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Item 13

Third  
Annual Report  
Nevada Hills  
Mining Company

For the Year Ending

December 31, 1912

THIRD ANNUAL REPORT  
NEVADA HILLS  
MINING COMPANY

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FOR THE YEAR ENDING  
DECEMBER 31, 1912

## Nevada Hills Mining Company

Incorporated Under the Laws of South Dakota, April 19, 1906.

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### CAPITAL STOCK

Authorized .....1,250,000 Shares at \$5.00 each, \$6,250,000  
Issued .....1,065,538 Shares at \$5.00 each, \$5,327,690

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### OFFICERS

President ..... Geo. Wingfield  
Vice-President ..... W. H. Webber  
General Manager ..... E. A. Julian  
Consulting Engineer ..... Fred J. Siebert  
Secretary and Treasurer ..... C. F. Burton

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### DIRECTORS

GEO. WINGFIELD	CHAS. E. KNOX
FRED J. SIEBERT	W. H. WEBBER
J. H. CARSTAIRS	W. E. JOHNSON
C. F. BURTON	

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### TRANSFER AGENCIES

Nevada Hills Mining Company, Reno, Nevada.  
Windsor Trust Company, New York City, N. Y.

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### REGISTRARS

Nixon National Bank, Reno, Nevada.  
Knickerbocker Trust Company, New York City.

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### DEPOSITARIES

John S. Cook & Co., Bankers, Goldfield, Nevada.  
Merchants National Bank, San Francisco, Cal.

## Report of the President

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RENO, NEVADA, December 31, 1912.

To the Stockholders of the  
Nevada Hills Mining Company.

In submitting this report attention is first called to the fact that it covers a period of only nine months. At the last meeting of the stockholders it was determined that, because of the Federal laws, and for other reasons, it would be the better policy to have the fiscal year of the company terminate with the calendar year. The by-laws were amended accordingly, making the fiscal year end on December 31st and having the annual meeting of the stockholders fall on the fourth Friday in January of each year.

We feel that the past nine months' operations have been very satisfactory indeed, the net realization for the period being \$438,909.66. The report of March 31st, 1912, showed that the company was indebted in the sum of \$495,000, whereas the present report shows the company to be indebted only in the sum of \$100,000, and with available assets that roughly show a surplus of \$31,000.

In weighing the item of cost per ton, attention is respectfully called to the fact that the property of your com-

pany is situated at a point forty-five miles from any railroad point which adds materially to the expense both in the matter of supplies and in the obtaining of a good class of labor.

Reports of the Consulting Engineer and General Manager, and of the Secretary and Treasurer, giving you full explanation concerning the physical and financial status of the company, follow.

Respectfully submitted,

GEO. WINGFIELD,

President.

## Report of General Manager and Consulting Engineer

To the President and Board of Directors  
Nevada Hills Mining Company.

Gentlemen :

The close of the fiscal year (nine months) ending December 31st, finds your company practically out of debt and on a good financial basis, for, while there are outstanding notes to the extent of \$100,000, this indebtedness is more than offset by the current assets which may be roughly stated as follows :

### LIABILITIES :

Bills Payable ----- \$100,000

### RESOURCES :

Bills Receivable -----	\$ 4,400	
Cash on hand and in Banks -----	14,600	
Concentrates and Bullion in Transit	32,500	
Accounts Receivable -----	1,000	
Supplies in Stock -----	55,500	
Absorption (values held in suspense in mill) -----	23,000	131,000

Resources, exclusive of plant and property, over and above liabilities ----- \$ 31,000

### PRODUCTION AND EXPENSE

Attention is respectfully called to the change in the termination of the fiscal year from March 31st to December

31st, causing it hereafter to conform to the calendar year; further, to the fact that, as explained in the previous annual report, the beginning of this fiscal year found operations suspended, due to power shortage, which difficulty was overcome and work resumed on April 15th, after a delay of 15 days.

Thus, the period covered by this report represents a production and profit resulting from only eight and one-half months' operation.

The appended tables display the results obtained during the year, and include all amounts expended for additional equipment.



# NEVADA HILLS MINING COMPANY

## PRODUCTION AND EXPENSES

Fiscal Year (nine months) Ending December 31st, 1912.

### PRODUCTION

	Total Value	Av. Per Ton
29,976 tons Milled .....	\$798,145.08	\$ 26.63
8 tons Shipped .....	6,534.29	816.79
29,984 Total .....	\$804,679.37	\$ 26.84
Loss in Tailings .....	78,014.85	2.60
Net Production .....	\$726,664.52	\$ 24.24

### EXPENSES

Stoping .....	1.76	\$52,850.06		
Development .....	2.07	61,953.23	\$114,803.29	\$ 3.83
Moving Dump Ore .....			3,491.74	.12
Milling .....			92,101.28	3.07
Marketing Concentrates .....			20,513.92	
Cyanide Bullion .....			9,495.69	
Ore .....			551.71	
Residues .....			344.53	1.03
General Expenses: Administration, Legal, Corporation, Roads and Telephones, Hospital, Registration and Transfer, Insurance, Maintenance and Repairs .....			21,415.52	.71
Interest .....			18,892.90	.63
Bullion Tax .....			6,167.25	.21
Property Tax .....			1,200.00	.04
Total Operating Expense .....			\$288,977.83	\$ 9.64
Miscellaneous Earnings .....			4,485.01	.15
Current Construction .....			\$284,492.82	\$ 9.49
			3,262.04	.11
Total Costs .....			\$287,754.86	\$ 9.60
Operating Profit .....			\$438,909.66	\$ 14.64
Depreciation .....			120,000.00	4.00
Net Profit for Year (nine months) .....			\$318,909.66	\$ 10.64



PRODUCTION						
	Tons	Gross Value		Recovery		
		Amount	Per Ton	Amount	Per Ton	Per Ct.
April .....	1,634	\$ 55,089.35	\$ 33.71	\$ 49,938.60	\$21.22	90.6
May .....	3,240	112,992.75	34.87	100,635.59	31.06	89.0
June .....	3,450	118,938.76	34.48	104,561.68	30.31	87.9
July .....	3,545	100,804.46	28.44	91,959.01	25.94	91.2
August .....	3,386	92,896.96	27.44	86,677.65	25.61	93.3
September ...	3,915	90,570.70	23.13	82,645.80	21.11	91.2
October .....	4,030	84,649.52	21.00	74,362.15	18.45	87.8
November ....	3,180	69,458.87	21.84	62,875.58	19.77	90.5
December ....	3,596	72,730.26	20.23	66,459.72	18.48	91.4
Totals .....	29,976	\$798,131.63	\$ 26.63	\$720,116.78	\$24.02	90.2
ORE SHIPPED:						
July, 1912 ...	8	6,547.74	818.47			
Total						
Production ...	29,984	\$804,679.37	\$ 26.84			

OPERATING COSTS				
Mining 23,223 Tons.				
Item	Amount	Per Ton	Total	Per Ton
Labor .....	\$78,044.20	\$2.77		
Supplies .....	28,907.73	1.02		
Power .....	7,851.36	.27	114,803.29	4.06
Milling 29,976 Tons:				
Labor .....	\$32,380.85	\$1.08		
Supplies .....	43,654.70	1.46		
Power .....	16,065.73	.53	92,101.28	3.07
Moving Ore from				
Dumps—1,761 tons:				
Labor .....	\$ 3,176.00	\$1.80		
Supplies .....	315.74	.18	3,491.74	1.98
Total Operating .....			\$201,396.31	

SUMMARY		
Total Production 29,984 tons.		
	Total	Per Ton
Labor .....	\$113,601.05	\$3.79
Supplies .....	72,878.17	2.43
Power .....	23,917.09	.80
Total cost .....	\$210,396.31	\$7.02

## MINING

### DEVELOPMENT

The amount of development work performed during the year, on your property, was 5,866 feet which, together with its cost, is shown in the table below :

	Feet	Cost	
	Advanced	Total	Per Ft.
Drifts and Crosscuts ----	4,553.5	\$44,595.73	\$ 9.77
Raizes -----	1,253.	15,662.50	12.50
Winzes -----	59.5	1,786.49	30.03
Totals -----	5,866.0	\$61,954.72	\$10.56

Approximately 20 per cent. of the total advance was made on ore, producing 3,372 tons, having a value of \$71,386.26, or \$21.17 per ton.

On the Nevada Hills vein and its branches, west of the "Big Fault," 969 feet was driven, chiefly for the purpose of locating and recovering the ore from faulted portions of the veins. While it cannot be said that any new discoveries were made in this part of the mine, still, the development has exposed for the first time, several bodies of ore in the faulted segments of the veins which previously had been considered barren.

To the east of the "Big Fault", the 650-foot level was advanced eastward through the rhyolite intrusion, and again

encountered the lode porphyry beyond. At this date no lateral work has been done in this new territory.

On this same level the "Wingfield" and "304" veins were further prospected, and while high values have been shown in places, nothing of commercial importance was exposed. However, both these veins show greater strength and better values on this lower level than were found in their several exposures made on the levels above, and it is expected that greater depth will prove ore bodies of commercial value.

From the 2nd level of the Webber shaft, at a depth of 450 feet, the cross-cut was extended, and at a point 930 feet from the shaft, cut the Eagle vein. A sill floor was cut, showing the ore body at this depth to be 200 feet long, an average width of 18 feet, the average value of which was \$17. A winze, showing the values continuous, was sunk on the vein to a depth of 31 feet, when the cost was so increased on account of water interference, that the work was stopped until such time as the country could be drained by a lower cross-cut. From the 3rd level of the Webber shaft, another cross-cut is being driven to intersect this vein at a depth of 650 feet. To date this cross-cut is advanced a total of 837 feet.

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## STOPING

Including the ore from development, the tonnage obtained during the year was as follows :

	Tons	Value	Per Ton
Nevada Hills Vein, West			
of "Big Fault" -----	13,508	\$356,915.35	\$26.43
East of "Big Fault" --	9,616	313,349.64	32.59
Eagle Vein -----	5,099	90,238.94	17.70
Dumps -----	1,761	44,175.44	25.09
Totals -----	29,984	\$804,679.37	\$26.84

In the Nevada Hills vein, west of the "Big Fault", the nature of the vein walls permits the ore to be removed by placing ordinary stull timbers, and in the same vein, east of the fault, stulls may also be used, if stopes are filled shortly afterward, while in the Eagle vein, the ground has required the use of the more expensive square set timbers.

The average tram of the ore underground is 1,500 feet. To facilitate this handling, another electric mine locomotive, built in your shops, was installed at a cost of \$947.58. As was demonstrated with the locomotive installed last year, the saving effected over hand tramping amounts to 10 cents per ton.

The total mine costs, including development, were \$3.95 per ton, a decrease of \$2.11 from the previous year.

#### MILLING

With the exception of the 15-day delay, mentioned previously in this report, the mill has been in continuous and very successful operation during the entire year. Several minor changes were made, bringing the present capacity of the plant up to 140 tons per day. The addition of new agitating equipment, at a cost of \$506.96, giving the ore a

considerably longer contact with the cyanide solutions, enabled an average recovery of 90.2 per cent., this being 1.4 per cent. higher than the previous year, and when the refractory nature of the ore is considered, the result is deemed good.

The total cost of milling for the period was \$3.07 per ton, which represents a decrease of \$1.81 per ton.

In the crushing department, a sorting plant equipment has just been added which will make possible the elimination of waste, between 5 per cent. and 10 per cent. from the mine run which had previously gone direct to the mill. The cost of this equipment, \$1,807.50, will result in a saving which should repay the initial cost within three months.

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#### GENERAL REMARKS

The power situation, which in the past has caused serious interruption of work, is now very greatly improved, since the completion by the Power company of a retaining dam which will allow them to impound the rush of water during the early spring "run-off," and at this date it seems probable that we shall have continuous power service in the future.

Being dependent on the mine to furnish water for milling operations, there have been times in the past when production might have been increased, had additional water been available. However, this curtailment of production has not been great enough in any manner to warrant the expenditure which would be necessary in order to pipe in water from the outside. The plans for development in the im-

mediate future, include the sinking of the present shaft, which, of course, may materially increase the present supply of water.

During the early part of the present fiscal year, the better grades of ore were mined and milled for the purpose of creating a fund to pay off as rapidly as possible, the company's indebtedness, and reduce the interest charges. This having, to a large extent, been accomplished, during the latter part of the year no particular figure for the mill heads has been predetermined, ore of any and all payable grades having been mined as encountered, or as circumstances and economy in working demanded.

For the purpose of this annual report, no attempt has been or will be made to furnish an accurate estimate of the measurable ore, or "ore in sight", for such a course would have necessitated a considerable amount of dead work not justified by conditions. On the contrary, all development work has been carried on with the idea of rendering such work available for the future economical extraction of ore, which procedure, previous to actual stoping, does not expose ore bodies on enough sides to render them accurately measurable. While the result of our exploration work has in some cases been disappointing, it seems within the bounds of conservatism to state that there is at the present time, sufficient ore exposed to operate the mill at the present rate of production for a period of two years; and it cannot be said that the mine is yet beyond the prospective stage.

Development has been somewhat curtailed during the year past, in order that the indebtedness of the company might be discharged more rapidly and the interest charges wiped out. Now that the company is practically out

of debt and has good assets in the way of ore reserves, plant equipment, etc., a more active policy of development has been decided upon.

The work of sinking the main shaft will be resumed immediately, and also the country west of the "Big Fault" on the "304", Wingfield and Eagle veins will be thoroughly prospected. Up to this time these veins have been neglected, and it is expected that good results will be obtained. Also, a large amount of lateral work will be done from the long east drift on the present bottom level which will cross-cut the entire width of the lode porphyries and prospect the eastern extension and continuation in depth of all these veins.

The situation of the plant, being so far removed from a railroad, and the fact that your company is the only one actively operating in this district, make the obtaining and retention of competent, skilled workmen somewhat difficult; and the labor situation is, therefore, a problem always to be reckoned with. To those, who, by sacrificing their personal comfort, expending their best efforts and remaining loyal under these adverse conditions, thereby enabling us to accomplish the results attained, we make very grateful acknowledgment.

Respectfully submitted,

FRED J. SIEBERT,  
Consulting Engineer.

E. A. JULIAN,  
General Manager.



## Report of the Secretary and Treasurer

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RENO, NEVADA, December, 31., 1912.

The President and Board of Directors of the  
Nevada Hills Mining Company.

Gentlemen :

The following is a statement of the changes in the  
treasury stock of your company during the past fiscal year :

Balance of stock in treasury March	
31st, 1912 -----	184,949 shares
Exchanged during the year for 2,922	
shares of Fairview Eagle Mining	
Company -----	487 shares

Balance of stock in treasury Decem-	
ber 31st, 1912 -----	184,462 shares

The amount of stock outstanding on December 31st,  
1912, therefore, is 1,065,538 shares.

The total amount of Fairview Eagle stock turned in to  
date is 897,648 shares, leaving a balance unexchanged of  
3,194 shares.

During a portion of the past year, the Construction and  
Equipment account was charged off at the rate of \$8,000 a  
month, but it was later determined to increase this to

\$20,000 a month, which has made the total written off for the nine months, \$120,000, and leaving a balance still to be written off, amounting to \$338,385.20.

The balance sheet submitted herewith is altogether different from that usually rendered by a corporation, but this form of statement is made necessary by the regulations of the Treasury Department on the so-called "Federal Income Tax Law", a short explanation of which was given in the last annual report.

Respectfully submitted,

C. F. BURTON,  
Secretary and Treasurer.

# **PROFIT AND LOSS ACCOUNT**

Fiscal Year (nine months) Ending December 31st., 1912.

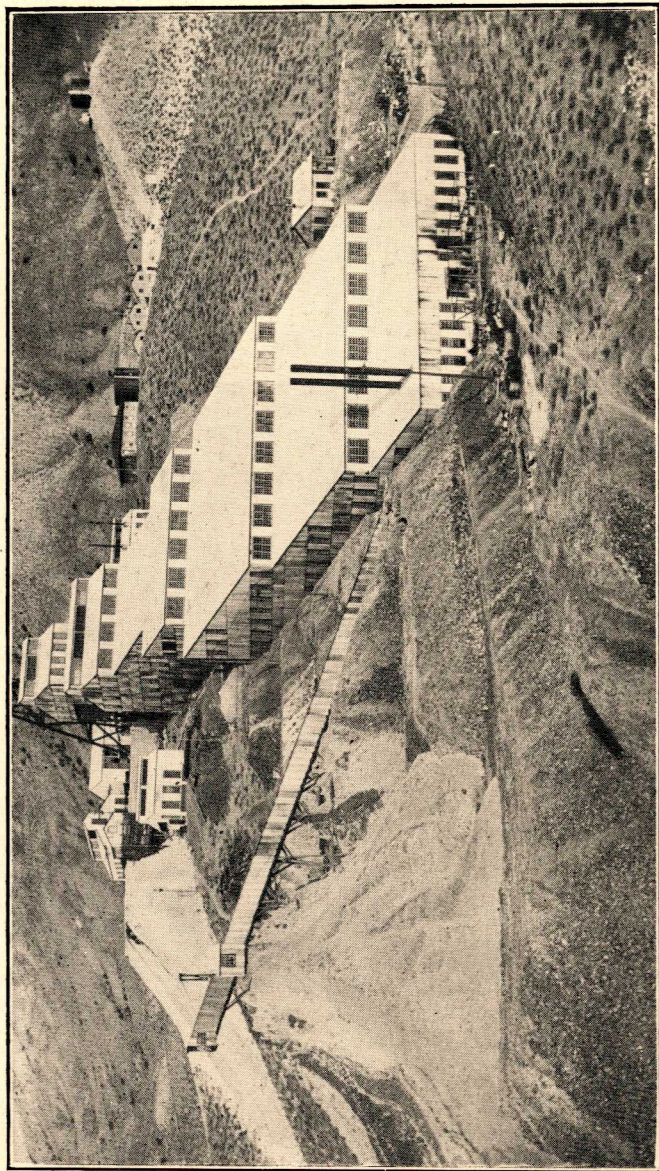
<b>EARNINGS:</b>			
Ore Shipments .....	\$ 6,547.74	\$	
Marketing .....	551.71		5,996.03
Concentrates .....	\$ 192,653.65		
Marketing .....	20,513.92		172,139.73
Bullion .....	\$ 510,638.48		
Marketing .....	9,495.69		501,142.79
Residues .....	\$ 1,552.92		
Marketing .....	344.53		1,208.39
Absorption .....			15,271.73
Miscellaneous Earnings ..			4,485.01
			<b>\$700,243.68</b>
<b>EXPENSES:</b>			
Mining .....		\$	114,803.29
Milling .....			92,101.28
Moving Dumps .....			3,491.74
General Expenses, Including Administration, Re- no and Fairview offices, Roads, Hospital, Acci- dents, etc. ....			17,159.83
Interest .....			18,892.90
Insurance— .....	\$ 3,122.15		
Taxes—Bullion .....	6,167.25		
Taxes—Property .....	1,200.00		7,367.25
Corporation Expense ....			1,133.54
			<b>258,071.98</b>
Net Operating Profit .....		\$	442,171.70
Less Current Construction charg- ed to Operations .....			3,262.04
			<b>\$ 438,909.66</b>
<b>Net Realization from Operations</b>			
Less Depreciation of plant and equip- ment .....	\$ 120,000.00		
Depreciation of mine property for ore extracted at \$42.67 per ton ....	\$1,279,417.28	\$1,399,417.28	
* Net loss after deducting depreciation of plant and exhaustion of ore ....			<b>\$960,507.62</b>

\* See foot note on balance sheet, page 20.

# BALANCE SHEET

Mine Properties .....	\$2,941,711.16	Capital Stock Authorized .....	\$6,250,000.00
Plus Titles Acquired in Exchange for Treasury Stock .....	999.00	Capital Stock Unissued .....	922,310.00
	<u>\$2,942,710.16</u>	Bills Payable .....	100,000.00
Less Amount Representing Exhaustion of Ore Deposits at \$42.67 per Ton .....	1,279,417.28	Miscellaneous Liabilities .....	49.44
	<u>\$1,663,292.88</u>		
Organization Expense .....	1,423,882.91		
Construction and Equipment .....	338,385.20		
Accounts Receivable .....	1,015.88		
Bills Receivable (Pac. Power Co.) .....	4,420.77		
Supplies on Hand .....	56,282.08		
Values Held in Mill Solutions (Absorption) .....	23,009.73		
Unexpired Insurance and Tax Fund .....	633.16		
Bullion and Concentrates in Transit .....	32,645.65		
Cash on hand and in Banks .....	14,644.94		
Dividends Paid (years 1906 and 1907) .....	312,726.50		
* Profit and Loss .....	1,556,738.94		
	<u>\$5,427,739.44</u>		<u>\$5,427,739.44</u>

\* This item showing a loss is caused by the fact that all ore extracted to date has been charged off at \$42.67 per ton, regardless of assay value, the figure being used as a depreciating unit. It consequently shows a loss by reason of this accounting practice made necessary to conform with the U. S. Treasury Department Regulations. See explanation given on page 20 of last annual report.



THE MILLING PLANT OF THE NEVADA HILLS MINING COMPANY SHOWING HEADFRAME  
OF WEBBER SHAFT AT TOP