2160 0021

91

Item 21

THIRD ANNUAL REPORT

# The Goldfield Consolidated Mines Company

MINES, MILL AND RAILROAD

AT

GOLDFIELD, NEVADA

# The Goldfield Consolidated Mines Company.

Incorporated Under the Laws of Wyoming, November 13, 1906.

### CAPITAL STOCK

| | | |
|---|---|---|
| Authorized, | 5,000,000 Shares at $10.00 each, | $50,000,000.00 |
| Issued, | 3,558,848 Shares at $10.00 each, | $35,588,480.00 |

### OFFICERS

President.............................GEO. WINGFIELD
Vice-President...........................J. D. HUBBARD
General Manager.......................J. H. MACKENZIE
Secretary and Treasurer.....................A. H. HOWE

### DIRECTORS

Geo. Wingfield
J. D. Hubbard
J. H. Mackenzie
J. H. Carstairs
W. C. Ralston
A. H. Howe
Wm. G. Roelker

### TRANSFER AGENCIES

Goldfield Consolidated Mines Co., Goldfield, Nev.
Guaranty Trust Company of New York, New York.
Mercantile Trust Company, San Francisco, Cal.

### REGISTRARS

John S. Cook & Co., Goldfield, Nev.
Windsor Trust Co., New York.
Mercantile Trust Co., San Francisco, Cal.

### DEPOSITARIES

John S. Cook & Co., Goldfield, Nev.
The Crocker National Bank, San Francisco, Cal.
Bank of the Manhattan Company, New York.

# Report of the President.

GOLDFIELD, NEVADA, October 31, 1909.

To Stockholders of
The Goldfield Consolidated Mines Company.

The calendar year of 1909 is the first year in this Company's life when its equipment has been such as to admit of adequate production. Your Board of Directors are pleased to inform you that the efforts of the management in thus equipping your property have resulted in a production so extensive and economically accomplished as to enable the Company to distribute to its stockholders during the calendar year greater gross dividends than any gold property in the world had distributed during the previous calendar year. It has, therefore, emerged from the stage of promise to the realm of fulfillment.

During the fiscal year the Company has acquired title in fee simple to all properties formerly held by stock control, consisting of 380.627 acres of mining ground.

Its milling plant has been completed within the fiscal year and has operated with a success which has permitted of the treatment of a greater tonnage of ore per stamp of equal weight than any reduction plant previously constructed, with the attainment of an average extraction of 92.66 per cent.

Its milling and transportation facilities have been segregated from its mining properties by a separate organization, for administrative purposes.

Its properties have produced 194,479.67 tons of ore, of an average value of $37.98 per ton, or $7,386,450.93 gross, from which it has realized a recovery of 92.50%, or net returns of $6,832,652.46. This has been accomplished at a mining, milling, transportation and general expense of $4.83 per ton, and a development expense of $1.94 per ton, making a gross operating expense of $6.77 per ton.

Its total gross earnings for the fiscal year, including lease royalties and miscellaneous earnings, are $6,598,870.96. Its gross expenses were $1,572,251.30. Its net profits are $5,026,619.66.

It has disbursed during the calendar year three dividends at the rate of 30 cents per share each, aggregating $3,201,238.80, and has declared a fourth dividend at the same rate, together with an extra dividend of 20 cents per share, payable to stockholders of record on the last day of the calendar year, making total dividend disbursements to stockholders within the calendar year of approximately $5,000,000.00, or $1.40 per share.

It commenced the fiscal year with a cash balance of $786,388.48 and closes the year with a cash balance of $1,365,524.42, and has bullion and concentrates in transit amounting to $479,341.21.

It has no debts.

No labor difficulties have arisen during the year, and at the present time the utmost cordiality exists between the management and its employees.

It has extended its development work to an extent that reveals an ore tonnage exposed of 800,000 tons, with an unexplored and partially explored acreage so great as to give assurance of future development of ore bodies adding greatly to the life and productiveness of the property.

Reports of the General Manager and Treasurer, affording ample information with respect to the physical and financial condition of the Company, are herewith submitted.

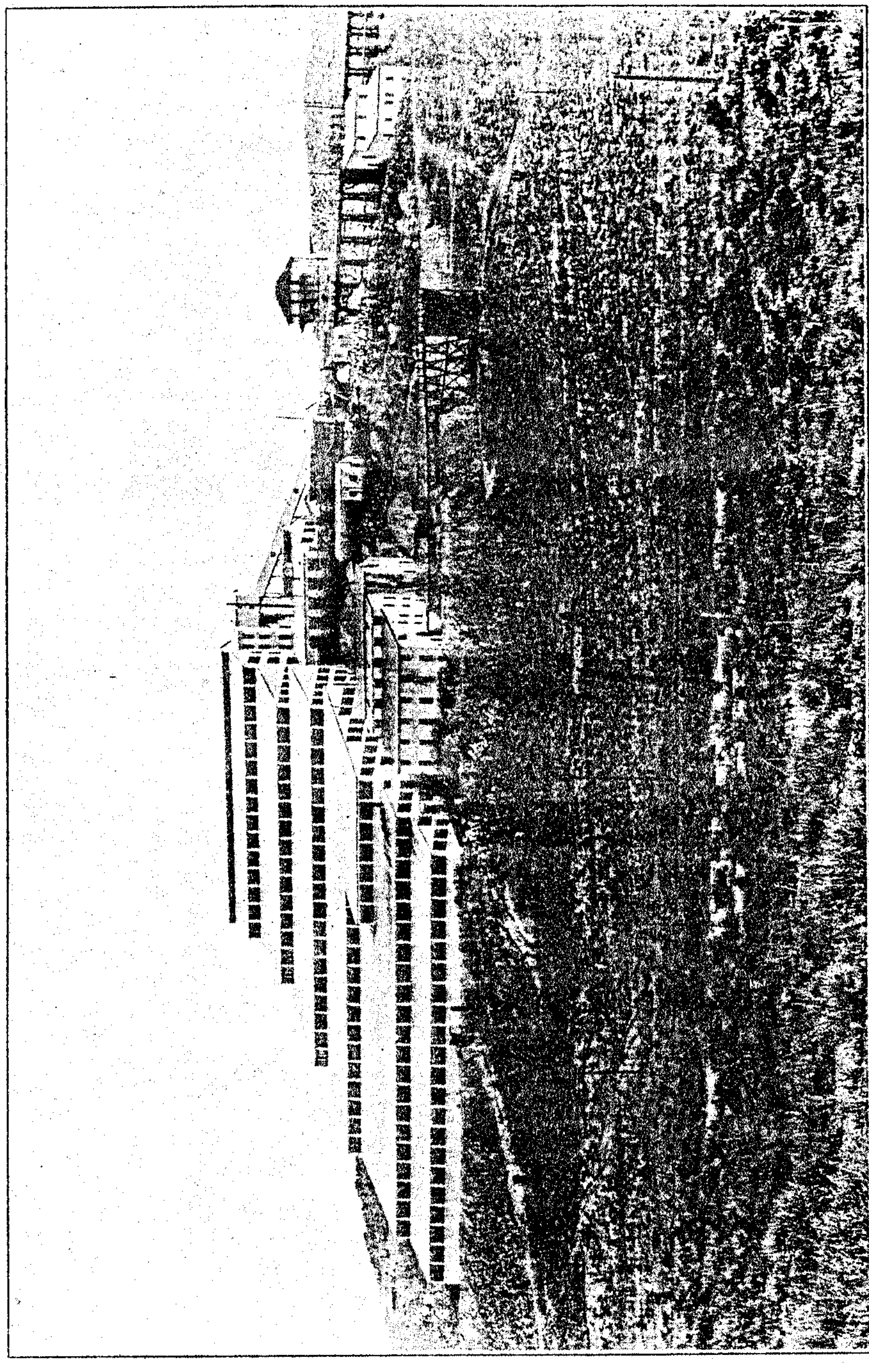
This occasion is availed of to inform stockholders of the resignation of Mr. J. H. Mackenzie as General Manager of the Company to take effect January 1, 1910. He has signified his willingness to remain in the service of the Company in the capacity of Consulting Engineer and also as a member of the Board of Directors. Assuming control of the Company's operations at a time when conditions within the organization were chaotic and the property undeveloped, Mr. Mackenzie has, by the capability and brilliancy of his administration, placed the Company in a position to accomplish the significant results previously announced.

Mr. J. R. Finlay has been chosen to succeed Mr. Mackenzie in the general management of the Company. Mr. Finlay's achievements in mine management have been such as to assure a continuance of the compentent administration heretofore characterizing the Company's operations.

Respectfully submitted,

GEO. WINGFIELD,

President.



CONSOLIDATED 100-STAMP MILL.

# Report of

To the President and
Of The Goldfi

GENTLEMEN:—Duri
omy of operations dep
tion work of the previ
has been enabled to e
thirty cents per shar
in the new 100-stamp
the grade of ore was h
while all details of
raised to a point whic
surplus of sufficient m
to form an ample safe
might occur. When
production was reduc
additional economies
of lower grade togeth
to produce current pr
about $360,000 mont
year, however, ore of
level from the Clermo
in the course of de
nearly $200,000 for th

## PRO

The total productio
year are shown in th

CONSOLIDATED 100-STAMP MILL.

# Report of the General Manager.

GOLDFIELD, NEVADA, October 31, 1909.

To the President and Board of Directors
Of The Goldfield Consolidated Mines Company.

GENTLEMEN:—During the past fiscal year the scope and economy of operations dependent upon the preparations and construction work of the previous year were attained, and your Company has been enabled to earn and pay regular quarterly dividends of thirty cents per share. With the commencement of operations in the new 100-stamp Consolidated Mill on December 26th, 1908, the grade of ore was held at about $15.00 per ton for a few weeks while all details of operation were being perfected, and then raised to a point which would insure the accumulation of a cash surplus of sufficient magnitude in excess of dividend requirements to form an ample safeguard against any unforeseen events which might occur. When this result was attained, the value of ore production was reduced to an average which would result in additional economies through the mining of a larger proportion of lower grade together with ore of higher grade, and continue to produce current profits in excess of dividend requirements of about $360,000 monthly. During the last month of the fiscal year, however, ore of such high grade was exposed on the 750-level from the Clermont shaft, that the small quantity extracted in the course of development work increased the net profits nearly $200,000 for the month.

## PRODUCTION AND PROFITS

The total production, expenses and profits for the past fiscal year are shown in the following table:

## PRODUCTION, PROFITS AND EXPENSES

**Fiscal Year Ending October 31, 1909**

| | TONS | AVERAGE PER TON | GROSS VALUE | PER CENT. RECOVERY | NET RECOVERY |
|---|---|---|---|---|---|
| Milled | 193,193.46 | $ 34.00 | $6,567,978.76 | 92.85 | $6,098,158.44 |
| Shipped | 1,286.21 | 636.34 | 818,472.17 | 89.74 | 734,494.02 |
| Total production | 194,479.67 | $37.98 | $7,386,450.93 | 92.50 | $6,832,652.46 |
| Royalty from Leases | | | | | 19,004.12 |
| Miscellaneous earnings | | | | | 127,186.90 |
| | | | | | $6,978,843.48 |
| Less Marketing Costs, and Concentrate Treatment Loss | | | | | 379,972.52 |
| | | | | | $6,598,870.96 |
| Operating Costs and Construction | | | $1,363,506.96 | | |
| Bullion Tax | | | 117,463.16 | | |
| General Expense | | | 91,281.18 | | 1,572,251.30 |
| Profit for year | | | | | $5,026,619.66 |

## PROPERTY

There has been no change in the acreage controlled by your Company since the last annual report. On July 1, 1909, however, your Company purchased all of the property of The Goldfield Mohawk Mining Company, Red Top Mining Company of Goldfield, Jumbo Mining Company of Goldfield, Laguna Goldfield Mining Company, and Goldfield Mining Company of Nevada, which were formerly controlled through stock ownership, and proceedings have been instituted to dissolve these companies. Your Company, therefore, now holds in fee simple 380.627 acres of patented mining claims. Subsequently it was deemed advisable in order to secure better administrative facilities, that the milling and transportation operations of your Company should be separated from the mining operations; therefore, your railway and mills were sold to the Goldfield Consolidated Milling & Transportation Company. Your Company holds all of the stock in this new corporation, and receives all of its profits. In order to show concisely the total results for the whole fiscal year and obviate the complications which would



be introduced by the
& Transportation Co
statistics of costs and
This procedure will n
Company.

The only serious li
involved during the
Frances Mohawk Min
& Company for dam
by caving of the lease
Hayes & Monnette p
Mohawk claim, grant
the latter half of 190
both leases and mi
January, 1907. In t
disregarded all instru
regard to safe meth
their workings to ca
these lessees in Jan
Mohawk Company w
March, 1909, and you
An appeal to this v
suit against D. Mack
to trial.

With the completi
in December, 1908,
two months later, y
were ample for the
September, 1909, ho
by the cave of the F
capacity by about 90
bodies on your prop
as additional econor
immediately prepare
Consolidated Mill.

Work is now unde
mills of the Monadn

EXPENSES

1, 1909

| S<br>E | PER CENT.<br>RECOVERY | NET<br>RECOVERY |
|---|---|---|
| 78.76 | 92.85 | $6,098,158.44 |
| 72.17 | 89.74 | 734,494.02 |
| 50.93 | 92.50 | $6,832,652.46 |
| ........... | | 19,004.12 |
| ........... | | 127,186.90 |
| | | $6,978,843.48 |
| t Loss...... | | 379,972.52 |
| | | $6,598,870.96 |
| 06.96 | | |
| 63.16 | | |
| 81.18 | | 1,572,251.30 |
| .... | | $5,026,619.66 |

age controlled by your
On July 1, 1909, how-
the property of The
Top Mining Company
of Goldfield, Laguna
d Mining Company of
through stock owner-
uted to dissolve these
ow holds in fee simple
. Subsequently it was
er administrative facili-
on operations of your
he mining operations;
sold to the Goldfield
npany. Your Company
ration, and receives all
ly the total results for
nplications which would

be introduced by the separation of the operations of the Milling & Transportation Company during the last four months, all statistics of costs and profits of the two companies are combined. This procedure will make no change in the net results to your Company.

## LITIGATION

The only serious litigation in which your Company has been involved during the past fiscal year are two suits against the Frances Mohawk Mining & Leasing Company and D. Mackenzie & Company for damages on account of injury to the property by caving of the leases. Both of these companies purchased from Hayes & Monnette portions of their original lease block on the Mohawk claim, granted in the early days of the district. During the latter half of 1906 ore was discovered in large quantities on both leases and mined until the expiration of the leases in January, 1907. In the course of mining operations, these leases disregarded all instructions from your Company's engineers with regard to safe methods, and by unminerlike work permitted their workings to cave. Suits were accordingly started against these lessees in January, 1907. The suit against the Frances Mohawk Company was brought to trial in the District Court in March, 1909, and your Company was awarded $75,000 damages. An appeal to this verdict will be argued early in 1910. The suit against D. Mackenzie & Company has not yet been brought to trial.

## CONSTRUCTION

With the completion of the Consolidated 100-stamp Mill late in December, 1908, and of the Concentrate Treatment Plant, two months later, your reduction facilities were complete, and were ample for the treatment of 700 tons of ore per day. In September, 1909, however, the wreck of the Combination Mill by the cave of the Hampton stope caused a decrease in milling capacity by about 90 tons of ore per day, and as the size of ore bodies on your property justified a larger daily production, and as additional economies would be gained thereby, plans were immediately prepared for an increase in the capacity of the Consolidated Mill.

Work is now under way on the installation of six 6-foot Chilian mills of the Monadnock type as a means of regrinding between stamps and tube mills; twenty-four Deister Concentrators, two agitators in the Concentrate Treatment Plant, a few elevators and pumps and an additional air compressor. This installation will not require an increase in the size of the mill building but will permit the economical reduction of about 850 tons of ore per day. The estimated cost of construction is $60,000.00. The additional machinery should be in operation early in January, 1910, and its installation will not interrupt the operation of your present equipment.

At the Clermont shaft an air hoist of 150 H. P. has been installed, and mine buildings and ore bins erected of sufficient size for a production of 600 tons of ore per day from this shaft. At the Red Top ore bins have been enlarged. A very satisfactory safety device for the prevention of accidents by over-winding has been installed on the large hoists at the Mohawk and Clermont shafts. In order to secure better fire protection a tank of 30,000 gallons capacity has been erected on a hill overlooking the compressor plant, storehouse, and Mohawk mine.

An additional railway spur has been constructed to the Clermont ore bins, and sidings at the storehouse and near the Consolidated Mill. In all, 1795 feet of track were laid during the fiscal year.

## MINING

On your property a total of 40,668 feet of development work were performed during the past fiscal year, of which 27,469 feet were driven on Company account and 13,199 feet by lessees. The Combination, Mohawk, Red Top and Clermont shafts have been under continuous operation. The Combination, Mohawk and Red Top mines have made a regular production of ore throughout the year, and development work has been generally successful in opening up additional ore in the newly developed portions of the older levels of these mines as well as in the new deeper levels driven from the Clermont shaft. Although development work only has been performed from the Clermont shaft, a very considerable production of ore was made in September and October.

On account of the rather flat easterly dip of the Mohawk and Red Top veins, the workings of these mines became progressively farther from the shafts with depth. The Clermont shaft, therefore, was located at an intermediate distance from the Mohawk and Red Top shafts and about 800 feet farther east, in order to cut the vein at a greater depth and obviate the excessive amount of development work which would otherwise be required on deeper levels from the older shafts. All levels below 330 feet on the Red Top vein and 600 feet on the Mohawk vein, therefore, are being driven from the Clermont shaft, the present levels being approximately at 600, 750, 900, and 1000 feet.

As operations in the Combination Mine indicate that the Combination vein at a depth of about 300 feet joins the Mohawk vein and dips rapidly away from the Combination shaft, it is not anticipated that the known ore bodies extend downward in the vicinity of this shaft below 380 feet, the present deepest level. In order to save the expense of sinking the Combination shaft, therefore, and at the same time explore this territory at a greater depth for possible unknown ore bodies, arrangements were made with the Combination Fraction Mining Company to drive a crosscut across the course of the Combination vein at a depth of 600 feet. The crosscut has been driven 340 feet, but no ore has yet been exposed. This work will fulfill every purpose of exploration, and in case no ore is discovered will cause a very considerable saving of expense.

Ore mined in the territory formerly owned by the Jumbo Mining Company has been hoisted from the Mohawk, Red Top and Clermont shafts. The production of ore from the various shafts follows:

## ORE PRODUCTION

**Fiscal Year Ending October 31, 1909**

| | TONS. | AVERAGE PER TON | GROSS VALUE |
|---|---|---|---|
| Combination | 64,536.742 | $52.24 | $3,371,613.04 |
| Mohawk | 78,520.150 | 30.22 | 2,373,182.08 |
| Red Top | 48,893.979 | 28.46 | 1,391,756.80 |
| Clermont | 2,528.799 | 98.82 | 249,899.01 |
| Total | 194,479.670 | $37.98 | $7,386,450.93 |

## MOHAWK MINE

On the upper levels stoping has progressed steadily in and around the old lease workings, and although much ore has been mined, a large tonnage of good ore is left, especially in the Hayes-Monnette and France Mohawk lease blocks, some of which is of better grade than was anticipated. Although mining of caved material involves greater expense than in solid rock, it has been found entirely practicable to carry on mining operations in the caved ground, and the ore recovered is of ample value to return a substantial profit.

Between the 450 and 600 foot levels, stopes of large size have been opened and the ore mined has averaged higher in value than in any other portion of the Mohawk workings. It has recently been determined also that a large tonnage of low grade ore exists in the hanging wall of these stopes.

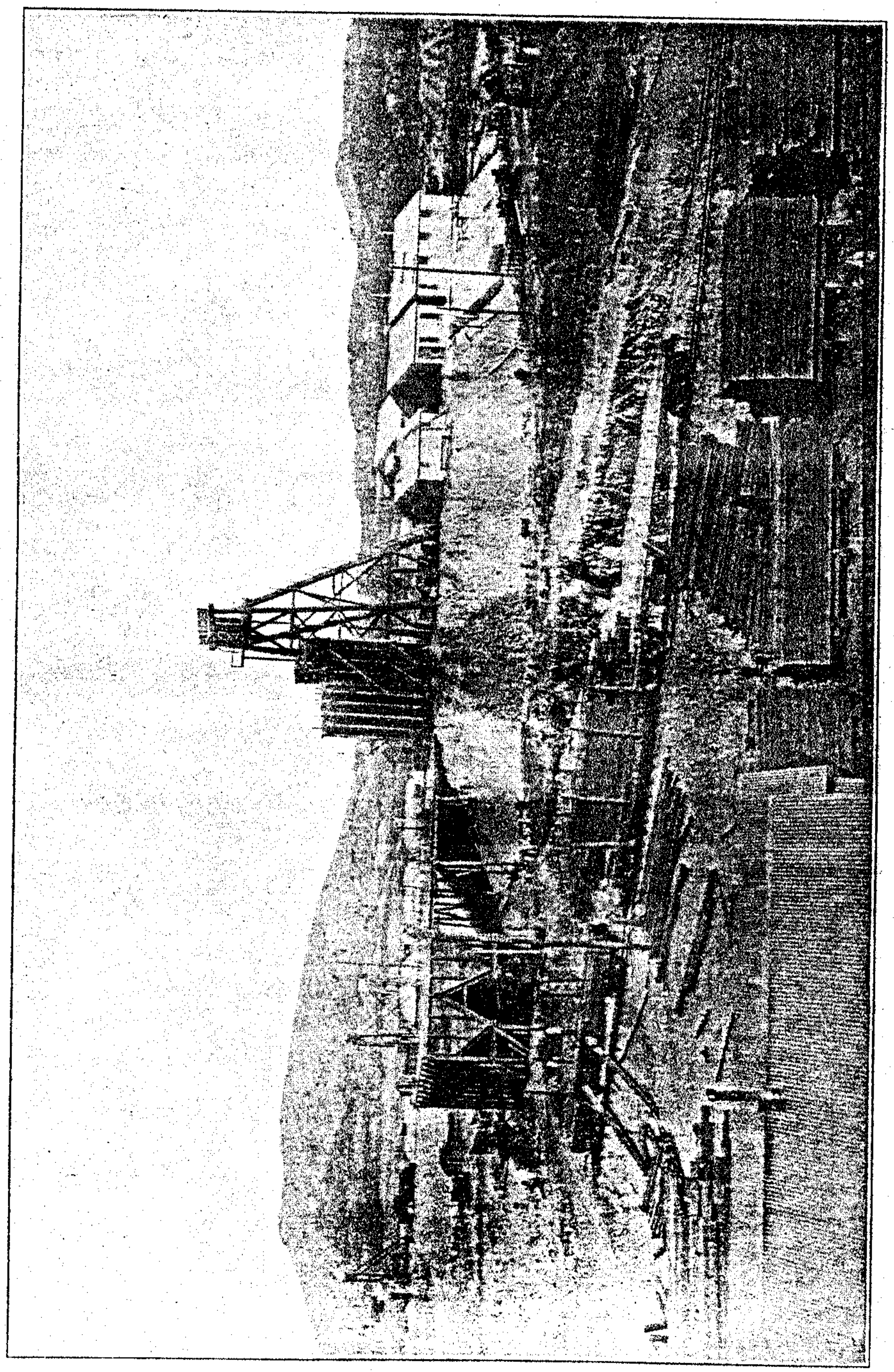
During the last two months of the fiscal year ore was exposed by three crosscuts on the 600 foot level about 100 feet in the footwall of the main Mohawk ore shoots. Although these exposures have not yet been proven to form a continuous ore body, their situation with regard to each other and to the ore bodies exposed in the Clermont workings below indicates that the footwall zone for a length of 500 feet may prove very productive.

## COMBINATION MINE

The older stopes in oxidized ore have continued a good production throughout the year, and the mine as a whole has fulfilled all expectations. Plans are now being carried out with the view of mining as a whole all ore bodies, including low grade ore, from the deeper levels to the surface. This will result in a large extension in length of the present glory hole.

About the middle of December, 1908, very rich ore was encountered on the 230 level in virgin ground north of the older workings and subsequent developments on the 230 and 280 levels exposed a large body of high grade ore. The Hampton Stope, which was opened upon this ore body permitted the production of ore of higher average grade from the Combination than from any other of your mines. This stope has a maximum width in excess of 70 feet and besides the regular production sent to the mill, 1193.049 tons, having an average gross value of $684.38 per ton, were shipped.

On September 25, 1909, in spite of heavy square-set timbering and filling with waste rock, a portion of hanging wall of this



CLERMONT SHAFT.

stope caved in, killi
the workings inacce
was lost by this cave
portion of the Comb
the abandonment of

Developments from
on the 160, 260 and 3
has been greatly incr
tion of about 250 fee
old Consolidated Re
erty on the Red T
the Higginson lease b
1700 feet. On both
for some distance no
ore bodies are not a
produced from the R
regular and even in
other mines.

The Clermont shaft
a large amount of v
on the 600, 750, 900
On the 600 level a
undercut the Red T
below the deepest lev
not yet reached com
been driven south t
Mohawk ore shoot.
for a length of 300 f
sufficient to determin
nine feet is assured.
of 100 feet has avera
on the 750 and 900
As all of these workin
not yet sufficient to
and other indications

CLERMONT SHAFT.

stope caved in, killing three miners and rendering a portion of the workings inaccessible for several weeks. Practically no ore was lost by this cave, but it extended to the surface, wrecking a portion of the Combination 20-stamp mill and made necessary the abandonment of that plant.

### RED TOP MINE

Developments from the Red Top shaft have progressed rapidly on the 160, 260 and 330 levels, and the quantity of ore in reserve has been greatly increased. On the 260 level, with the exception of about 250 feet, continuous ore has been exposed from the old Consolidated Red Top lease at the northern end of your property on the Red Top claim through the Lucky Boy claim to the Higginson lease block on the Gold Wedge claim, a distance of 1700 feet. On both the 165 and 330 levels ore has opened up for some distance north and south of the older workings, but the ore bodies are not as continuous as on the 260 level. The ore produced from the Red Top mine is of good mill grade, and more regular and even in value throughout the workings than in your other mines.

### JUMBO MINE

The Clermont shaft has been sunk to a depth of 1050 feet, and a large amount of very successful development work performed on the 600, 750, 900 and 1000 levels.

On the 600 level a crosscut has been driven 600 feet north to undercut the Red Top vein at a vertical distance of 230 feet below the deepest level from the Red Top shaft. This level has not yet reached commercial ore. The 750 and 900 levels have been driven south to develop the downward extension of the Mohawk ore shoot. On each of these levels ore is now developed for a length of 300 feet and although cross-cutting has not been sufficient to determine its full width, an average width of at least nine feet is assured. On the 750-ft. level, the drift for a length of 100 feet has averaged $450.00 per ton, and the remaining ore on the 750 and 900 levels has averaged about $30.00 per ton. As all of these workings on ore are very recent, developments are not yet sufficient to show the total extent of these ore bodies, and other indications of ore have not yet been followed. The developments on the 750 and 900 levels occupy such relative positions that they undoubtedly form portions of the same ore shoot, which appears to be the same as that recently exposed in the footwall on the Mohawk 600 level. The 1000 level has not progressed sufficiently far to reach the continuation of this ore shoot. From the latter end of September, when ore production commenced, to the end of October, development work from the Clermont shaft produced 2528 tons of ore containing $249,899.00, an average of $98.82 per ton.

## TRANSPORTATION

Your railway system has been in continuous operation throughout the year, and the equipment has proven satisfactory in all respects. Costs of operation and maintenance have averaged eleven cents per ton hauled, or ten cents per ton produced.

## MILLING

In your Consolidated 100-stamp mill operations were commenced on December 26, 1908, and continued steadily to the end of the fiscal year. During this period a generally continuous improvement was made in tonnage treated, operating costs and metallurgical extraction. The improvements and installation of additional machinery now under way will increase the capacity of your mill from 650 to about 850 tons per day.

In October an average of 649 tons per day were milled at a cost of $1.915 per ton, with an extraction of 94.49% as compared with 463 tons per day, $2.26 per ton costs, and an average extraction of 90.57% in February, the first month when all stamps were dropped continuously.

### CONSOLIDATED 100-STAMP MILL

**Fiscal Year Ending October 31, 1909 ***

| | PER CENT | TONS | PER TON | TOTAL |
|---|---|---|---|---|
| Ore Milled........ | .. | 164,728.54 | $33.45 | $5,510,432.97 |
| Recovered........ | 92.66 | ..... | 31.00 | 5,106,114.17 |
| Tailings.......... | 7.34 | ..... | 2.45 | 404,318.80 |

*Operations in this mill were commenced December 26, 1908.

| | PER TON | TOTAL |
|---|---|---|
| Costs—Labor | $0.58 | $ 95,928.97 |
| Supplies | 1.02 | 167,978.16 |
| Power | .33 | 54,537.35 |
| Water | .11 | 17,830.32 |
| Total | $2.04 | $336,274.80 |

Your Combination 20-stamp mill was operated continuously from the beginning of the fiscal year to September 25, 1909, when it was rendered unfit for further use by the cave from the Hampton Stope. As this mill could not economically treat sulphide ore, was poorly arranged, and very expensive in operation, and as a quantity of ore was known to lie beneath the mill, the early abandonment of the plant was inevitable.

In this plant an average of 86.5 tons per day were milled with an average extraction of 93.8% at a cost of $4.36 per ton, as compared with 78 tons per day, 94.0% extraction and a cost of $6.38 per ton during the previous fiscal year.

### COMBINATION 20-STAMP MILL

**Fiscal Year Ending October 31, 1909 ***

| | PER CENT | TONS | PER TON | TOTAL |
|---|---|---|---|---|
| Ore Milled | .. | 28,464.92 | $37.15 | $1,057,545.79 |
| Recovered | 93.80 | ..... | 34.85 | 992,044.27 |
| Tailings | 6.20 | ..... | 2.30 | 65,501.52 |
| Costs—Labor | | | $1.73 | $ 49,094.97 |
| Supplies | | | 1.34 | 38,017.64 |
| Power | | | .54 | 15,328.79 |
| Water | | | .20 | 5,846.42 |
| Department | | | .23 | 6,721.32 |
| General Expense | | | .32 | 9,361.81 |
| Total | | | $4.36 | $124,370.95 |

Your concentrate Treatment Plant has been operated successfully since March on the extraction of gold from the concentrates produced by both mills. The residues from this plant, which contain over $20 per ton, have been shipped to the smelters, and the profits from these shipments added to the metallurgical extraction have made a total equivalent to the metallurgical

*This mill was abandoned September 25, 1909.

extraction on the untreated concentrates which would be paid for by the smelters. This plant has made a saving to your Company of the difference between cost of treating concentrates and the freight and treatment rates charged by the smelters on high grade concentrates, which amounts to about $25.00 per ton.

### CONCENTRATE TREATMENT PLANT

**Fiscal Year Ending October 31, 1909 ***

| | PER CENT | TONS | PER TON | TOTAL |
|---|---|---|---|---|
| Concentrates treated | | 7,005 | $389.46 | $2,728,185.89 |
| Residues | 10.27 | 7,005 | 40.01 | 280,301.09 |
| Direct Recovery | 89.73 | | $349.45 | $2,447,884.80 |
| Net Returns Residue Shipments | 5.05 | | 19.66 | 137,761.63 |
| Total Recovery | 94.78 | | $369.11 | $2,585,646.43 |
| **Costs of Operation:** | | | | |
| Labor | | | $1.68 | $11,762.01 |
| Supplies | | | 4.13 | 28,966.72 |
| Power | | | .69 | 4,796.65 |
| | | | 6.50 | $45,525.38 |

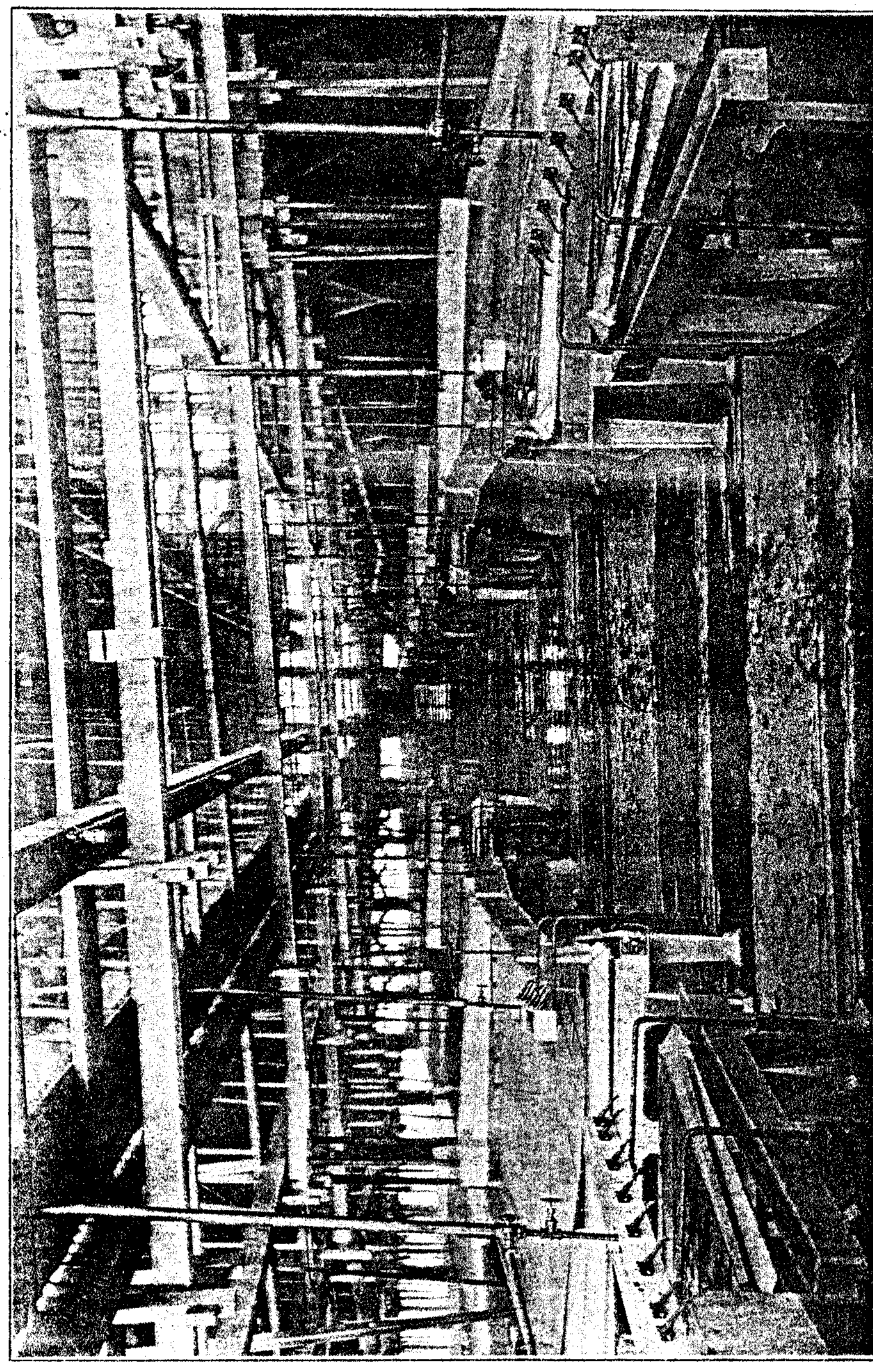
With the exception of concentrate tailings and a comparatively small amount of by-products, all production from your mills has been in the form of gold bullion.

The report of Mr. J. W. Hutchinson, Mill Superintendent, follows:

Mr. J. H. Mackenzie, General Manager,
The Goldfield Consolidated Mines Company,
Goldfield, Nevada.

SIR:—Since the commencement of operations in the Consolidated 100-stamp mill few changes have been made in the plan of operation. As the percentage recoverable by amalgamation from the sulphide ores is small, and as the percentage actually recovered was reduced by operating the batteries under conditions suited for obtaining the maximum crushing capacity, the thirty-four primary and secondary amalgamation plates have been abandoned and the free gold is allowed to go into the concentrates. To

*Operations in this plant were commenced March 1, 1909.



CONCENTRATOR FLOOR, 100-STAMP MILL.

replace these abando
over which the concer
Treatment Plant, and
readily into solution
a reduction in costs
small classifiers belo
excessive wear, and w
ing, have been replac
operations and great
the mill. Without
alterations in the me
chemical consumptio
have been experimer
precipitates which i
bullion over 990 fine
cost of refining and
ensuing year this pro
The Concentrate Trea
worked out by mysel
successful operation
ton over the cost
operating costs have i
ing the introduction
that further econom
from this plant whic
have been shipped to
on a dump for futu
Company from the er

**COMPARISON OF DI**
**WITH LOCAL**

**Costs and Deductions:**
Operation of Plant.
Sacking..........
Haulage..........
Freight and Smelti
Metallurgical Loss..

Saving by Local Tr

CONCENTRATOR FLOOR, 100–STAMP MILL.

replace these abandoned plates, two plates have been installed over which the concentrates pass before entering the Concentrate Treatment Plant, and all of the gold which is too coarse to pass readily into solution is amalgamated. This change has effected a reduction in costs of four cents per ton. The twenty-four small classifiers below the batteries which were subjected to excessive wear, and which caused considerable trouble from clogging, have been replaced by two eight foot cones, thus simplifying operations and greatly increasing the cleanliness of this part of the mill. Without change in the equipment various slight alterations in the metallurgical processes have caused a saving in chemical consumption of eleven cents per ton. Recently we have been experimenting on a process for refining our cyanide precipitates which if successful will enable us to produce gold bullion over 990 fine, and will effect a material decrease in the cost of refining and marketing. It is hoped that during the ensuing year this process will be brought to a commercial success. The Concentrate Treatment Plant built to operate under the process worked out by myself during the summer of 1908 has been under successful operation since March and is saving about $25.00 per ton over the cost of marketing untreated concentrates. As operating costs have included all the changes and revisions attending the introduction of a new process, it is confidently expected that further economy will be gained hereafter. The residues from this plant which contain higher value than $20.00 per ton have been shipped to the smelters and lower grade residues placed on a dump for future treatment. The present saving to your Company from the erection of this plant may be shown as follows:

**COMPARISON OF DIRECT SALE OF UNTREATED CONCENTRATES WITH LOCAL TREATMENT AND SALE OF RESIDUES.**

| | DIRECT SALE UNTREATED CONCENTRATES PER TON | TREATMENT AND SALE OF RESIDUES PER TON |
|---|---|---|
| **Costs and Deductions:** | | |
| Operation of Plant. ...... | .... | $6.50 |
| Sacking................ | $0.25 | ......... |
| Haulage................ | .50 | .50 |
| Freight and Smelting..... | 32.50 | 16.12 |
| Metallurgical Loss........ | 17.94 | 2.98 |
| | $51.19 | $26.10 |
| Saving by Local Treatment.......................... | | $25.09 |

On 7,005 tons of concentrates treated to October 31, 1909, this saving of $25.09 per ton amounts to $175,755.45, to which applies a bullion expense of $16,264.31, making a net saving of $159,491.14 through the operation of the Concentrate Treatment Plant to the close of the fiscal year.

Respectfully submitted,

J. W. Hutchinson, Mill Supt.

## OPERATING COSTS

The following statement shows the cost of operations during the last ten months of the past fiscal year, since the commencement of operations in the Consolidated Mill.

### COST OF OPERATION

**Ten Months Ending October 31, 1909**

| | COST PER TON | TOTAL |
|---|---|---|
| **Stoping:** | | |
| Labor | $1.24 | $234,527.73 |
| Supplies | .66 | 125,589.16 |
| Power | .03 | 5,759.09 |
| Department | .25 | 47,856.18 |
| Construction | .02 | 3,849.68 |
| General Expense | .18 | 33,882.88 |
| | 2.38 | $451,464.72 |
| **Transportation:** | | |
| Labor | $0.063 | $11,932.78 |
| Supplies | .029 | 4,518.30 |
| Power | .... | 72.00 |
| Department | .008 | 1,634.98 |
| Total | .10 | $18,158.06 |
| **Milling:** | | |
| Labor | $0.71 | $135,348.04 |
| Supplies | 1.10 | 207,838.37 |
| Power | .36 | 67,098.14 |
| Department | .09 | 17,927.19 |
| General Expense, etc | .04 | 7,688.69 |
| Total | 2.30 | $435,900.43 |



**Total Cost of Production**
Labor
Supplies
Department
Power
General Expense, et
Construction

**Development:**
Labor
Supplies
Power
Department
Construction
General Expense

**Total Cost of Operating:**
Labor
Supplies
Power
Department
Construction
General Expense

Costs of operation

**Fisc**

Stoping
Transportation
Milling
Total produc
Development
Total operati

| Total Cost of Production: | COST PER TON | TOTAL |
|---|---|---|
| Labor | $2.02 | $381,808.55 |
| Supplies | 1.78 | 337,945.83 |
| Department | .36 | 67,418.35 |
| Power | .39 | 72,929.23 |
| General Expense, etc | .21 | 41,571.57 |
| Construction | .02 | 3,849.68 |
| | 4.78 | $905,523.21 |

| Development: | | |
|---|---|---|
| Labor | $0.80 | $151,968.26 |
| Supplies | .36 | 69,114.20 |
| Power | .02 | 3,342.51 |
| Department | .20 | 38,679.33 |
| Construction | .08 | 15,245.56 |
| General Expense | .10 | 16,198.20 |
| | 1.56 | $294,548.06 |

| Total Cost of Operating: | | |
|---|---|---|
| Labor | $2.81 | $533,776.81 |
| Supplies | 2.15 | 407,060.03 |
| Power | .41 | 76,271.74 |
| Department | .55 | 106,097.68 |
| Construction | .10 | 19,095.24 |
| General Expense | .32 | 57,769.77 |
| | 6.34 | $1,200,071.27 |

Costs of operation for the complete fiscal year were as follows:

## COST OF OPERATION

### Fiscal Year Ending October 31, 1909

| | PER TON | TOTAL |
|---|---|---|
| Stoping | $2.37 | $461,891.97 |
| Transportation | .09 | 18,158.06 |
| Milling | 2.37 | 460,645.75 |
| Total production | 4.83 | 940,695.78 |
| Development | 1.94 | 377,285.80 |
| Total operation | $6.77 | $1,317,981.58 |

## ORE RESERVES

In your property experience in stoping has shown conclusively that on account of the excessive variations in value and the great irregularity in form of the ore bodies, it is impossible to make accurate estimates of ore reserves. The average grade of the ore produced is so largely dependent upon very rich irregular streaks which often traverse the ore bodies in many directions that only in very rare cases do samples from exposed faces indicate even approximately the average production of the stopes. Moreover, the limits of profitable ore are not dependent upon structural planes, but swell and pinch with but the most general relations to the walls of the veins, so that in few places is it possible to be certain of ore quantities a few feet beyond exposures. This condition is well summarized by Mr. F. L. Ransome in the recent publication of the United States Geological Survey on the Goldfield District in which he writes with reference to your property:

"The quantity of ore is undeniably large, but in no district are the difficulties in the way of estimation greater, owing to the irregular shape, erratic distribution, and wide range in tenor of the pay shoots."

With full consideration of the present and past production of your property, however, and of those conditions which heretofore have appeared to govern in general the distribution, value and size of the ore bodies, the present exposures warrant the statement that ore of profitable grade now exposed will amount to 800,000 tons, or sufficient to meet the requirements of the Consolidated Mill at the rate of 850 tons per day for nearly three years. In addition, the extent of promising territory as yet undeveloped, on the older levels is so large and results from the present slight amount of development work on the deeper levels have been so satisfactory, that a long life to your property is confidently anticipated.

## FUTURE OUTLOOK

At the beginning of the past fiscal year a number of conditions bearing on the future of your property existed, to meet which all possible plans had been made but which had not been tested by actual operation. Your property previously had been operated on a comparatively small scale with the object of mining high grade ore, and your sulphide ores had not previously been milled on a commercial scale. Your 100-stamp mill built for the purpose of treating these ores was nearing completion but its efficiency had not been demonstrated. Various complex structural features of your ore bodies rendered it impossible to estimate ore reserves definitely and in the ordinary manner. Although ore of good milling grade had been encountered on the 600 level of the Mohawk mine, high grade ore comparable in value to the bonanza stope of the upper levels had not been discovered, and ore had not been demonstrated to continue below that level. Moreover, it seemed probable that just below the 600 level the Mohawk vein would pass out of dacite, the formation of which all ore in your property had previously been found, into latite, an underlying formation in which no ore bodies of commercial importance had been discovered in the Goldfield district. Although these two porphyry formations are very similar, the continuity of ore shoots into the lower formation had not been demonstrated, and it was very uncertain if the conditions under which bonanza ore bodies were formed had ever existed in the latite.

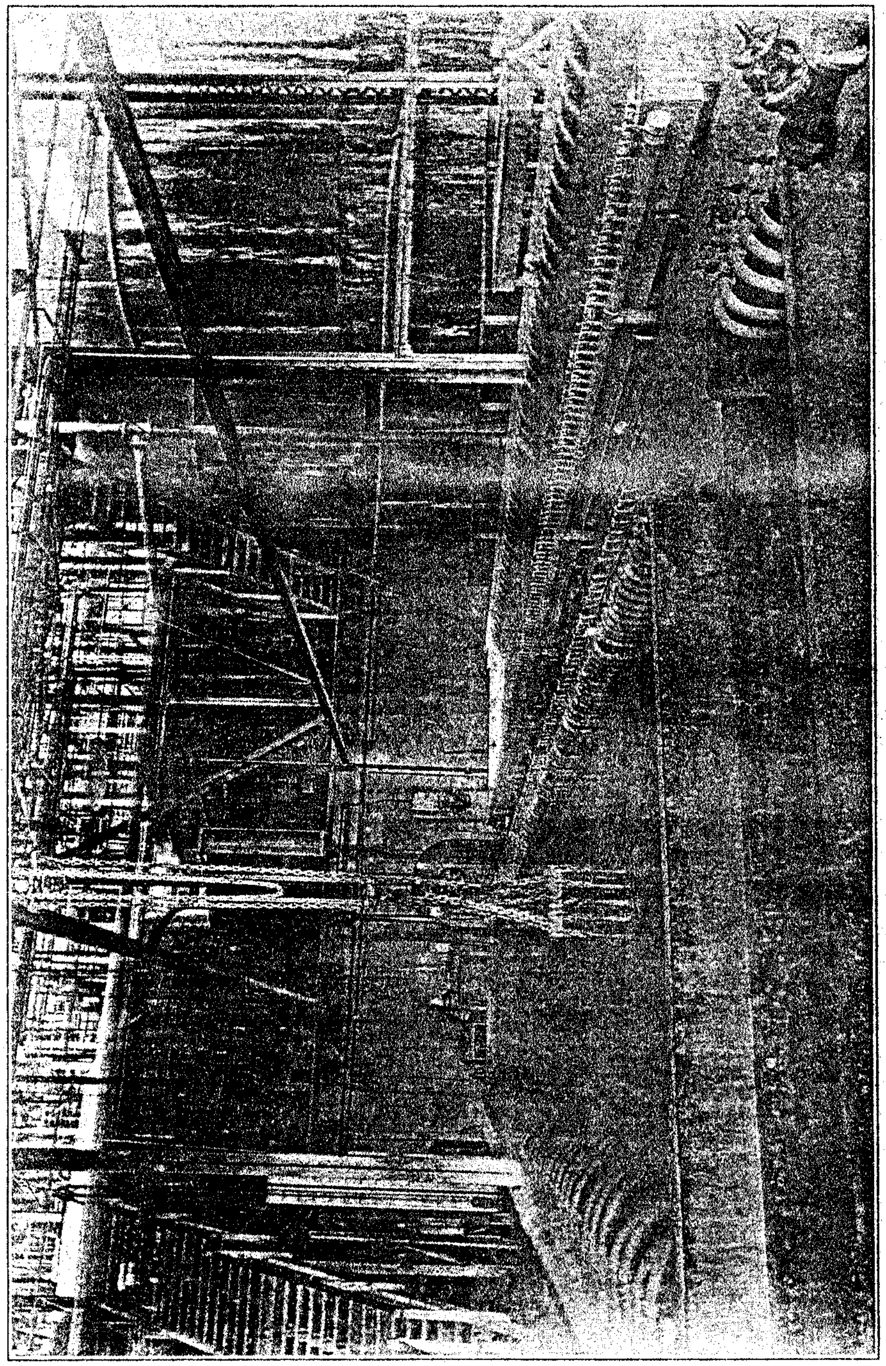
All of these conditions have developed in a very satisfactory manner. Your new 100-stamp mill has been proven capable of the economical reduction of 650 tons of sulphide ore daily, with high extraction. Developments have extended the productive area laterally as well as downward and ore is now known to be much more continuous from the northern to the southern end of your property than formerly demonstrated. New bodies of rich ore not previously exposed have been found in many of the older ore shoots, and two new bonanzas, the Hampton ore shoot and Clermont 750 ore body, which are as rich as any of the older bonanzas, have been discovered. At no time has there been difficulty in holding the grade of ore at the average planned, and in spite of a gross production of 194,479 tons of ore containing $7,386,450.93, your visible ore reserves have increased. The discovery of ore in large quantities in latite formation on the 750 and 900 levels of the Clermont has exposed ore to a depth of over 1500 feet from the surface along the dip of the vein and has developed 450 feet of blacks below the 600 level Mohawk, which heretofore was the deepest level on your property. In addition, the change of the formation from dacite to latite has been demonstrated not to lessen the size, continuity or value of the ore bodies.

All operations have been brought to a systematic relationship not possible in the constructive period, and the resultant economy has rendered possible a total expense of operations of about $6.77 per ton, including the expenditure of $1.92 per ton on development work.

With the completion of improvements now under way in the Consolidated Mill, the capacity of your reduction plant will be increased to at least 850 tons per day, and profits equivalent to those of the past year can be made from ore of much lower grade than heretofore. Additional economies will also be gained through this increase in the scale of production. This milling capacity will be ample for present requirements. If future developments continue to increase the tonnage of ore on the present levels of the Clermont and expose ore to a depth of 1600 feet, placing in reserve approximately 2,000,000 tons, the construction of another unit of the same capacity as the present mill will be desirable. All facts with regard to the Clermont ore shoots indicate that they may be expected to extend to a greater depth and it is confidently anticipated that the 1000 level will reach ore within a few months. There is no evidence that any further change of formation is impending in the deeper levels from the Clermont. In the upper levels of all of your mines large areas of promising territory remain unexplored or very imperfectly developed and there is every reason to believe that in these areas much additional ore will be discovered.

In conclusion it may be stated that as your property throughout its history has continued to produce much more ore from its stopes than could be estimated from exposures, it is most probable that the areas now wholly or partially developed will produce a much larger tonnage than the 800,000 tons estimated from exposures, and in addition it may be expected that exploratory work both near the surface and at depth will continue to develope large ore bodies. The present estimate of ore reserves, therefore, cannot be considered as limiting the life of your property.

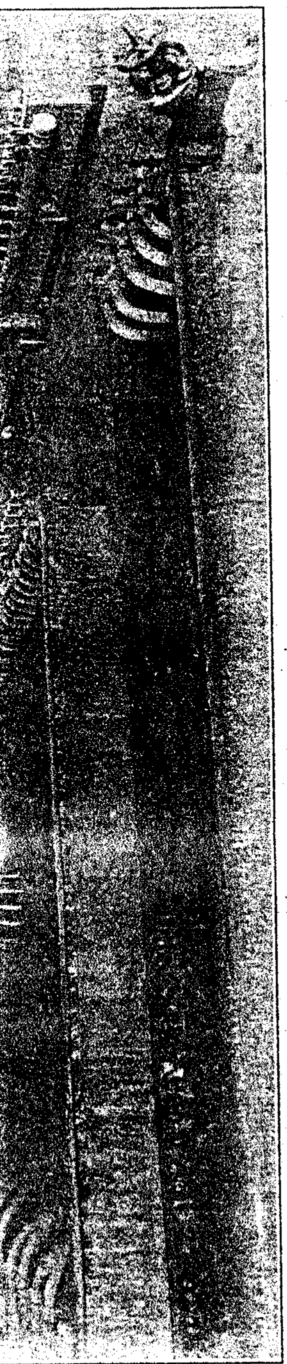
Admirable organization exists in all departments and high efficiency characterizes the work performed by each. In the development of that system which is fundamentally respon-



BUTTERS FILTER PLANT, 100-STAMP MILL.

sible for the favorabl
its fiscal year, much
Superintendent. To
general and technical
this report, I am per

F



BUTTERS FILTER PLANT, 100-STAMP MILL.

sible for the favorable condition of the Company at the close of its fiscal year, much credit is due Mr. H. P. Henderson, General Superintendent. To his executive ability, his knowledge, both general and technical, and his efficient aid in the preparation of this report, I am personally indebted.

Respectfully submitted,

JNO. H. MACKENZIE,

General Manager.

# Report of the Secretary and Treasurer.

Goldfield, Nevada, October 31, 1909.

The President and Board of Directors of
The Goldfield Consolidated Mines Company.

GENTLEMEN:—During the fiscal year ending October 31st, 1909, the issued stock of your Company increased from 3,539,811 shares to 3,558,848 shares, resulting from exchanges of this Company's shares for shares of its subsidiary organizations, as shown by the following table:

| | SUBSIDIARY SHARES SURRENDERED | CONSOLIDATED SHARES ISSUED |
|---|---|---|
| Goldfield Mohawk Mining Company...... | 4,745 | 9,490 |
| Red Top Mining Company of Goldfield.. | 6,350 | 3,175 |
| Jumbo Mining Company of Goldfield..... | 6,942 | 3,471 |
| Laguna Goldfield Mining Company...... | 7,450 | 1,490 |
| Goldfield Mining Company of Nevada.... | 7,055 | 1,411 |
| Consolidated increase during year....... | | 19,037 |
| Consolidated stock issued Nov. 1, 1908... | | 3,539,811 |
| Consolidated stock issued Oct. 31, 1909.. | | 3,558,848 |

On July 1, 1909, the basic principle of the Company's organization was changed from stock-holding in, to actual ownership of, its subsidiary properties. Employing the established ratio of stock exchanges between this Company and its subsidiaries as basis upon which the purchase of your subsidiary properties should be effected, terms of acquisition were established by the boards of directors of all the companies involved, with the Consolidated stock deemed to possess an average value of $7.50 per share. On this basis, the value of subsidiary shares, for purposes of sale and purchase, became as follows:

| | CONSOLIDATED SHARES AT $7.50 | SUBSIDIARY SHARES AT |
|---|---|---|
| Mohawk............................. | 1 for 2 | $15.00 |
| Red Top............................. | 2 for 1 | 3.75 |
| Jumbo.............................. | 2 for 1 | 3.75 |
| Laguna............................. | 5 for 1 | 1.50 |
| Goldfield Mining...................... | 5 for 1 | 1.50 |

The purchase of the subsidiary companies was accordingly consummated on the above bases, and included all the property and assets of the subsidiary companies, together with money on hand and due, and the assumption by the Goldfield Consolidated Mines Company of all of their liabilities.

The following table will show concretely the application of the principle of purchase:

| | ISSUED STOCK | PRICE PAID BY G. C. M. CO. |
|---|---|---|
| Mohawk | 710,000 at $15.00 | $10,650,000.00 |
| Red Top | 852,500 at 3.75 | 3,196,875.00 |
| Jumbo | 700,000 at 3.75 | 2,625,000.00 |
| Laguna | 802,400 at 1.50 | 1,203,600.00 |
| Goldfield Mining | 884,150 at 1.50 | 1,326,225.00 |
| | | $19,001,700.00 |

Following the purchases as above the boards of directors of the subsidiary companies declared final dividends, of which your Company received benefits as shown below:

| | SUBSIDIARY SHARES OWNED BY G. C. M. CO. | PERCENTAGE OF OWNERSHIP | AMOUNT OF DIVIDEND RECEIVED BY G. C. M. CO. |
|---|---|---|---|
| Mohawk | 695,080 | 97.90 | $10,426,200.00 |
| Red Top | 851,159 | 99.84 | 3,191,846.25 |
| Jumbo | 695,840 | 99.41 | 2,609,400.00 |
| Laguna | 796,896 | 99.31. | 1,195,344.00 |
| Goldfield Mining | 876,225 | 99.10. | 1,314,337.50 |
| | | | $18,737,127.75 |

The boards of directors of the subsidiary organizations subsequently called meetings of their stockholders at the domiciliary residences of the companies, at which sufficient stock of each subsidiary company was voted to accomplish their final legal dissolution.

Thus The Goldfield Consolidated Mines Company became the owner in fee of all the properties formerly operated under stock control and secured a compact organization affording the possibility of homogeneous operation.

To enable the Company to transact its business to better advantage with regard to its administration, a segregation of mining, milling and transportation plants has been accomplished, by the organization under the laws of Wyoming of the Goldfield Consolidated Milling and Transportation Company, whereby your railroad, water and milling facilities are operated under management separate from your mines.

This new company was organized during July, 1909, with a nominal capital of $400,000 divided into 4,000 shares of a par value of $100.00 each, all of which are owned by and stand in the name of, The Goldfield Consolidated Mines Company, excepting seven shares standing in the names of the directors. The officers and directors of the milling and transportation company are the same persons who are the officers and directors of the Goldfield Consolidated Mines Company, and each stockholder of the Consolidated Company enjoys benefits of profit sharing in the milling and transportation company proportionate to his ownership of Consolidated stock.

The properties thus separately operated comprise the Alkali water plant, pipe line and equipment; the reservoir and pipe line serving the Consolidated 100-stamp mill; the Combination 20-stamp mill; the Consolidated 100-stamp mill; and the railroad connecting the mines and mills together with its spurs and equipment.

Litigation during the year in which the Company has been involved appertains largely to disputes with leasers originating in the earlier period of the Company's existence, and to condemnation proceedings aiming at the establishment of the right of way for the Company's railroad.

Following is a tabulation, certified by Public Accountants, indicative of the present condition of the combined mining and milling companies and embodying figures which reveal their financial transactions during the fiscal year.

Commencing the year with a cash balance of $786,188.48, the parent company has completed its mill; largely and significantly extended its development work; perfected and enlarged its entire plant; purchased a proprietorship in fee of all its subsidiary properties; paid three dividends aggregating $3,201,238.80; and commences a new fiscal year with a cash balance of $1,365,324.42.



At the close of the yea
trates in transit amoun
for the current month
panies have no debts.

At the close of the year the companies had bullion and concentrates in transit amounting to $479,341.21. Excepting invoices for the current month the combined mining and milling companies have no debts.

Respectfully submitted,

A. H. Howe,

Secretary and Treasurer.

## COMBINED PROFIT AND LOSS ACCOUNT
## THE GOLDFIELD CONSOLIDATED MINES COMPANY
— AND —
## GOLDFIELD CONSOLIDATED MILLING AND TRANSPORTATION COMPANY

**Year Ending October 31, 1909.**

| | | | |
|---|---|---|---|
| **Earnings:** | | | |
| Ore Shipments, gross | | $818,472.17 | |
| Transportation, Treatment and Charges | | 83,978.15 | $734,494.02 |
| Concentrate Shipments, gross | | 205,557.47 | |
| Transportation, Treatment and Charges | | 32,837.21 | |
| | | 172,720.26 | |
| Concentrates on Hand October 31, 1908 | $104,990.26 | | |
| Concentrates on Hand October 31, 1909 | 38,143.29 | 66,846.97 | 105,873.29 |
| Concentrate Residue Shipments, gross | | 270,934.62 | |
| Transportation, Treatment and Charges | | 137,283.36 | 133,651.26 |
| Sales Miscellaneous Mill Products, gross | | 38,889.87 | |
| Transportation, Treatment and Charges | | 3,890.46 | 34,999.41 |
| Sales Bullion | | 5,232,987.28 | |
| Mint Charges and Expressage | | 41,711.71 | 5,191,275.57 |
| Mill Products on Hand and Absorption | | | 252,386.39 |
| Cleanup Combination 20-Stamp Mill | | | 13,319.01 |
| Royalties from Leases | | | 19,004.12 |
| Damages Frances-Mohawk Suit | | | 75,000.00 |
| Forfeit Consolidated Red Top Lease | | | 5,000.00 |
| Interest and Discount | | | 7,284.86 |
| Miscellaneous Earnings | | | 26,583.03 |
| Total Earnings | | | $6,598,870.96 |
| **Expenses:** | | | |
| Mining | | $ 839,177.77 | |
| Transportation | | 18,158.06 | |
| Milling | | 460,645.75 | |
| Concentrate Treatment Plant Operation | | 45,525.38 | |
| Bullion Tax | | 117,463.16 | |
| General Expenses: | | | |
| General and Secretary's Office | $20,854.66 | | |
| Taxes | 2,344.87 | | |
| Insurance | 929.37 | | |
| Legal Expense | 4,543.05 | | |
| Sundries | 62,609.23 | 91,281.18 | |
| Total Expenses | | | 1,572,251.30 |
| Profit for Year | | | 5,026,619.66 |
| Dividend No. 3, paid April 30, 1909 | | 1,066,280.10 | |
| Dividend No. 4, paid July 31, 1909 | | 1,067,364.60 | |
| Dividend No. 5, paid Oct. 30, 1909 | | 1,067,594.10 | 3,201,238.80 |
| Undivided Profit for Year | | | 1,825,380.86 |
| Undivided Profit to October 31, 1908 | | | 2,442,015.76 |
| | | | 4,267,396.62 |
| *Depreciation and Accounts Charged Off | | | 373,542.59 |
| Undivided Profit to Date | | | $3,893,854.03 |

*This item covers a period of three years, no depreciation having been charged off heretofore.

ACCOUNT
INES COMPANY
D TRANSPORTATION
1909.

| | |
|---|---|
| 318,472.17 | |
| 83,978.15 | $734,494.02 |
| 205,557.47 | |
| 32,837.21 | |
| 172,720.26 | |
| 66,846.97 | 105,873.29 |
| 270,934.62 | |
| 137,283.36 | 133,651.26 |
| 38,889.87 | |
| 3,890.46 | 34,999.41 |
| 232,987.28 | |
| 41,711.71 | 5,191,275.57 |
| ........ | 252,386.39 |
| ........ | 13,319.01 |
| ........ | 19,004.12 |
| ........ | 75,000.00 |
| ........ | 5,000.00 |
| ........ | 7,284.86 |
| ........ | 26,583.03 |
| ........ | $6,598,870.96 |
| 39,177.77 | |
| 18,158.06 | |
| 60,645.75 | |
| 5,525.38 | |
| 17,463.16 | |
| 91,281.18 | |
| ........ | 1,572,251.30 |
| ........ | 5,026,619.66 |
| 66,280.10 | |
| 67,364.60 | |
| 67,594.10 | 3,201,238.80 |
| ........ | 1,825,380.86 |
| ........ | 2,442,015.76 |
| | 4,267,396.62 |
| ff....... | 373,542.59 |
| ........ | $3,893,854.03 |

ion having been charged off

## ASSETS AND LIABILITIES

**October 31, 1909**

### THE GOLDFIELD CONSOLIDATED MINES COMPANY

| | | |
|---|---|---|
| **Assets :** | | |
| Mine Properties | $35,353,277.48 | |
| Mine Buildings, Machinery and Equipment | 192,096.46 | |
| Mine Development | 96,748.53 | |
| Office Building and Furniture | 28,867.58 | |
| Compressor Plant | 60,460.39 | |
| Power Station and Pole Line | 17,965.33 | |
| Miscellaneous Real Estate, Buildings and Equipment | 71,451.14 | |
| Stocks Owned | 1,445,083.76 | |
| Unexpired Insurance | 655.26 | |
| Supplies on Hand | 92,144.06 | |
| Ore Settlements Outstanding | 476,983.18 | |
| Accounts Receivable | 113,150.21 | |
| Cash in Bank and on Hand | 657,281.25 | $38,606,164.63 |
| **Liabilities :** | | |
| Capital Stock Issued | 35,588,480.00 | |
| Accounts Payable | 94,944.58 | |
| Accrued Bullion Tax | 34,472.01 | |
| Undivided Profits | 2,888,268.04 | $38,606,164.63 |

### GOLDFIELD CONSOLIDATED MILLING AND TRANSPORTATION COMPANY

| | | |
|---|---|---|
| **Assets :** | | |
| 100-Stamp Mill and Addition | $361,938.42 | |
| Railroad and Equipment | 25,126.50 | |
| Water Plants, Reservoirs and Pipe Lines | 5,000.00 | |
| Concentrates on Hand | 38,143.29 | |
| By-Products on Hand and Absorption | 252,386.39 | |
| Mill Supplies on Hand | 55,700.00 | |
| Bullion and Concentrate Settlements Outstanding | 479,341.21 | |
| Accounts Receivable | 420.55 | |
| Cash on Hand and in Bank | 708,243.17 | $1,926,299.53 |
| **Liabilities :** | | |
| Capital Stock | $400,000.00 | |
| Ore Purchases Unsettled | 476,983.18 | |
| Accounts Payable | 43,730.36 | |
| Undivided Profits | 1,005,585.99 | $1,926,299.53 |

15 December, 1909.

We have audited the books and accounts of The Goldfield Consolidated Mines Company and the Goldfield Consolidated Milling and Transportation Company for the year ending 31 October, 1909, and certify that the foregoing Profit and Loss Account and Balance Sheets are correct and in accordance with the books.

Yours faithfully,
ARTHUR YOUNG & COMPANY,
Certified Public Accountants.
Chicago and New York.