estimated.

Correct,
T. A. FRAZIER,
Auditor.

STONE CABIN CONSOLIDATED MINES, INC.
Record of Ore From McGovern Lease on Hilltop Property
Shipped to Garfield Plant of A. S. & R. Co., Salt Lake City, Utah

ORE SHIPMENTS

LOT NO.	DATE	DESCRIPTION	CAR	NET WEIGHT	H ₂ O	DRY WEIGHT	GOLD OZS. PER TON	SILVER OZS. PER TON	COPPER %	INSOLUBLE %	IRON %	SULPH. %
1	11/6-33	Crude Ore	SP 93035	108620	2932	105688	1.005	3.2	.70	75.6	8.8	—
2	12/1-33	"	" 46384	86920	2174	84746	.790	3.3	.75	00	—	—
3	1/10-34	"	" 93338	113180	5660	107520	.890	2.875	.55	00	—	—
4	3/10-34	"	" 91713	122520	6494	116026	.850	2.9	.70	78.8	7.1	7.0
				431240	17260	413980	.888					

(Continued)

TOTAL CONTENT GOLD	SILVER	GROSS VALUE GOLD	SILVER	SETTLEMENT QUOTATION GOLD	SILVER	SMELTER SILVER OZS.	METAL DEDUCTIONS GOLD VALUE	SILVER VALUE	SETTLEMENT GOLD OZS.	CONTS SILVER OZS.
53.108	169.100	\$1,732.91	\$ 71.66	29.9107	.42375	26.422	\$ 144.41	\$ 11.20	55.108	142.678
33.475	139.830	1,138.08	60.26	30.9952	.43100	21.186	100.52	9.13	35.475	118.644
47.846	154.560	1,674.62	99.11	31.2112	.64125	26.880	181.28	17.24	47.846	127.680
49.311	168.238	1,725.88	107.88	31.81825	.64125	29.007	156.89	18.60	49.311	139.231
183.740	631.728	\$6,271.49	\$ 338.91			103.495	\$ 583.10	\$ 56.17	183.740	528.233

(Continued)

SETTLEMENT GOLD	VALUES SILVER	TOTAL VALUE	BASE DEDUCTIONS	TOTAL NET SMELTER VALUES	RATE	FREIGHT	HAULING AT \$1.00	TOTAL DEDUCTION	NET PROCEEDS
\$1,588.50	\$ 60.46	\$1,648.74	\$ 217.72	\$1,431.02	3.20	\$ 206.38	\$ 271.55	\$ 477.93	\$ 953.09
1,037.56	51.13	1,088.98	151.27	937.71	3.80	165.15	217.30	382.45	555.26
1,493.34	81.87	1,575.16	219.33	1,355.83	3.80	215.04	282.95	497.99	857.84
1,568.99	89.28	1,658.59	232.63	1,425.96	3.80	232.79	306.30	539.09	886.87
\$5,688.39	\$ 282.74	\$5,971.47	\$ 820.95	\$5,150.52		\$ 819.36	\$1,078.10	\$1,897.46	\$3,253.06

Correct:
T. A. FRAZIER,
Auditor.

1190 0030

(181)

ITEM 31

4th

REPORT

of the

Stone Cabin Consolidated Mines, Inc.

FOR THE PERIOD ENDING DECEMBER 31, 1934 .



Merger of Mining Properties of

PONY MEADOWS MINING COMPANY

MOUNT LINCOLN MINES COMPANY

OLD STONE CABIN MINES COMPANY



Owners of

HILL TOP NEVADA CO., MINES

Battle Mountain, Nevada

NOTICE

●

All Stockholders are urgently requested to advise the Secretary's Office immediately of any change of address so that they will receive the periodical advices sent to all Stockholders advising the progress being made in your operations.

●

Address—Secretary's Office
STONE CABIN CONSOLIDATED MINES, INC.
1112 Commonwealth Building
Philadelphia, Pa.

Stone Cabin Consolidated Mines, Inc.

Gold Mines - Located at Como, Lyon County, Nevada

Authorized Capital, \$1,500,000.

Par value of shares, 25 cents each.

BOARD OF DIRECTORS

C. C. ASHLEY.....Newhall, Cal.
W. W. CHARLES.....Los Angeles, Cal.
CONRAD F. CLOTHIER, JR.....Philadelphia, Pa.
PAUL V. DEFORD.....San Francisco, Cal.
G. B. STREET.....Wilmington, Del.
G. C. SNYMAN.....Merchantville, N. J.
GRAHAM C. WOODWARD.....Philadelphia, Pa.

EXECUTIVE OFFICERS

W. W. CHARLES, *President*.....Los Angeles, Cal.
C. C. ASHLEY, *Vice President*.....Newhall, Cal.
CONRAD F. CLOTHIER, JR., *Vice President and Treasurer*.....Philadelphia, Pa.
GRAHAM C. WOODWARD, *Secretary and General Counsel*.....Philadelphia, Pa.

OPERATING STAFF

BURDETTE F. GRANT, E. M., *General Superintendent*
JESSE J. MACDONALD, E. M., *Mill Superintendent*
A. L. FERRIS, E. M., *Mine Superintendent*
T. A. FRAZIER, *Auditor*

NEVADA COUNSEL

WALTER ROWSON.....Lyon Building, Reno, Nevada

TRANSFER AGENT

SECURITY REGISTER & TRANSFER COMPANY
381 Bush Street - San Francisco, California

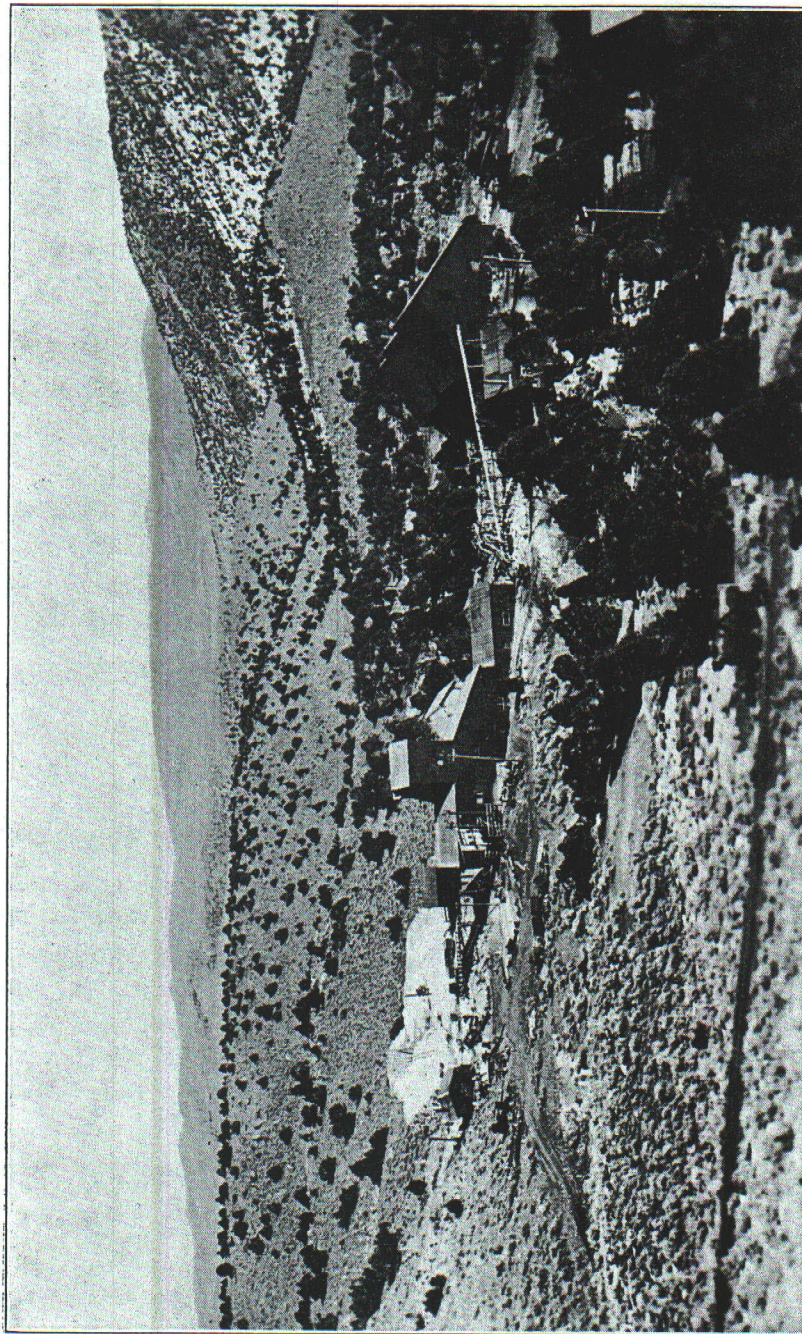
HOME OFFICE OF COMPANY

100 West 10th Street - Wilmington, Delaware

Annual Meeting - May 14th, 1935

MAILING ADDRESSES

SECRETARY'S OFFICE.....1112 Commonwealth Building, Philadelphia, Pa.
WESTERN OFFICE.....510 West Sixth Street, Los Angeles, California
MINE.....Dayton (P. O.), Nevada



STONE CABIN MILL

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To the Stockholders of the

STONE CABIN CONSOLIDATED MINES, INC.

We submit herewith the Fourth Annual Report of the Company, and the financial statement for the period April 26, 1934 to December 31, 1934 the end of the calendar year. It was thought best to have our statements made hereafter for the calendar year because of the many other reports being required as of that date.

Your larger mill was put into operation on December 13, 1934 and has been operating since on around 125 tons of mine ore per day. We expected to be milling 300 to 500 tons of ore daily by this time but several unforeseen conditions arose to delay that progress. The water in the mine shaft decreased unexpectedly from around 100 gallons per minute to 50 gallons per minute which retarded our operations materially and this is largely responsible for not being able to get your property on a full operating basis sooner. In addition much of the ore taken from the mine and from new development showed an excess of kaolinized material or slimes and changes in the milling equipment, to meet that unexpected situation, became necessary.

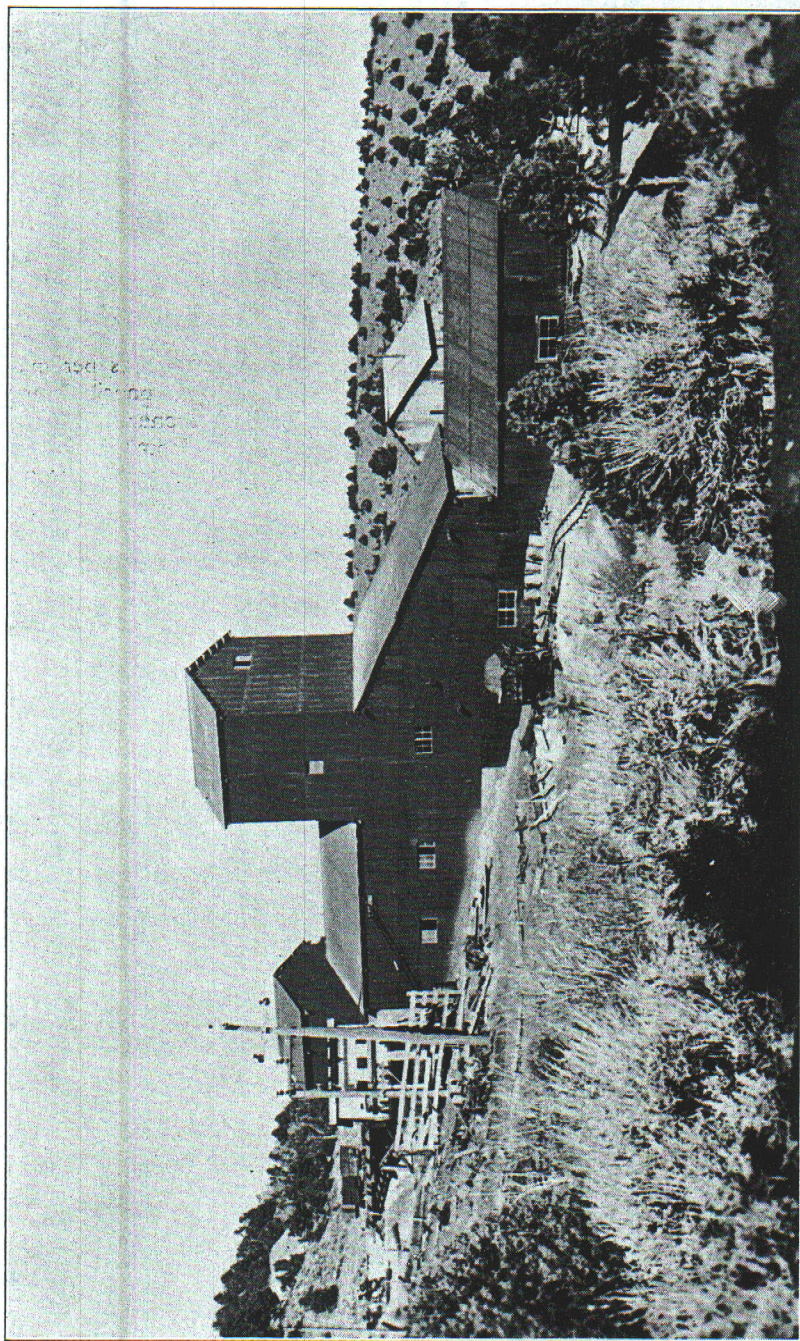
The following additions to the milling unit have recently been made and installed:

A new eight-cell Fahrenwald flotation machine; a large primary Jaw Crusher and conveyor from the adit of the tunnel with conveyors to carry the crushed ore to the mill bin; equipment of gyratory crusher with Ezee cones for finer product and a drag classifier from the crushing plant to the Cyanide plant. Large screens are being installed for screening the fines, and a new, large F-type Dorr Classifier, now on order, will be delivered from Denver, Colorado, in about four weeks, and when installed will lessen the crushing burden of the mill and properly classify the ore, thus insuring a larger daily tonnage. Many other minor changes were made to meet changed conditions.

A contract was let in March of this year, for the sinking of a well for more water and reached a depth of 90 feet with a flow of around 30 gallons per minute when the contractor had to abandon it because of caving ground. This additional water will help increase our operations and pipe has been laid and this water is now being delivered to the mill. Another well is to be sunk immediately, in another location, with the view of obtaining a still larger flow. During the meantime the shaft sinking will be continued below its present 350 foot level where we are now getting around 80 gallons of water per minute, both for the purpose of developing the sulphide ores and for obtaining more water, which is reasonably assured, as soon as the permanent water level is reached.

Five bars of gold and silver bullion have been shipped during February, March and April of this year to the United States Mint at San Francisco, and we expect to make two or more shipments monthly hereafter.

As of this date sufficient money is in the hands of the trustee to pay \$8,000 principal amount of the 6% Secured Notes of the company which have been called for payment as of July 1st, 1935.



CRUSHING & GRINDING PLANT

Mr. Frank W. Royer, E.M., Consulting Engineer and Mr. W. W. Harritt, General Superintendent, resigned in February and Mr. Burdette F. Grant, E.M., was appointed General Superintendent and Mr. Jesse J. MacDonald, E.M., was appointed Mill Superintendent. On March 14, 1935, Mr. A. L. Ferris, E.M., was appointed Mine Superintendent. In April 1935, Mr. G. C. Snyman, E.M., was given active charge of your operations in Nevada. Mr. Snyman has had a wide and successful mining and milling experience and your Company is to be congratulated on being able to secure his active services.

The loyalty and cooperation of your operating staff is commended.

Altogether the future of your property looks most promising for a long life and profitable operation.

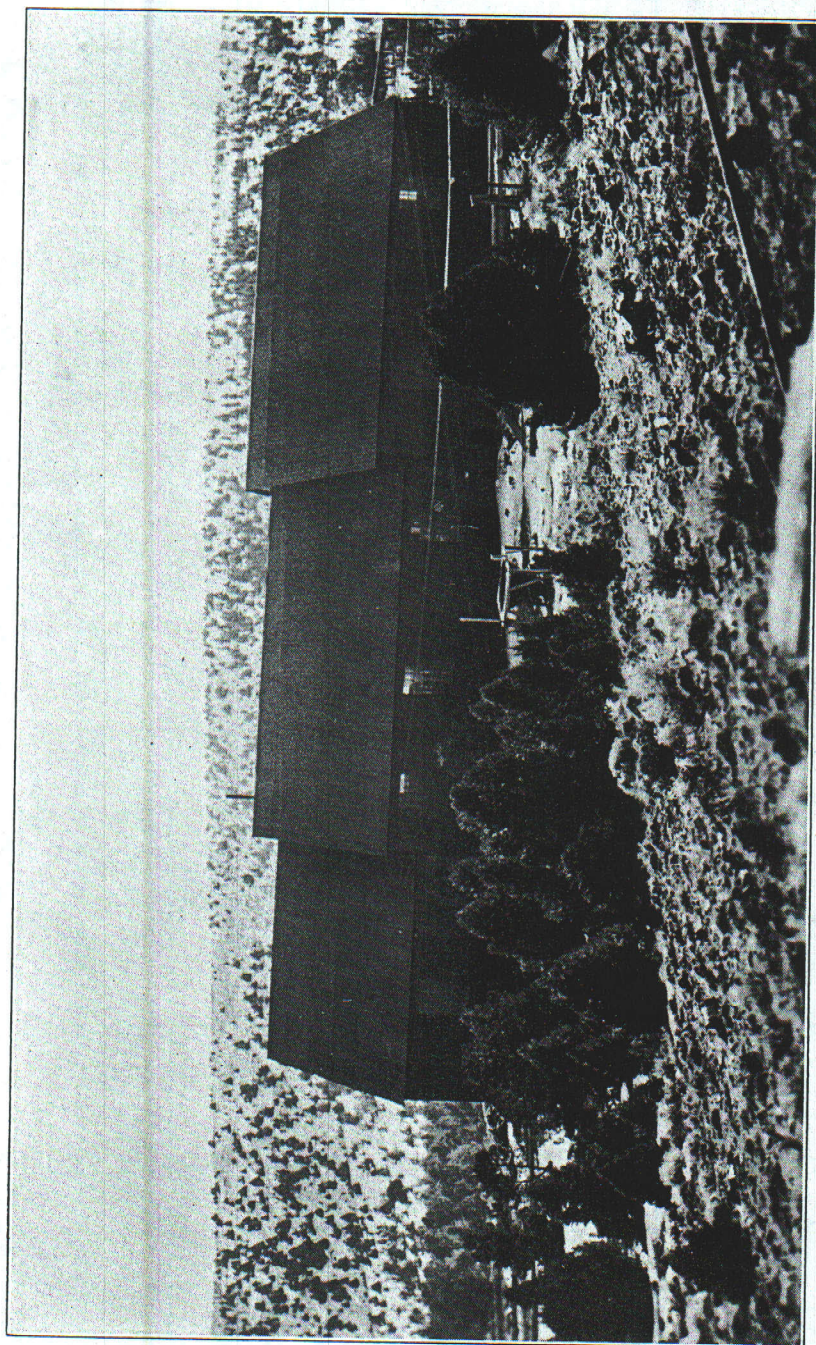
Respectfully submitted,

W. W. CHARLES,
President.

Philadelphia, Pa.

May 14, 1935.





CYANIDE LEACHING PLANT

REPORT OF GENERAL SUPERINTENDENT

W. W. CHARLES, *President*,
Stone Cabin Consolidated Mines, Inc.
Philadelphia, Pa.

Dayton, Nevada.
May 1st, 1935.

Dear Sir:

As you know, you have one of the largest and most extensive mineralized gold veins, located in one of the most noted gold-silver regions in the world.

Many eminent mining engineers have reported favorably on this property. There have been no unfavorable reports. All of these engineers have by sampling, mill runs and metallurgical tests, gathered considerable data and information.

None of these men got at the whole truth or obtained all of the facts, concerning the property, nor did they make any such claims.

The reason for this is that each and every mine is a problem unto itself. Each mine has its own problems and peculiarities, when the details of geology, mineralogy and metallurgy are considered and this mine is no exception.

The large vein is being opened up by glory hole system and later will be mined by power shovels. Thousands of tons have been mined and milled during the past few months and the large openings have disclosed the fact that while gold is found all thru the vein in erratic occurrences, the richest zones of gold are found in "mantas" or large irregular sheets, some thicker than others.

The "old timers" followed these "mantas" with shafts, tunnels and raises. Some of this ore was very rich, assaying thousands of dollars per ton and some of this rich ore is still encountered.

Hundreds of samples have been taken from the workings and surface in the immediate vicinity of present operations and the results of these assays act as a guide in mining and development. This is a restricted area, compared to the vast extent of the vein north and south and because of this lack of development work, no opportunity has been had to mine the ore in several places and keep the mill heads up to a proper grade.

Some of this needed development work is being done. New raises have been put up, adit No. 2 has been completed and lower adit is being driven to connect with the 125 foot level crosscut. The shaft is being sunk, both for water and for development and is now 85 feet below the 250 foot level.

The mill and cyanide plant have some of the best equipment anywhere, consisting of Allis-Chalmers crushers, rolls, ball mill, Dorr classifiers, new large redwood cyanide tanks and the latest automatic Merrill-Crowe precipitation process. While the arrangement of some of this machinery is not as convenient as could be wished for and also some of the minor installations are not good and have caused trouble, these are being replaced and put in proper shape to do good work.

The large amount of unexpected slimes in the ore has caused mechanical and metallurgical difficulties, but these troubles are being rapidly overcome as shown by the increased extraction.

Accurate transit surveys of the mine are being made, showing the large outcrop, offset of faults, different mine levels and depth of shaft in their proper relation to the deputy mineral surveyor's surface lines.

How about profits?

While profits have not been made to date, they are in sight, and depend upon three items.

FIRST. Water.

It takes from three to three and one-half minimum, tons of water to mill and treat one ton of ore.

The supply of water from the shaft has not been sufficient and a water well is being sunk on the south end of the Pony Meadows vein, to supply this needed water. This well is being churn drilled eight inches in diameter and was planned to go 150 feet deep or far enough to supply 100 gallons of water per minute. It is now 85 feet deep and water is flowing out of the top of the well at the rate of 25 gallons per minute. This has exceeded expectations and indications are that a large amount of water will be obtained.

SECOND. Extraction.

Difficulties have been encountered with slimes but the detailed records in the office show increased extraction is being obtained. We are confident an extraction of about 90% will be obtained. The new Fahrenwald flotation machine now being installed will be a great help and possibly the concentrates may have to be treated separately. Another aid will be the sulphides which are being mined in increasing quantities. These are easily handled by flotation and cyanide, with high extraction.

THIRD. Ore.

The ore body has not been developed enough to select and control the proper grade of mill heads.

We are now paying the penalty for under development, by being forced to take the ore as it comes, low grade and good grade mixed makes low mill heads.

There are thousands of tons of splendid ore in sight above and around the hoist and on and below the adit level, but this ore cannot be touched until further development releases this large tonnage.

The shaft is being sunk in footwall andesite rock. From a trace in gold values, the assays have shown steadily increasing gold and silver contents. The last assay was \$1.40 per ton taken in the proper manner from the muck hoisted. Samples taken from seams and stringers cutting across the formation, have assayed better than \$100 per ton.

Indications are that these stringers lead to the large vein where the same as in the nearby Comstock lode, large and rich ore bodies were encountered.

Inspection of the old Stone Cabin Mine and the Mt. Lincoln group of well mineralized veins, proved very interesting and there is no question in the mind of the writer, that very large and profitable mines will be opened up with development.

Respectfully yours,

B. F. GRANT, *Gen. Supt.*,
Stone Cabin Consolidated Mines, Inc.

REPORT OF AUDITOR

MR. W. W. CHARLES, *President*,
Stone Cabin Consolidated Mines, Inc.,
Philadelphia, Pa.

Dear Sir:

I submit herewith Report showing financial position of the Corporation on December 31, 1934.

The records of the Stone Cabin Consolidated Mines, Inc. have been kept in accordance with present day customs of accounting. The expenditures have been checked for correctness as made and bear proper approval for the disbursements. The figures as shown have been carefully analyzed and are correct.

Respectfully submitted,

T. A. FRAZIER,
Auditor for the Stone Cabin Consolidated Mines, Inc.

Los Angeles, California,
May 1, 1935.

May 14, 1935.

MR. W. W. CHARLES, *President*
Stone Cabin Consolidated Mines, Inc.,
1112 Commonwealth Building,
Philadelphia, Pa.

Dear Sir:

In accordance with your request we are at present engaged upon an examination of the financial books and records of Stone Cabin Consolidated Mines, Inc., for the period April 26, 1934 to December 31, 1934. As at May 13, 1935 our examination had progressed sufficiently to permit us to prepare for inclusion in the annual report of the Company, the accompanying Tentative Statement of Financial Condition as at December 31, 1934.

We certify, subject to the comments that will be contained in our final report on this examination, that, in our opinion, the statement herewith presented fairly reflects the financial condition of the Company as at December 31, 1934, and that such amendments to this statement as may be necessary upon completion of our examination, will not materially effect the financial condition here indicated.

Yours very truly,

WHITE, STREET & COMPANY,

By MEDFORD H. WHITE,
Certified Public Accountant.

STONE CABIN CONSOLIDATED MINES, INC.
TENTATIVE STATEMENT OF FINANCIAL CONDITION
AS AT DECEMBER 31, 1934

ASSETS

PROPERTY AND EQUIPMENT:		
Mining property	\$ 1,550,314.45	
Buildings, equipment, furniture and fixtures	172,180.96	
Dodge "Pick-up" truck	735.00	
Less: Depreciation	153.12	581.88
CURRENT ASSETS:		\$ 1,723,077.29
Cash on hand and in bank	362.22	
Accounts Receivable	573.62	
Values in Mill and unfinished product	3,509.97	
Supplies and materials	4,739.67	
MISCELLANEOUS ASSETS:		9,185.48
Cash in suspended banks	2,006.53	
Deposits with public utilities	1,444.58	
DEFERRED CHARGES:		3,451.11
Unexpired insurance		510.50
		<u>\$ 1,736,224.38</u>

LIABILITIES AND CAPITAL

CAPITAL:		
Common Capital Stock		
Authorized	6,000,000 shares	\$ 1,500,000.00
Held in Treasury	540,396 shares	135,099.00
Outstanding	5,459,604 shares	\$ 1,364,901.00
Donated Surplus		254,555.13
CURRENT LIABILITIES:		\$ 1,619,456.13
Overdraft in banks	1,292.08	
Accounts Payable—trade creditors	13,823.46	
Notes Payable—secured	60,000.00	
Notes Payable—unsecured	5,500.00	
Commissions Payable	1,968.34	
Contracts for gold futures	3,000.00	
Contracts for purchase of equipment	4,500.00	
Federal taxes payable	3,086.65	
Loans, notes and accounts payable to officers and directors—unsecured	13,955.00	
Accrued liabilities:		
Labor	2,765.48	
State and County taxes	448.34	
Interest	497.15	
Miscellaneous	181.75	
	<u>3,892.72</u>	
DEFERRED LIABILITIES:		111,018.25
Loans payable to Trustee		5,750.00
		<u>\$ 1,736,224.38</u>

STONE CABIN CONSOLIDATED MINES, INC.

Record of Ore from McGovern Lease on Hilltop Property
Shipped to Garfield Plant of A. S. & R. Co., Salt Lake City, Utah

LOT NO.	DATE	DESCRIPTION	CAR	NET WEIGHT	H ₂ O	DRY WEIGHT	DRY TONS	GOLD OZ.	SILVER OZ.	COPPER %	TOTAL GOLD	CONTENT SILVER
5	6/16/34	Crude Ore	SP 91464	120500	3134	117.366	58.683	.88125	3,075	.72	51.714	180.450
6	7/24/34	Crude Ore	SP 92629	124660	1746	122.914	61.457	.94	2,750	.45	57.770	169.006
7	8/20/34	Crude Ore	SP 46670	134340	2284	132.056	66.028	.855	2,350	.55	56.454	155.166
8	10/5/34	Crude Ore	SP 93516	137700	2548	135.152	67.576	.86	3,000	.60	58.115	209.486
		UCR 21710										
9	11/15/34	Crude Ore	SP 44178	123700	5442	118.258	59.129	.4625	1,650	.27	27.347	97.563
				640900	15154	623.746	312.873	.8035	2,594	—	251.400	811.671

(Continued)

GROSS VALUE	SETTLEMENT QUOTATION	SETTLEMENT QUOTATION	SMELTER METAL DEDUCTIONS	SILVER VALUE	SETTLEMENT GOLD OZS.	CONTS SILVER OZS.
GOLD	GOLD	SILVER	GOLD VALUE	SILVER VALUE	GOLD OZS.	SILVER OZS.
\$1805.46	\$34.9125	\$64125	\$160.01	\$18.81	51.714	151.109
2021.95	34.9125	.64125	183.81	19.71	57.770	138.278
1971.03	34.9125	.64125	174.76	21.17	56.454	122.152
2028.94	34.9125	.64125	179.82	21.66	58.115	175.698
954.75	34.9125	.64125	84.62	18.96	27.347	68.000
\$8782.13			\$783.02	\$100.31	251.400	655.237

(Continued)

SETTLEMENT VALUES	TOTAL VALUE	BASE DEDUCTIONS	TOTAL NET SMELTER VALUES	SAMPLING	FREIGHT	HAULING AT \$4.00 & \$3.50	TOTAL DEDUCTIONS	NET PROCEEDS	ROYALTY 10%
GOLD	SILVER								
\$1645.45	\$96.90	\$241.77	\$1500.52	\$42.15	\$228.95	\$241.00	\$512.10	\$988.42	\$98.84
1838.14	88.67	285.16	1641.52	—	236.85	249.32	486.17	1155.35	115.54
1796.27	78.33	286.56	1587.97	—	255.25	268.68	523.93	1064.04	106.40
1849.12	112.67	297.33	1664.40	—	261.63	*280.75	542.38	1122.02	112.20
870.13	43.60	210.50	703.64	—	197.92	216.48	414.40	289.24	28.92
\$7999.11	\$420.17	\$1321.32	\$7098.05	\$42.15	\$1180.60	\$1256.23	\$2478.98	\$4619.07	\$461.90

*Includes \$5.35 Transfer charges.

Correct,
T. A. FRAZIER,
Auditor.

1190 0030

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ANNUAL REPORT

of the

Stone Cabin Consolidated Mines, Inc.

FOR THE PERIOD ENDING DECEMBER 31, 1935

Stone Cabin Consolidated Mines, Inc.

Property - Located near Dayton, Lyon County, Nevada

Authorized Capital, \$1,500,000.

Par value of shares, 25 cents each.

OFFICERS

G. B. STREET, *President*

WILLARD B. AUSTIN, *Vice-President*

CHARLES B. BISHOP, *Secretary and Treasurer*

GLENN G. GENTRY, *General Superintendent*

DIRECTORS

W. W. CHARLES, *Chairman*

WILLARD B. AUSTIN

F. B. BIELASKI

H. E. HUMPHREYS, JR.

HENRY R. ISAACS

L. P. MAHONY

H. M. PIERCE

W. F. RASKOB

J. M. ROGERS

G. C. SNYMAN

G. B. STREET

FINANCE COMMITTEE

WILLARD B. AUSTIN, *Chairman*

H. E. HUMPHREYS, JR.

W. F. RASKOB

EXECUTIVE COMMITTEE

G. B. STREET, *Chairman*

F. B. BIELASKI

L. P. MAHONY

COUNSEL

HENRY R. ISAACS.....Du Pont Building, Wilmington, Delaware

WALTER ROWSON.....Lyon Building, Reno, Nevada

TRANSFER AGENT

SECURITY REGISTRAR & TRANSFER COMPANY

381 Bush Street

San Francisco, California

HOME OFFICE OF COMPANY

812 Delaware Trust Building

Wilmington, Delaware

Annual Meeting

- May 12 1936

To the Stockholders

In January, 1935 the present flotation and cyanide mill with a capacity of between 250 and 300 tons of ore per day was completed. Milling operations were carried on until the end of June, 1935.

A thorough analysis of milling results together with a study of the ore bodies at the mine in May, 1935 demonstrated that the values were not sufficiently high to enable a profit to be made from milling the ore. It was therefore decided to stop milling operations on June 30th, 1935.

Finances being low and only 200,000 shares remaining in the treasury it was evident that a radical change was necessary. A plan of reorganization and refinancing was agreed upon and your present Board and Officers were elected July 22, 1935. Six hundred thousand shares of Stone Cabin Consolidated Mines, Inc. stock were purchased from the Pony Meadows Mining Company (who had received stock for claims purchased from them at the time of the formation of your Company), and with the two hundred thousand shares in the treasury there appeared to be sufficient stock available for the required financing.

Practically all of the indebtedness was paid off and in August, 1935 active exploration work was commenced. Glenn G. Gentry was appointed General Superintendent and has carried on the work efficiently to the present time. His report of work done and prospects is shown later in this report.

NOTES

Of the original issue of \$60,000 one year notes secured by a mortgage on the mill building and equipment, \$12,000 of notes were liquidated from 50% of the mint returns while the mill was operating; the balance of \$48,000 became due on October 1st, 1935.

When it became evident that the notes would not be liquidated from mint returns, W. W. Charles and C. C. Ashley trustee 200,000 shares of their personal stock for the purpose of paying the notes. It was not possible to convert this stock into cash before October 1st, 1935 so the note holders had to be otherwise satisfied. The holders of fifteen notes accepted stock at 20c per share in full payment, requiring 75,000 shares; the holders of eight notes insisted on cash settlement which depleted your treasury by \$8,000, and the holders of the balance of \$25,000 extended their notes to April 1st, 1936. The note holders have agreed to again extend the notes until October 1st, 1936.

RECENT FINANCING

For the past several months the exploration work has been financed by sales of stock to a comparatively few loyal stockholders and by cash advances by members of your Board of Directors.

No Director has received any salary or commission on sales of stock since your present board was elected. The total fixed overhead expense has been \$150.00 per month which covers rent and stenographic and office expenses.

FUTURE FINANCING

An agreement has recently been negotiated with a New York firm to dispose of treasury stock for 25c per share net to your Company, their profit to come from a large block of stock donated to them by your Directors and a few

other stockholders. If this plan is successful there will be sufficient funds available to conclude the exploration program including extensive diamond drilling.

HILL TOP PROPERTY

As previously reported to you the Hill Top Mining property, located near Battle Mountain, Nevada, was purchased with treasury stock. The principal reason for this purchase was to secure milling equipment.

The Hill Top mine has been leased to Jack McGovern since 1934 on a royalty basis. This lease has saved your Company the cost of having a watchman on the property and royalties have been sufficient to meet the taxes and leave a small surplus. It is proposed to continue the lease until such time as your Company may be in a position to themselves develop the property.

EXPLORATION WORK

Since active exploration was inaugurated in August 1935 you will note by Superintendent Gentry's report that 2791 feet of tunneling, drifting and cross-cutting has been completed up until April 15, 1936. Results have been disappointing in as much as no bodies of ore that could be milled at a profit have been opened up. The geologists feel that the workings are not deep enough to encounter the ore bodies that should be there. This opinion is based on the geological formation and on the experience of our neighbor—the Como Mines Company.

Your Directors propose to continue exploration at depth by means of diamond drilling and there is every reason to believe that extensive bodies of millable ore will be encountered from three hundred to five hundred feet below the present workings.

By order of the Board

G. B. STREET,
President.

May 5th, 1936

EXTRACTS FROM GENERAL SUPERINTENDENT'S REPORT

PONY MEADOWS VEIN

Dewatering of the Pony Meadows shaft was commenced on August 22nd, 1935. The shaft was deepened fifteen feet to a point 290 feet below the tunnel level on the incline. The "D" or lowest level was driven 263 feet Eastward from the shaft and two drifts, one North and one South were driven 56 feet and 44 feet respectively, making a total advance of 378 feet.

The object of this work was to determine whether or not there was ore of commercial value at this depth. A number of seams of ore were found but no commercial ore bodies. While the results were disappointing the work was in a transition zone which is highly brecciated indicating that the zone of secondary enrichment is below this level. Work was temporarily discontinued on November 29, 1935.

AMAZON TUNNEL (Mount Lincoln Group)

Before starting actual drilling at the Amazon Tunnel preliminary work such as building 600 feet of road, installing 6,000 feet of air pipe, delivering machinery, supplies, etc. was required so that drilling did not commence until September 20th, 1935.

The main tunnel was advanced 539 feet; No. 1 Drift South 477 feet and No. 1 Crosscut South 661 feet. Other short drifts and crosscuts brought the total distance driven to 2413 feet.

All of this work except the main tunnel followed narrow veins of ore in the general direction of the Como-Eureka Vein. Values were for the most part low with occasional showings of commercial ore.

The exploration of the Mount Lincoln Group of claims, by means of the Amazon Tunnel, has just now reached a very interesting stage, inasmuch as we are close to the edge of the large Mountain View Extension vein system at a point near its intersection with the Como-Eureka vein. Small veins of quartz carrying heavy sulphides, and giving higher assay values, have been encountered recently and encourage us to believe that a well mineralized zone or area is not far away.

Assay values, while low, tend to prove that we have been passing through what is probably the upper end of an ore-shoot and that richer ores are to be expected below our tunnel level. It is a known fact that barren zones occur in this district, both vertically and horizontally and that the ore bodies occur in the form of pockets or kidneys of various sizes.

The Mount Lincoln Group of claims have many large veins outcropping on the surface which have not as yet been explored. All of these veins will intersect with the Como-Eureka vein with the probability of large ore deposits at or near the point of intersection.

Geologically speaking, this district offers a very attractive formation for future exploration as the Como Mines property, lying adjacent to our claims, have proven ore bodies of commercial ore on their Boyle tunnel level which is approximately 550 feet below the surface.

RECOMMENDATIONS

It is recommended that diamond drilling be done to a depth of 500 feet below the "D" level of the Pony Meadows vein in various directions. This will be a practicable, efficient, economical and quick method of proving the continuation of ore bodies at depth.

As, at this time, work on the vast Pony Meadows vein has been confined to only one point, it appears logical to recommend that a reasonable amount of prospecting be allowed upon other portions of this vein, to the North and South, where geological features are favorable and where samples show some values. There appears to be an excellent chance to develop large ore reserves which should make this vein one of the great producers of the State.

It is further recommended that a comprehensive diamond drilling program be carried out at strategic points in the Amazon tunnel and that a reasonable amount of prospecting work be performed on the various vein outcrops where geological indications offer promise of results.

We have had the advantage of having seen the bodies of sulphide ores that have recently been opened up on the Boyle tunnel level of the adjacent Como Mines property, which fact apparently proves that the ore does go down to a very considerable depth.

If the above program is carried out, it is my opinion that a very large mine will be developed and one that will be productive for many years.

GENERAL

All camp buildings and water mains are in good repair and fire hydrants and extinguishers are distributed at strategic points in order to further protect our investment. The roads about the camp and the main highway as far as the top of the Como-Eureka hill have been improved and are in much better condition than at any time during the past two years.

GLENN G. GENTRY,
General Superintendent.

April 15th, 1936

STATEMENT OF FINANCIAL CONDITION

✓ ✓ ✓

ANALYSIS OF CHANGES IN CAPITAL SURPLUS

✓ ✓ ✓

ANALYSIS OF NET RESOURCES DERIVED
AND APPLICATION THEREOF

STATEMENT OF FINANCIAL CONDITION AT JULY 22, 1935

ASSETS

PROPERTY ASSETS:

Mining property, including development, and buildings, machinery,
equipment, tools, furniture and fixtures, etc.—at book values.....\$ 1,762,750.74

CURRENT ASSETS:

Cash on hand and in banks.....	\$1,811.51	
Accounts receivable	2,014.60	
Unfinished product in mill.....	2,586.95	
Supplies in stock	87.50	
		<u>6,500.56</u>

OTHER ASSETS:

Cash in sinking fund.....	\$ 908.81	
Cash in suspended banks.....	\$2,006.53	
Less: Reserve for loss.....	2,006.53	
		<u>2,044.58</u>
Deposits with public utilities, etc.....	2,044.58	
		<u>2,953.39</u>

DEFERRED CHARGES:

Unexpired insurance	\$ 208.70	
Unamortized discount on secured notes.....	1,917.81	
		<u>2,126.51</u>
		<u>\$ 1,774,331.20</u>

LIABILITIES, CAPITAL AND SURPLUS

CAPITAL AND SURPLUS:

Common capital stock, authorized 6,000,000 shares, par value 25c each, all issued	\$ 1,500,000.00	
Less: Held in treasury—202,400 shares..	50,600.00	
		<u>\$ 1,449,400.00</u>
Add: Payments on subscriptions.....	550.00	
		<u>\$ 1,449,950.00</u>
Capital surplus	203,067.19	
		<u>\$ 1,653,017.19</u>

CURRENT LIABILITIES:

Bank overdrafts	\$ 6,220.78	
Notes and loans payable—unsecured:		
To directors	18,403.81	
To others	7,350.00	
Notes payable—secured:		
Under indenture between the Corporation and The Continental Bank and Trust Company of New York, as trustee	48,000.00	
Accounts payable	27,679.68	
Federal taxes payable	3,086.65	
Liability on contracts for future delivery of product....	2,613.16	
Wages payable	6,363.92	
Accrued interest	1,596.01	
		<u>121,314.01</u>
		<u>\$ 1,774,331.20</u>

STATEMENT OF FINANCIAL CONDITION AT DECEMBER 31, 1935

ASSETS

PROPERTY ASSETS:

Mining property, including development, and buildings, machinery, equipment, tools, furniture and fixtures, etc.:	
Book values at July 22, 1935.....	\$ 1,761,915.74
Development since July 22, 1935, at cost.....	31,405.59

CURRENT ASSETS:

Cash on hand and in banks.....	\$2,755.53
Accounts receivable	714.60
	<u>3,470.13</u>

OTHER ASSETS:

Cash in sinking fund.....	\$1,592.89
Cash in suspended banks.....	\$2,004.25
Less: Reserve for losses.....	<u>2,004.25</u>
Deposits with public utilities, etc.....	902.00
	<u>2,494.89</u>

DEFERRED CHARGES:

Unexpired insurance	509.36
	<u>\$ 1,799,795.71</u>

LIABILITIES, CAPITAL AND SURPLUS

CAPITAL AND SURPLUS:

Common capital stock, authorized 6,000,000 shares, par value 25c each, all issued	\$ 1,500,000.00
Less: Held in treasury—133,770 shares..	<u>33,442.50</u>
	\$1,466,557.50
Capital surplus	<u>266,138.16</u>
	<u>\$ 1,732,695.66</u>

CURRENT LIABILITIES:

Notes and loans payable—unsecured:	
To directors	\$18,403.81
To others	7,050.00
Notes payable—secured:	
Under indenture between the Corporation and The Continental Bank and Trust Company of New York, as trustee	25,000.00
Accounts payable—July 22, 1935—unpaid at December 31, 1935	8,716.34
Accounts payable—current	1,420.88
Wages payable—current	1,119.18
Federal taxes payable	1,476.65
Liability on contracts for future delivery of product.....	2,113.16
Accrued interest	<u>1,800.03</u>
	67,100.05
	<u>\$ 1,799,795.71</u>

ANALYSIS OF CHANGES IN CAPITAL SURPLUS

JANUARY 1, 1935 to JULY 22, 1935

BALANCE, JANUARY 1, 1935.....\$260,447.24

INCREASES:

Common stock of the corporation donated— 228,705 shares at par.....	\$ 57,176.25
Royalties received from lessor of Hilltop property	215.07
Bullion production—mint value.....	23,516.12
All other increases.....	1,042.94
Total increases	<u>\$ 81,950.38</u>

DECREASES:

Amount by which the par value of treasury stock issued, exceeded the net cash received there- for	\$ 53,476.00
Amortized discount on secured notes and gold futures contracts	6,394.19
Interest expense	2,539.15
Miscellaneous financial expenses.....	201.76
Expenses of officers and agents paid by eastern office	3,193.33
Cost of mining and milling.....	61,088.97
Hilltop property expense	228.89
Unclassified wages—operations	2,356.72
Unclassified expenses—operations	4,559.76
Western office expenses	740.89
Philadelphia office expenses	2,630.99
All other decreases	1,919.78
Total decreases	<u>\$139,330.43</u>

NET DECREASE DURING PERIOD..... 57,380.05

BALANCE, JULY 22, 1935.....\$203,067.19

ANALYSIS OF CHANGES IN CAPITAL SURPLUS

JULY 23, 1935 to DECEMBER 31, 1935

BALANCE, JULY 23, 1935.....\$203,067.19

INCREASES:

Arising from valuation, at par, of 600,000 shares of the common stock of the corporation acquired at \$.06 per share.....	114,000.00
Arising from sales of trustee stock.....	500.00
Arising from donated stock used in liquidation of \$15,000 face value of 6% secured notes....	15,000.00
Proceeds from smelting and refining of slag.....	964.73
Royalties received from lessor of Hilltop property	792.21
All other increases	59.39
Total increases	<u>\$131,316.33</u>

DECREASES:

Amount by which the par value of treasury stock issued exceeded the net cash received there- for	\$ 58,138.50
Amortized discount, 6% secured notes.....	1,917.81
Interest expense	1,480.41
Miscellaneous financial expense.....	234.74
Expenses in closing Philadelphia office.....	567.00
Expenses in closing Los Angeles office.....	384.51
Expenses—Wilmington office	1,236.65
Corporate taxes	1,948.00
Corporate representation	409.22
Accountants fees applicable at 12/31/34.....	915.00
All other decreases	1,013.52
Total decreases	<u>\$ 68,245.36</u>

NET INCREASE DURING PERIOD..... 63,070.97

BALANCE, DECEMBER 31, 1935.....\$266,138.16

ANALYSIS OF NET RESOURCES DERIVED AND APPLICATION THEREOF

	January 1, 1935 to July 22, 1935	July 23, 1935 to December 31, 1935
RESOURCES WERE DERIVED FROM:		
Net increases in liabilities:		
Bank overdrafts	\$ 4,928.70	—
Notes payable to directors.....	5,203.81	—
Accounts payable	7,388.88	\$ 1,420.88
Wages payable and accrued.....	3,598.44	—
Accrued interest	610.42	204.02
Subscriptions to capital stock.....	550.00	—
	<u>\$ 22,280.25</u>	<u>\$ 1,624.90</u>
Net decreases in assets:		
Accounts receivable	—	\$ 1,300.00
Unfinished product in mill.....	\$ 923.02	2,586.95
Supplies in stock	4,652.17	87.50
Deposits with public utilities.....	—	1,142.58
Unexpired insurance	313.38	—
Unamortized discount on gold futures contracts and secured notes.....	6,394.19	1,917.81
Treasury stock	86,984.75	17,157.50
	<u>\$ 99,267.51</u>	<u>\$ 24,192.34</u>
Net increase in capital surplus.....	—	63,070.97
Total Resources Derived.....	<u><u>\$121,547.76</u></u>	<u><u>\$ 88,888.21</u></u>
RESOURCES WERE APPLIED TO:		
Net decreases in liabilities:		
Bank overdrafts	—	\$ 6,220.78
Notes payable to others.....	\$ 4,600.00	300.00
Secured 6% notes	12,000.00	23,000.00
Accounts payable at July 22, 1935....	—	18,963.34
Wages payable and accrued.....	—	5,244.74
Gold futures contracts.....	2,486.84	500.00
Federal taxes payable	508.34	1,610.00
Subscriptions to capital stock.....	—	550.00
	<u>\$ 19,595.18</u>	<u>\$ 56,388.86</u>
Net increases in assets:		
Mining property, development, equip- ment, etc.	\$ 39,673.45	\$ 30,570.59
Cash	1,449.29	944.02
Accounts receivable	1,940.98	—
Deposits with public utilities.....	600.00	—
Unexpired insurance	—	300.66
Cash in sinking fund	908.81	684.08
	<u>\$ 44,572.53</u>	<u>\$ 32,499.35</u>
Net decrease in capital surplus.....	57,380.05	—
	<u><u>\$121,547.76</u></u>	<u><u>\$ 88,888.21</u></u>