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## THE GOLDFIELD CONSOLIDATED MINES COMPANY

421 Hill Street, Reno, Nevada

Mail Address: P. O. Box 528, Wall Street Station,  
New York 5, N. Y.

Item 71

February 11, 1963

*To the Stockholders of*

THE GOLDFIELD CONSOLIDATED MINES COMPANY:

Enclosed is a Notice of Deferred Annual and Special Meeting of Stockholders to be held on March 14, 1963, together with a Proxy Statement and Proxy form for use at the meeting. The meeting is being held (1) for the election of seven directors; (2) to act upon an Agreement and Plan of Merger dated as of January 22, 1963; (3) to act upon certain amendments to the Certificate of Incorporation; and (4) for the election of independent auditors.

In January, 1962 your Directors requested your approval of an Agreement and Plan of Merger dated as of December 8, 1961, to merge American Chrome Company into Goldfield. Subsequent to the approval the Directors of both corporations abandoned the merger for reasons set forth in the Proxy Statement accompanying this letter under "Abandonment of Prior Merger."

Goldfield owns 86.88% of the outstanding stock of American Chrome Company, and it is now proposed to merge the subsidiary into Goldfield by the exchange of 2.25 shares of Goldfield for each share of stock of American Chrome not now owned by Goldfield. Whereas American Chrome is inactive at the present and its future prospects are uncertain, Management believes that the merger of Chrome into Goldfield will strengthen the financial position of Goldfield and allow Chrome stockholders to participate in the parent company, if they so desire. The merger will simplify the corporate structure, eliminate the interrelationships of corporate personnel, reduce duplication of efforts of operating personnel and expenses, and strengthen the working capital condition of Goldfield, and thus your Management believes that the proposed merger will be of benefit to our stockholders.

In order to effectuate the merger it will be necessary to amend the Certificate of Incorporation to increase Goldfield's authorized capital stock. In addition, your Board of Directors has determined that it would be in the best interests of Goldfield to make certain additional amendments to the Certificate of Incorporation as set forth herein including the increase of Goldfield's authorized capital stock which will be accomplished if the merger is consummated or if the amendments to the Certificate of Incorporation are approved.

The matters here presented are of importance to you as a stockholder, and therefore you are urged to give the enclosed Proxy Statement your immediate attention. We request you to sign the enclosed Proxy in favor of the merger and the amendments, and to return it as promptly as possible in the enclosed stamped envelope.

Sincerely,

WILLIS A. SWAN  
President

RICHARD C. PISTELL  
Chairman of the Board

**IMPORTANT — YOUR REPRESENTATION AT THIS MEETING, IN PERSON OR BY PROXY, IS PARTICULARLY IMPORTANT BECAUSE AN AFFIRMATIVE TWO-THIRDS VOTE IS REQUIRED FOR APPROVAL OF THE PROPOSED MERGER AND CHANGES IN THE COMPANY'S CERTIFICATE OF INCORPORATION. IF YOU DO NOT EXPECT TO ATTEND IN PERSON, PLEASE SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE, WHICH REQUIRES NO POSTAGE.**

# THE GOLDFIELD CONSOLIDATED MINES COMPANY

## NOTICE OF DEFERRED ANNUAL AND SPECIAL MEETING OF STOCKHOLDERS

New York, N. Y., February 11, 1963.

### *To the Stockholders:*

A Deferred Annual and Special Meeting of the Stockholders of The Goldfield Consolidated Mines Company, a Wyoming corporation, has been called and will be held, separately from the meeting of any other corporation, at the office of the Corporation located at the office of P. W. Spaulding, 941 Main Street, Evanston, Wyoming, on March 14, 1963, at 10:30 A.M., for the purpose of acting upon:

1. The election of seven directors;
2. The adoption and approval of the Agreement and Plan of Merger, dated as of January 22, 1963, a copy of which is being mailed to each stockholder with a copy of this Notice, which provides for the merger of American Chrome Company, a Nevada corporation, into The Goldfield Consolidated Mines Company, a Wyoming corporation, on the terms and conditions contained in said Agreement and Plan of Merger;
3. Certain amendments to the Certificate of Incorporation of The Goldfield Consolidated Mines Company, as the surviving corporation, which will (a) change its name to "The Goldfield Corporation"; (b) make its term of existence perpetual; (c) broaden its purposes and powers so that it may engage in any and all businesses permitted by the laws of the State of Wyoming; and (d) authorize the issuance of 5,000,000 additional shares of its capital stock of the par value of \$1 per share;
4. The election of Peat, Marwick, Mitchell & Co. as independent public accountants of the Corporation for the ensuing year at the pleasure of the Board of Directors and stockholders;
5. The authorization of the directors and appropriate officers of the Corporation to do all things necessary or desirable to accomplish and effectuate the foregoing; and
6. Such other business as may properly come before the meeting.

Stockholders of record as of the close of business on February 4, 1963 will be entitled to vote at the meeting. The transfer books of the Corporation will not be closed.

**PLEASE SIGN AND RETURN THE ENCLOSED PROXY.**

By order of the Board of Directors.

HARRIS J. ASHTON  
Secretary

# **THE GOLDFIELD CONSOLIDATED MINES COMPANY**

421 Hill Street, Reno, Nevada

Mail Address: P. O. Box 528, Wall Street Station,  
New York 5, N. Y.

## **MANAGEMENT PROXY STATEMENT**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Management of The Goldfield Consolidated Mines Company (herein called either "Goldfield" or the "Corporation") to be voted at the Deferred Annual and Special Meeting of Stockholders of the Corporation to be held at the office of the Corporation located at the office of P. W. Spaulding, 941 Main Street, Evanston, Wyoming, on March 14, 1963, at 10:30 o'clock A.M., and at any and all adjournments thereof. The Meeting will be held for the purposes set forth in the Notice and in this Proxy Statement.

All shares represented by Proxies received and not revoked will be voted at the Meeting or at any adjournments thereof. Each Proxy is revocable and may be revoked at any time prior to its exercise.

## **VOTING RIGHTS, OUTSTANDING VOTING STOCK**

The capital stock of Goldfield, of the par value of \$1 per share, constitutes the only class of voting securities of Goldfield outstanding at February 4, 1963. As of the close of business on that date there were outstanding 4,684,488 shares of such capital stock.

Only holders of outstanding shares of capital stock of Goldfield of record on the books of Goldfield at the close of business on February 4, 1963, will be entitled to vote at the Deferred Annual and Special Meeting of stockholders of Goldfield to be held March 14, 1963, or at any adjournment thereof. Each such stockholder is entitled to one vote for each share of capital stock so held. The stock transfer books of Goldfield will not be closed.

Each shareholder entitled to vote at the meeting has, however, the right to vote his shares cumulatively for the election of directors; that is, such shareholders will be entitled to cast as many votes as there are directors to be elected multiplied by the number of shares of Common Stock registered in his name on the record date, and to cast all such votes for one candidate or to distribute such votes among the nominees for the office of director in accordance with his choice.

## **VOTING OF PROXIES**

The enclosed Proxy is so worded as to permit each stockholder of record at the close of business on February 4, 1963 to vote for the election of seven (7) directors, and separately on (a) the approval and adoption of the Agreement and Plan of Merger, and (b) the approval of the amendments to the Certificate of Incorporation of Goldfield described in this Proxy Statement and (c) the election of independent public accountants to audit the books of the Corporation for the ensuing year. A vote for the approval and adoption of the Agreement and Plan of Merger in effect is a vote for the election of the seven (7) directors as they are to be the directors of the surviving corporation and a vote for the Agreement and Plan of Merger also automatically approves the amendments to the Certificate of Incorporation. The amendments to the Certificate of Incorporation are being voted on separately and may be approved and adopted even if the Agreement and Plan of Merger is not approved. If the enclosed Proxy is returned signed, it is automatically a vote for the election of the seven directors even if voted against the above-mentioned proposals. The enclosed Proxy will be voted in accordance with the specifications marked in the appropriate spaces provided for in the Proxy. If no specifications be

given, the enclosed Proxy will be voted for each of the above-mentioned proposals. All shares represented by Proxies will be voted.

## ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of the Corporation should have been held, pursuant to the by-laws, on July 17, 1962, but was deferred by the directors of the Corporation to enable them to present to you the Agreement and Plan of Merger set forth herein. The annual meeting of stockholders of the Corporation for the year 1963 should be held, pursuant to the By-Laws, on July 16, 1963.

## ELECTION OF DIRECTORS

At the meeting seven (7) directors are to be elected to serve until the next Annual Meeting of Stockholders and/or until their successors shall have been duly elected and qualified. The seven nominees of Management for whom it is intended that votes will be cast pursuant to the proxies are as follows:

	<u>First Became a Director</u>	<u>Shares of Goldfield Beneficially Owned</u>
<b>C. WHITCOMB ALDEN, JR., <i>Director and Vice President</i></b> . . . . . Mr. Alden is a financial consultant and private investor.	May 1960	16,300
<b>WILLIAM P. HOWE, JR., <i>Director</i></b> . . . . . Mr. Howe's principal occupation is, and has been for more than five years, Vice-President and General Manager of Howe Nurseries, Inc. Mr. Howe is also a Director of Howe Nurseries, Inc. and President and Director of W. P. Howe, Jr., Inc., a real estate firm.	Jan. 1963	12,000
<b>JOSEPH FRIEDMAN, <i>Director</i></b> . . . . . Mr. Friedman is Chairman of the Board of Chromalloy Corporation (a diversified company specializing in metallurgical products and services) and its subsidiaries; a Director and Vice President of Bowling Corporation of America, a Director of Capehart Corporation and other corporations.	July 1961	6,500
<b>HARRY H. KESSLER, <i>Director</i></b> . . . . . Mr. Kessler is a consulting metallurgical engineer and a Director of Chromalloy Corporation and of Bowling Corporation of America; President of Meehanite Metal Corp., Sorbo-Mat Process Engineers, Sorbo-Cast Corporation, Foundry Design Company, Inc., and Harry H. Kessler & Associates, controlled corporations in the mining and metallurgical fields.	July 1961	1,000
<b>RICHARD C. PISTELL, <i>Chairman of the Board and Director</i></b> . . . Mr. Pistell is also Chairman of the Board and a Director of American Chrome Company; Chairman of the Board of Frontier Airlines, Inc.; Chairman of the Board of Pistell, Inc.	May 1960	101,000(1)
<b>WILLIS A. SWAN, <i>President, Treasurer and Director</i></b> . . . . . Mr. Swan is a Director of Frontier Airlines, Inc.; President and a Director of American Chrome Company; President and a Director of Getchell Mine, Inc.	Aug. 1955	70,300(2)
<b>HARRIS J. ASHTON, <i>Secretary and Director</i></b> . . . . . Mr. Ashton is also Secretary of American Chrome Company and Secretary and a Director of Getchell Mine, Inc.; Secretary and a Director of Franklin Custodian Funds, Inc. and a Director of Frontier Airlines, Inc. His principal occupation is attorney associated with the law firm of Lovejoy, Morris, Wasson & Huppuch of New York City, counsel for the Corporation. Prior to October 1, 1962 he was associated with the law firm of Breed, Abbott & Morgan. He graduated from Columbia Law School in 1959 and from Yale University in 1954. After graduation from Yale University he served in the United States Army as an officer for two years.	Aug. 1962	1,000

(1) In addition, the investment banking firm of Pistell, Inc., of which Mr. Pistell is Chairman and a stockholder, owned 1,500 shares of the Corporation's stock on February 4, 1963.

(2) In addition, Mr. Swan's daughter, Sylvia, and son, Benjamin, owned 100 and 1,000 shares respectively of the Corporation's stock on February 4, 1963.

If any of these nominees should withdraw or otherwise become unavailable for reasons not presently known, it is intended that votes pursuant to proxies will be cast for such person as Management may designate in place of such nominee. The proxies solicited by this statement can be voted only for such nominees or such person as Management may designate in place of any of them who should become unavailable.

Mr. Ashton was elected a director in August, 1962, to fill a vacancy created by a resignation, and Mr. Howe was elected a director in January, 1963, to fill a vacancy created by a resignation. For details as to pending litigation against the above named nominees for directors (except Messrs. Ashton and Howe), the Corporation and Chrome, see "Litigation" herein.

Management has been informed by the above named directors that on February 4, 1963 none of them owned any shares of capital stock of Chrome, and that Messrs. Swan, Howe, Alden and Pistell owned 6,500 shares, 1,000 shares, 1,000 and 4,215 shares, respectively, of Getchell Mine, Inc. In addition, Mr. Swan owned 500 shares of Frontier Airlines, Inc.; Mr. Friedman 1,000 shares and Mr. Alden 200 shares of Frontier Airlines, Inc. No other director owned any shares of capital stock of the Corporation's subsidiaries.

#### **Remuneration and Other Transactions with Management and Others**

None of the directors or officers of the Corporation received direct aggregate remuneration from the Corporation and its subsidiaries in excess of \$30,000 in the fiscal year ended December 31, 1961. All directors and officers of the Corporation as a group received direct aggregate remuneration from the Corporation and its subsidiaries, in the fiscal year ended December 31, 1961, in the amount of \$79,670.

During the fiscal year ended December 31, 1962 Mr. Swan received \$30,069.28, and the officers and directors of the Corporation as a group received \$165,593.90.

Barry S. Cohen, formerly counsel to the Corporation and a former director and officer, received \$31,000 in legal fees during the fiscal year year ended December 31, 1962 and additional compensation of \$12,569.58 as an officer and director.

#### **ABANDONMENT OF PRIOR MERGER**

In January of last year your Corporation's Board of Directors requested approval by its stockholders of an Agreement and Plan of Merger dated as of December 8, 1961, which provided for the merger of American Chrome Company, a Nevada corporation ("Chrome"), into the Corporation. The stockholders of the Corporation approved the merger at a special meeting held February 6, 1962, with 3,280,354 shares voting in favor of and 52,706 voting against the merger. Chrome stockholders approved the merger at a special meeting held February 1, 1962 with 1,847,680 shares (of which the Corporation owned 1,650,670) voting in favor of and 9,865 voting against the merger. Such approval complied with the applicable requirements of the laws of Wyoming and Nevada, the respective states of incorporation. However, the California Corporation Code as interpreted by the California Corporation Commissioner, requires that an exchange permit be obtained prior to the consummation of a merger where, as part of the plan of merger, shares are to be issued to California shareholders of one of the constituent corporations. The Corporation's counsel on February 6, 1962 by letter advised the California Commissioner of Corporations of the votes of the shareholders and requested issuance of the permit as of February 7, 1962 or as soon thereafter as possible. On March 3, 1962 a request of the California Commissioner was made for a public hearing relative to the proposed merger by fourteen stockholders of Chrome. On March 28 and 30th a hearing was held at which 17 stockholders, owning 30,650 shares of Chrome, objected to the terms of the merger, even though they had not exercised their appraisal rights as stockholders and on June 4, 1962 the California Corporation Commission refused to issue a permit to the Corporation for the exchange of shares of the surviving corporation with stockholders residing in California. Upon advice of counsel that to proceed with the merger might be deemed a violation of the laws of the State of California and thereby result in the California

Commission instituting an action in the California courts against the Corporation, its directors and/or officers, the Corporation and Chrome decided to abandon the merger on these terms.

An independent investment banking firm was then engaged to prepare a report as to whether two (2) shares of Goldfield stock for one (1) share of Chrome stock would be fair, just and equitable consideration to stockholders of both corporations. After receipt of its favorable report dated July 16, 1962 the Boards of Directors of both corporations tentatively agreed to an Agreement and Plan of Merger dated as of August 28, 1962.

The Corporation filed an application on August 31, 1962 with the California Corporation Commissioner relating to the merger by and between the Corporation and Chrome on the basis of two shares of capital stock of the surviving corporation for each share of the \$1 par value Capital Stock of Chrome. A Notice of Hearing, dated September 13, 1962, upon the application was mailed to all shareholders of Chrome (other than Goldfield) and on October 4th, 5th, 10th and 11th, 1962 a hearing was held. After consulting with the California Corporation Commissioner, on December 13, 1962 the Corporation and Chrome determined to amend the proposed plan of merger changing the ratio of exchange to two and one quarter (2.25) shares of the surviving corporation for each share of the capital stock of Chrome. On January 22, 1963 the California Corporation Commission issued a negotiating permit based on the exchange ratio of 2.25 shares of the surviving corporation for each share of the capital stock of Chrome. The Boards of Directors of both corporations then entered into an Agreement and Plan of Merger dated as of January 22, 1963.

### **MERGER OF AMERICAN CHROME COMPANY INTO THE GOLDFIELD CONSOLIDATED MINES COMPANY**

#### **Terms of Merger**

The Agreement and Plan of Merger dated as of January 22, 1963 provides that American Chrome Company, a Nevada corporation, will be merged into Goldfield, as the corporation surviving the merger. Each share of capital stock of Chrome on the effective date of the merger will be converted into two and one-quarter (2.25) shares of the capital stock of Goldfield, and the 1,650,670 shares of the capital stock of Chrome owned by Goldfield (being 86.88% of the outstanding) will be cancelled.

If the proposed merger becomes effective, a maximum of 560,992 shares of capital stock of Goldfield of the par value of \$1 per share will be issued to stockholders of Chrome in the exchange pursuant thereto, increasing the outstanding capital stock of Goldfield from 4,684,488 shares to 5,245,480 shares.

The Agreement and Plan of Merger also provides for certain amendments to the Certificate of Incorporation of Goldfield, which are summarized herein under the caption, "Amendments to Goldfield's Certificate of Incorporation," and are set forth in full in the Agreement and Plan of Merger which appears as an exhibit to this Proxy Statement.

#### **Vote Required to Carry Out the Merger**

If the Agreement and Plan of Merger is adopted and approved by the vote of the holders of two-thirds of all the outstanding capital stock of Goldfield and of a majority of all of the outstanding capital stock of Chrome, then (subject to the powers of a majority of the directors of Goldfield and/or Chrome to abandon the agreement) the merger will become effective upon the filing and recording of the same with appropriate certifications and acknowledgments, in the office of the Secretary of State of Wyoming, all in the manner provided by the laws of the State of Wyoming. When the Agreement of Merger becomes effective, the separate existence of Chrome will cease and Goldfield, as the surviving corporation, will succeed to all rights and property, and will be subject to all of the debts, liabilities and duties, of Chrome.

## Merger Expenses

If the merger is not consummated, the Corporation and Chrome will each pay its own expenses in connection therewith. If the merger is consummated, then the Corporation will pay all expenses.

## Management's Recommendation

Management recommends a vote FOR the proposed merger for the reasons that it will serve to simplify the corporate structures of the two corporations and the inter-relationships of corporate personnel, improve the financial resources of your Corporation and reduce operating expenses. Subsequent to the California Corporation Commissioner's refusal to grant a permit as to the prior merger, the Corporation obtained a report from an independent investment banking firm to the effect that, in its opinion and based upon all the facts, a 2-for-1 exchange would be fair, just and equitable to the stockholders of both corporations. Management believes that the additional  $\frac{1}{4}$  share to be issued to Chrome shareholders will not result in the exchange being unfair, unjust and inequitable to the stockholders of the corporation.

## Cross-Interests of Directors, Officers and Associates of Goldfield and of Chrome

Name	Position in	
	Goldfield	Chrome
Richard C. Pistell	Chairman of the Board of Directors	Chairman of the Board of Directors
Willis A. Swan	President, Treasurer and Director	President and Director
Harris J. Ashton	Secretary and Director	Secretary
Joseph Friedman	Director	Director
Irving Guberman	(Prior to July 1961 Vice President and Director)	Vice President and Director
H. M. Dharamsey*		Director
George M. Spradling	Asst. Secretary (Prior to July 1961, Vice President and Secretary)	Vice President and Asst. Secretary (Prior to Sept. 1961, Vice President, Secretary and Director)
S. Leo Branca	Controllor	Controllor

\* Mr. Dharamsey is a Director, officer and stockholder of Pistell, Inc., of which Mr. Pistell is Chairman of the Board of Directors and principal stockholder.

Management has been informed by the persons who are or have been directors or officers of Goldfield or of Chrome at any time since January 1, 1961, that none of them owned on February 4, 1963, any shares of capital stock of Chrome. Management has been informed that none of the remaining officers and directors of Goldfield or Chrome own more than an insubstantial number of shares of Goldfield stock.

## Litigation

Two shareholder's derivative suits have been filed by Chrome stockholders. *Carter v. Goldfield Consolidated Mines, Inc., et al.*, No. 522576, was filed June 14, 1962, and *Caravacci v. Goldfield Consolidated Mines Company, et al.*, No. 524611 was filed August 24, 1962, both in the Superior Court of the State of California in and for the City and County of San Francisco. In addition to Goldfield, Chrome, Richard C. Pistell, Willis A. Swan, C. Whitcomb Alden, Jr., H. M. Dharamsey, Barry S. Cohen, Joseph Friedman, Harry H. Kessler and Malcolm Tuft are named as individual defendants in the *Carter* suit and the same individuals, together with Irving Guberman, are also named as individual defendants in the *Caravacci* suit.

The suits allege among other things (1) that Goldfield, in acquiring 42.6% of the outstanding stock of Getchell Mines, Inc. acquired a corporate opportunity belonging to Chrome and was enabled to do so by loans from Chrome; (2) that as of November 30, 1961, Chrome had loaned \$987,556.86 to Goldfield; and (3) that Chrome made non-interest bearing deposits of \$2,500,000 in certain eastern banks. The suits also allege that a portion of said non-interest bearing deposits, made with The Bank of New York, enabled Goldfield to obtain a loan from The Bank of New York, which, when combined with a \$500,000.00 loan from Chrome, permitted Goldfield to acquire a 66 $\frac{2}{3}$ % of the outstanding stock of Frontier Airlines, Inc. It is not contended by plaintiffs in the derivate suits that the Frontier Airlines purchase was a corporate opportunity of Chrome.

The *Carter* suit prays for: (1) \$1,163,000.00 (the alleged profits of the Getchell Mines, Inc. stock purchase) with interest at 7%; (2) \$987,556.86 (the amount of loans as of November 30, 1961) with interest at 7%; (3) \$75,000.00 and sums accruing after the filing of the suit, with interest at 4%; (4) an injunction requiring the return of Chrome's money from certain eastern banks and restraining its alleged use for Goldfield's speculations; (5) an accounting of all money belonging to Chrome and profits therefrom; and (6) exemplary damages against Goldfield for \$100,000.00 and against the individual defendants in varying amounts. The *Caravacci* suit prays for: (1) the imposition of a constructive trust on the shares of Getchell Mines, Inc. held by Goldfield; (2) the appointment of a receiver to operate Chrome; (3) interest at 7% on the non-interest bearing deposits; (4) repayment of Chrome's loan of \$500,000.00 to Goldfield at the time of the Frontier Airlines, Inc. stock purchase; (5) an injunction requiring the return of Chrome's money from certain eastern banks and restraining the alleged use of Chrome's money for Goldfield purposes; and (6) exemplary damages against Goldfield for \$250,000,000 and against the individual defendants in varying amounts.

The Corporation's California counsel is of the opinion (a) that the *Carter* and *Caravacci* suits involve the same subject matter and that one of the suits properly should be dismissed or the *Caravacci* suit should be consolidated with the *Carter* suit for trial; and (b) that the merger will give Chrome's minority shareholders a participation in the profits and losses of the Getchell investment, which is part of the relief sought in the above suits, and, additionally, will give them a participation in the Frontier Airlines investment and in Goldfield's remaining assets, leaving as subsisting claims the claim against the individual defendants for interest on unemployed funds and for exemplary damages. The surviving claims will then be enforceable either by Goldfield or by the plaintiffs in the suit as its shareholders but it is not the intention of the present directors of Goldfield to enforce the surviving claims as they do not deem it in the best interests of the Corporation. Insofar as there are existing obligations between Goldfield and Chrome, they will be extinguished by the merger of the creditor and debtor.

#### Book Value

The book values of each share of capital stock of Goldfield and each share of capital stock of Chrome, as of September 30, 1962, were \$.89 and \$2.19, respectively. This comparison takes into effect Goldfield's equity in the book value of Chrome, in excess of the amount at which such shares are carried on Goldfield's books. Such excess amounted to approximately 56.8¢ per share of Goldfield at September 30, 1962. The book value of each share of capital stock of Goldfield to be outstanding after the merger (assuming the issuance of the maximum number of shares issuable on the merger), computed from the Consolidated Pro-Forma Balance Sheet as of September 30, 1962, set forth herein, is \$.90.

The computation of book value of Goldfield included the cost of Goldfield's investment in Frontier Airlines, Inc. which was \$1,485,609.16 over the book value of said shares as of September 30, 1962. The cost of the shares of Frontier Airlines, Inc. was \$421,685.25 in excess of the market value (based on the low asked price in the over-the-counter market on March 9, 1962) of the shares on the date the contract for purchase of said shares was executed, March 9, 1962.

#### Dividends

Goldfield has not paid a dividend since 1933. In 1958 Chrome paid its only dividend, amounting to 10¢ per share.



## Earnings Record

The following table gives earnings per share of Goldfield (computed on a consolidated basis including Chrome but not Frontier or Getchell) and of Chrome for the fiscal years 1959, 1960 and 1961 and the period ended September 30, 1962, and the pro-forma combined earnings per share for the period ended September 30, 1962. In October, 1961, Chrome made its final delivery to and received its final payment from the United States Government pursuant to the subsidy contract in effect between it and the Government referred to under the caption "Business and Property of Chrome" herein. Such contract has now been completely terminated and no further income may be expected from this, formerly the principal, source of Chrome's earnings. The pro-forma earnings or loss per share hereinbelow should be read in the light of such fact.

For the Period Ended	Goldfield (Consolidated With American Chrome)	American Chrome	Pro-Forma Combined Earnings
December 31, 1959 .....	\$.091	\$.351	\$.098
December 31, 1960 .....	.106	.365	.111
December 31, 1961 .....	.056	.361	.067
September 30, 1962 .....	(.083)	(.038)	(.077)

NOTE: The calculations of earnings per share are based on outstanding capital stock as follows:

1. Goldfield — As indicated, earnings or loss per share have been computed for Goldfield on a consolidated basis, after deducting the interest of the minority stockholders of Chrome. Said earnings per share are based on 4,684,488 shares issued and outstanding.
2. American Chrome — Earnings or loss per share are based on 1,900,000 shares issued and outstanding even though only 1,886,000 shares were actually outstanding in 1959 and 1960.
3. Pro-Forma Combined Earnings or Loss — Earnings or loss per share are based on 5,245,148 shares issued and outstanding representing the maximum number of shares to be issued and outstanding if the merger becomes effective.
4. Figures bracketed ( ) are losses.

## Price Ranges

The following tabulation indicates the high and low sales prices of the capital stock of Goldfield on the American Stock Exchange, and the range of bid and asked prices in the over-the-counter market for the stock of Chrome, as quoted by the National Quotation Bureau, Inc., by quarterly periods from January 1, 1960 to December 31, 1962.

	Goldfield (American Stock Exchange)		Chrome (Over-the-Counter)			
	High	Low	Bid		Asked	
			High	Low	High	Low
1960:						
1st quarter	1¼	1¾ <sub>16</sub>	1⅝	1.05	2¼	1½
2nd quarter	1⅝	¾	1⅝	1¼	2	1⅝
3rd quarter	1¾	1¼	2⅛	1¼	2¼	1¾
4th quarter	1¾	1¼	2	1⅝	2¼	2
1961:						
1st quarter	2¼	1⅝	2⅝	1⅝	2½	2
2nd quarter	3¼	1¾	2⅝	2	2⅝	2⅝
3rd quarter	2¾	2	2	1¾	2⅝	2⅝
4th quarter	2⅞	1¾	2¾	1⅝	3	1¾
1962:						
1st quarter	2¾	2⅞	3¼	2¼	3⅝	2⅝
2nd quarter	2½	1⅞	3¼	1¾	3¾	2⅞
3rd quarter	1⅞	1¼	2⅝	1	2⅝	1½
4th quarter	1¾	1⅞	2⅝	1¾	2¾	2⅞

The high and low sales prices of the Capital Stock of Goldfield on the American Stock Exchange on February 4, 1963 were: high — 1⅞; low — 1½. The range of bid and asked prices in the over-the-counter market on February 4, 1963 for the stock of Chrome was bid high — 2¾, low — 2⅝; asked high — 3¼, low — 3.

## Income Statements

The following financial statements of Goldfield not consolidated with subsidiary companies, of Goldfield consolidated with Chrome, of American Chrome Company, and of Frontier Airlines Inc., so far as they relate to the three years ended December 31, 1961, have been examined by Semenza & Kottinger, certified public accountants, as to Goldfield, by Colberg, Wallin & Boorman, certified public accountants, as to Chrome, and by Ernst & Ernst, certified public accountants, as to Frontier. The statements for the nine month period ended September 30, 1962, are unaudited as is Frontier's nine month period ended September 30, 1961, but management believes that all adjustments (including only normal recurring accruals) necessary to fairly present the results indicated have been made. These statements should be read in conjunction with all other financial statements and notes thereto appearing elsewhere herein.

### THE GOLDFIELD CONSOLIDATED MINES COMPANY

#### STATEMENT OF INCOME AND EXPENSE (Not Consolidated With Subsidiary Companies)

For the years ended December 31, 1959, 1960 and 1961 and for  
the nine months ended September 30, 1962

	For the Years Ended			Nine Months Ended September 30, 1962 (Unaudited)
	December 31, 1959	December 31, 1960	December 31, 1961	
NO INCOME FROM MINE OPERATIONS				
OTHER INCOME				
Rents and royalties .....	\$ 37,566.87	\$ 36,154.14	\$ 27,309.00	\$ 5,598.91
Interest on notes, U. S. Treasury bills, and Federal income tax refunds .....	29,176.37	22,957.27	395.08	
Gain (loss) on sale of equipment .....		1,557.00	3,600.00	27,133.98
Income of wholly-owned subsidiary .....	21.43			
Sundry income from transfer fees, insurance refunds and miscellaneous .....	3,174.95	3,764.80	6,337.39	2,158.32
	<u>69,939.62</u>	<u>64,433.21</u>	<u>37,641.47</u>	<u>34,891.21</u>
OTHER DEDUCTIONS				
Expense of maintaining mine properties ....	21,662.51	9,992.41	30,760.44	23,560.86
Examination and exploration costs on mis- cellaneous properties—options not exercised .....	33,495.38	2,876.65	3,307.61	
Engineering fees and expenses .....	10,783.00	22,047.48	11,450.00	9,000.00
Depletion of royalty interest .....	5,854.50	5,928.59	4,570.27	
Depreciation of equipment .....	2,996.74	1,904.48	1,261.25	1,104.51
Real and personal property taxes .....	4,136.09	2,684.41	4,847.17	723.11
Expenses of joint venture with Triton Mining Company (See note below) .....			50,200.53	
Expenses incident to obtaining proxies for stockholders' meetings .....	43,662.36	24,436.82	97,371.75	34,688.00
Interest expense .....		8,026.71	39,079.94	128,366.92
General and administrative expense .....	102,331.32	97,047.65	129,328.72	164,932.39
	<u>224,921.90</u>	<u>174,945.20</u>	<u>372,177.68</u>	<u>362,375.79</u>
Net (loss) .....	<u>(\$ 154,982.28)</u>	<u>(\$ 110,511.99)</u>	<u>(\$ 334,536.21)</u>	<u>(\$ 327,484.58)</u>

NOTE: Costs expended in the joint venture with Triton Mining Company did not develop a satisfactory ore body and these costs were charged to expense in the amount of \$50,200.53 as of December 31, 1961.

See notes to financial statements herein.

# THE GOLDFIELD CONSOLIDATED MINES COMPANY

## STATEMENT OF INCOME AND EXPENSE (Consolidated With American Chrome Company)

For the years ended December 31, 1959, 1960 and 1961 and for  
the nine months ended September 30, 1962

	For the Years Ended			Nine Months Ended September 30, 1962 (Unaudited)
	December 31, 1959	December 31, 1960	December 31, 1961	
<b>OPERATING INCOME</b>				
Sale of concentrates .....	\$3,764,925.66	\$3,848,841.96	\$3,023,819.37	\$ -0-
<b>PRODUCTION COSTS</b>				
Mine development .....	24,571.20	10,214.01	4,841.54	-0-
Ore production .....	1,251,982.16	1,118,509.17	484,791.48	-0-
Tramming .....	87,516.19	95,464.96	95,945.25	-0-
Ore reduction and milling .....	777,294.93	1,003,343.68	1,213,409.05	14,896.50
	<u>2,141,364.48</u>	<u>2,227,531.82</u>	<u>1,798,987.32</u>	<u>14,896.50</u>
<b>ADMINISTRATION AND OTHER EXPENSE</b>				
Salaries, office, travel and miscellaneous expenses .....	294,315.91	263,081.31	299,084.21	261,809.27
Property taxes and licenses .....	36,713.83	28,535.65	29,124.97	10,062.32
Insurance .....	42,966.05	45,386.74	44,648.42	25,977.27
Metalliferous and net proceeds tax .....	133,178.57	138,214.71	104,675.55	-0-
Mining royalties .....	279,706.43	274,898.89	222,285.44	31,500.00
Expenses of joint venture with Triton Mining Company—(Note 2) .....			50,200.53	-0-
Exploration, engineering and mine maintenance .....	65,940.89	34,916.54	45,459.55	181,919.55
Interest .....	27,363.62	15,536.06	3,607.97	75,144.00
Proxy and annual meeting expense .....	43,662.36	24,436.82	97,371.75	34,688.00
	<u>923,847.66</u>	<u>825,006.72</u>	<u>896,458.39</u>	<u>621,100.41</u>
Net income from operations (Loss) ....	699,713.52	796,303.42	328,373.66	(635,996.91)
<b>OTHER INCOME</b>				
Miscellaneous income—less other expenses—net (including interest received) .....	68,705.35	59,891.07	47,918.69	64,170.68
Transfer fees and miscellaneous .....	4,084.95	3,764.80	8,554.24	34,891.21
	<u>72,790.30</u>	<u>63,655.87</u>	<u>56,472.93</u>	<u>99,061.89</u>
<b>OTHER EXPENSES</b>				
Depletion based on cost .....	7,597.60	7,336.04	5,800.32	-0-
Provision for Federal income tax .....	229,790.56	246,729.49	8,600.03	(136,378.15)
Provision for Montana corporation tax .....	23,421.32	22,458.65	17,543.97	-0-
	<u>260,809.48</u>	<u>276,524.18</u>	<u>31,944.32</u>	<u>(136,378.15)</u>
Less: Interest of American Chrome Company minority stockholders in income—(Note 1) .....	83,201.24	86,604.60	90,426.31	(9,595.69)
Net income for the periods (Loss) ....	<u>\$ 428,493.10</u>	<u>\$ 496,830.51</u>	<u>\$ 262,475.96</u>	<u>(\$ 390,961.18)</u>

NOTE 1: In 1959, Goldfield acquired 433,170 additional shares of American Chrome Company which brought its total ownership of the issued and outstanding stock to 87.52% at that time. The minority stockholder interest in the profits of American Chrome Company was computed at 12.48% of the income for 1959 and 1960. In December 1961 14,000 additional shares were issued under options to minority stockholders. The minority stockholders' interest in the profits and/or losses of American Chrome Company was computed at 13.12% of the income or loss for subsequent periods.

NOTE 2: Costs expended in the joint venture with Triton Mining Company did not develop a satisfactory ore body and these costs were charged to expense in the amount of \$50,200.53 as of December 31, 1961.

See notes to financial statements herein.

**AMERICAN CHROME COMPANY**  
**STATEMENT OF PROFIT AND LOSS**  
For the years ended December 31, 1959, 1960 and 1961 and for  
the nine months ended September 30, 1962

	For the Years Ended			Nine Months Ended September 30, 1962 (Unaudited)
	December 31, 1959	December 31, 1960	December 31, 1961	
SALE OF CONCENTRATES .....	\$3,792,274.91	\$3,929,254.48	\$3,023,819.37	\$ -0-
<b>COST OF GOODS SOLD</b>				
Opening inventory .....	54,697.65	468,283.04	475,701.70	145,783.05
Mining costs-development .....	34,571.20	10,214.01	4,841.54	-0-
Mining costs-ore production .....	1,250,953.41	1,106,845.92	476,862.38	-0-
Tramming costs .....	87,722.69	95,208.26	95,627.25	-0-
Milling costs .....	503,328.28	514,631.53	493,356.06	-0-
Reduction costs (Note 2) .....	709,323.54	592,063.28	401,081.44	(119,647.95)
	<u>2,640,596.77</u>	<u>2,787,246.04</u>	<u>1,947,470.37</u>	<u>26,135.10</u>
Less: Ending inventory .....	<u>468,283.04</u>	<u>475,701.70</u>	<u>145,783.05</u>	<u>11,238.60</u>
	<u>2,172,313.73</u>	<u>2,311,544.34</u>	<u>1,801,687.32</u>	<u>14,896.50</u>
Gross profit (Loss) .....	<u>1,619,961.18</u>	<u>1,617,710.14</u>	<u>1,222,132.05</u>	<u>(14,896.50)</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSE</b>				
Salaries, payroll taxes, and welfare .....	127,012.65	115,136.36	100,113.93	59,907.59
General office expenses .....	29,157.57	24,177.12	19,990.26	4,530.53
Other expenses .....	108,361.42	96,053.68	115,900.65	66,716.35
Metalliferous and net proceeds tax .....	133,178.57	138,214.71	104,675.55	-0-
Mining royalties .....	312,763.30	307,426.87	246,094.44	31,500.00
Depletion of mining rights cost .....	1,743.10	1,407.45	1,230.05	-0-
Interest expense .....	30,476.20	15,303.06	3,567.12	-0-
General standby expense .....	-0-	-0-	-0-	149,358.69
	<u>742,692.81</u>	<u>697,719.25</u>	<u>591,572.00</u>	<u>312,013.16</u>
	<u>877,268.37</u>	<u>919,990.89</u>	<u>630,560.05</u>	<u>(326,909.66)</u>
<b>OTHER INCOME</b>				
Discounts, net transportation and miscellaneous .....	42,620.04	43,144.35	82,271.87	117,393.60
	<u>919,888.41</u>	<u>963,135.24</u>	<u>712,831.92</u>	<u>(209,516.06)</u>
PROVISION FOR FEDERAL INCOME TAXES (Note 1) .....	229,790.56	246,729.49	8,987.53	(136,378.15)
PROVISION FOR MONTANA INCOME TAXES .....	23,421.23	22,458.65	17,474.25	-0-
NET INCOME FOR THE PERIOD (Loss) ..	<u>\$ 666,676.62</u>	<u>\$ 693,947.10</u>	<u>\$ 686,370.14</u>	<u>(\$ 73,137.91)</u>

**NOTE 1**

The Company, at the option of its parent (Goldfield), filed a consolidated income tax return for 1961. As a result of offsetting Goldfield's losses against income of the Company, federal income tax expense was reduced by \$177,547.47. For the nine months ended September 30, 1962, the Company provided for a tax refund of \$136,378.15 based on loss carryback provisions in the Internal Revenue Code.

**NOTE 2**

Reduction costs of the pilot ferrochrome metal smelting program commenced in 1959 and terminated in December 1961 are reduced by sale of metal of \$27,349.25, \$80,412.52 and \$318,982.98 in 1959, 1960 and 1961 years respectively and by \$165,048.68 for the nine months ended September 30, 1962.

**THE GOLDFIELD CONSOLIDATED MINES COMPANY**  
**CONSOLIDATED PRO-FORMA STATEMENT OF INCOME AND EXPENSE**  
For the years ended December 31, 1959, 1960 and 1961 and for  
the nine months ended September 30, 1962

The following Consolidated Pro-Forma Statement of Income and Expense for the periods indicated was computed by taking the net income of The Goldfield Consolidated Mines Company, consolidated with its subsidiary, American Chrome Company, and adding thereto the portion of net income allocated to the minority interest in American Chrome Company during the respective periods.

	For the Years Ended			Nine Months Ended September 30, 1962 (Unaudited)
	December 31, 1959	December 31, 1960	December 31, 1961	
Net income for the periods indicated, as set forth in the preceding consolidated statements .....	\$ 428,493.10	\$ 496,830.51	\$ 262,475.96	(\$390,961.18)
Add: Portion of income which was allocated to minority interests for the period .....	83,201.24	86,604.60	90,426.31	(9,595.69)
CONSOLIDATED PRO-FORMA NET INCOME FOR THE PERIODS (Loss) .....	<u>\$ 511,694.34</u>	<u>\$ 583,435.11</u>	<u>\$ 352,902.27</u>	<u>(\$400,556.87)</u>

See notes to financial statements herein.

# FRONTIER AIRLINES, INC.

## COMPARATIVE STATEMENT OF OPERATIONS

For the years ended December 31, 1959, 1960 and 1961 and for  
the nine months ended September 30, 1961 and 1962

	For the Year Ended			Nine Months Ended September 30, 1961 (Unaudited)	Nine Months Ended September 30, 1962 (Unaudited)
	December 31, 1959	December 31, 1960	December 31, 1961		
<b>OPERATING INCOME</b>					
Passenger .....	\$ 5,318,670.77	\$ 6,352,584.15	\$ 7,234,035.83	\$ 5,430,854.20	\$ 5,662,327.09
Federal subsidy — Note A .....	5,598,025.52	6,402,810.96	6,824,808.00	5,060,181.68	5,291,535.24
Mail .....	153,401.68	179,059.19	208,328.61	166,190.03	129,794.07
Cargo .....	462,441.84	469,183.34	474,226.08	352,424.42	387,449.20
Charter .....	115,794.33	120,389.03	47,197.84	34,779.54	38,445.05
Other .....	97,012.55	130,356.68	97,465.33	77,600.25	63,424.13
	<u>11,745,346.69</u>	<u>13,654,383.35</u>	<u>14,886,061.69</u>	<u>11,122,030.12</u>	<u>11,572,974.78</u>
<b>OPERATING EXPENSES</b>					
Flying operations .....	3,558,439.47	3,965,849.60	4,421,188.32	3,287,261.11	3,425,769.05
Direct maintenance ...	1,523,621.30	1,687,880.29	1,750,244.34	1,251,886.87	1,424,936.33
Maintenance burden ..	756,749.05	1,052,078.24	995,874.24	744,080.73	843,951.22
Passenger service .....	604,741.81	681,484.49	751,104.55	565,603.27	578,158.39
Aircraft and traffic serv- icing .....	3,131,334.48	3,411,743.72	3,616,504.36	2,694,883.59	2,823,707.23
Promotion and sales ..	766,331.98	816,175.10	868,514.29	637,953.01	667,192.10
Administrative .....	705,234.46	754,000.03	774,271.51	617,659.66	742,814.68
Depreciation .....	594,352.30	719,291.71	797,302.81	593,066.52	448,230.43
Amortization .....	94,411.48	138,604.29	139,897.98	133,265.85	112,257.77
	<u>11,735,216.33</u>	<u>13,227,107.47</u>	<u>14,114,902.40</u>	<u>10,525,660.61</u>	<u>11,067,017.20</u>
	10,130.36	427,275.88	771,159.29	596,369.51	505,957.58
<b>NON OPERATING INCOME AND EXPENSE</b>					
Interest expense .....	(174,023.91)	(173,467.93)	(161,761.80)	(121,337.38)	(106,569.18)
Cost of route applica- tions denied .....	-0-	(26,455.72)	-0-	-0-	-0-
Other .....	(1,260.00)	(3,924.70)	28,731.10	9,440.86	56,290.68
Net income (loss) before income taxes .....	(165,153.55)	223,427.53	638,128.59	484,472.99	455,679.08
Income taxes — Note I ...	(17,323.00)	62,000.00	279,000.00	265,000.00	101,000.00
Net income (loss) after income taxes .....	<u>\$ (147,830.55)</u>	<u>\$ 161,427.53</u>	<u>\$ 359,128.59</u>	<u>\$ 219,472.99</u>	<u>\$ 354,679.08</u>

See notes to financial statements.

## Business and Property of Goldfield

In addition to its ownership of 86.88% of the outstanding capital stock of Chrome, Goldfield owns 42.6% of the stock of Getchell Mine, Inc., a Nevada corporation, and 66.3% of the stock of Frontier Airlines, Inc., a Nevada corporation.

Getchell Mine, Inc. has commenced limited gold production after expending in excess of \$2,250,000 in order to reactivate the mine and mill located near Winnemucca, Nevada. As at November 30, 1962 for the eleven month period then ended it had sold bullion worth approximately \$627,244. Getchell has on site at the project a crew of 100 employees and is working on perfecting its milling operation to increase daily tonnage capacity. There are ore reserves of 2,000,000 tons averaging .24 ounces of gold per ton after allowances for dilution; and the ore is taken by open-cut mining methods with an average strip ratio of 7.3 tons waste per ton of ore. The ore is treated in the mill by Fluo-Solids Roasting and cyanidation methods. Limited milling experience has indicated an average minimum extraction of 75% with extraction of 80% possible.

In March, 1962, Goldfield purchased 66.3% of the outstanding stock of Frontier Airlines, Inc., a Nevada corporation ("Frontier"), a local service airline with headquarters in Denver. Frontier is one of the nation's largest local service airlines, serving 62 cities in 10 states (Arizona, Colorado, Missouri, Montana, Nebraska, New Mexico, North Dakota, South Dakota, Utah and Wyoming). Frontier presently has authorized unduplicated route mileage of 5,855 miles. It has 1,107 employees, and operates a total of 32 aircraft consisting of 10 Convair 340s and 22 DC-3s. On December 21, 1962 the Company entered into an agreement with certain banks for a loan of \$3,500,000 at 5¼% interest for the purpose of refinancing all existing term debt in the amount of \$2,400,000 which loan is not guaranteed by the Civil Aeronautics Board. The balance of \$1,100,000 was reserved for the purchase of additional equipment. On December 28, 1962, Frontier Airlines, Inc. took down \$900,000 of the commitment to purchase three (3) Convair 340s and the remainder of the commitment may be taken down on or before June 30, 1963. All of Frontier's flight equipment is pledged as security under a chattel mortgage for the equipment and working capital loan. (See Frontier Airlines, Inc. — Notes to Financial Statements.) Frontier's primary business is the carriage of passengers, mail and cargo in interstate commerce through various operating certificates authorized by the CAB.

Frontier is one of 13 local service airlines in the United States which are considered as necessary airlines by the Government and the Civil Aeronautics Board in order to have an air transportation network throughout the United States. These airlines receive subsidies from the Government.

Reference is made to "Litigation" above as to a pending stockholder's suit against Goldfield and some of its officers and directors related to the acquisition of Getchell and Frontier.

Goldfield also owns the Anderson Mine and Deep Creep Mine in Stevens County, State of Washington, which contain zinc-lead deposits. The Anderson mine has been developed to a point justifying installation of a 1,000-ton concentration mill should the prices of zinc and lead warrant, but has been inactive because of the continuing low prices for zinc and lead.

Other activities and investments of Goldfield are relatively minor at this time.

## Business and Property of Chrome

American Chrome Company was incorporated in December, 1950, and in connection with its organization acquired long-term mining lease rights to the Mouat Chrome Mine at Nye, Montana. In November, 1962, Chrome gave one month's notice of its intention to terminate its long-term mining lease rights to the Mouat Chrome Mine and paid \$1,000, the cost of termination, and on December 10, 1962 terminated its lease. The principal business of Chrome has been the performance of a contract with the United States Government to produce 900,000 tons of chromite ore concentrate of 38% Cr<sub>2</sub>O<sub>3</sub> or better grade, and the stockpiling of this concentrate at Nye over an eight-year period ended not later than December 31, 1961. This contract was completed October 3, 1961 and billings to the Government for its performance totaled \$31,706,025 during its eight-year term. Chrome has purchased

all the buildings and mining and milling facilities of the Government located at the project. During the last years of the contract, Chrome established at Nye a pilot plant smelter of semi-commercial size for smelting similar chromite concentrate into ferrochrome, and made over 3,000 tons of such metal, all of which has been sold to the steel industry. Chrome, however, has not been able to show that a commercial operation based upon mining, processing and smelting Mouat Mine ore would be feasible under present marketing conditions. Chrome has been advised that no further stockpiling by the Government of chromite concentrate from the Mouat Mine is contemplated, and proposals by it to the Government for smelting the 900,000 tons stockpile into ferrochrome have not received favorable consideration by the Government to date. Presently chromite ore is available from foreign sources at such low prices that it is not economically feasible to operate the Mouat Mine.

#### **Senatorial Investigation**

At a public hearing on August 1, 1962, and at prior closed hearings, the Senate Subcommittee on National Stockpile and Naval Petroleum Reserves conducted an inquiry and investigation into Chrome's Government stockpiling contract. Upon completion of the hearings the Subcommittee stated publicly that the net profits realized by Chrome on this contract were in excess of 1000% (which statement Chrome's officers have publicly denied), and questioned the propriety or wisdom of the acts of certain Government officials in connection with the awarding of the contract (one of whom subsequently became an employee of Chrome). Senator Stuart Symington, Chairman of the Senate Stockpiling Investigation, said he would ask the Justice Department to examine the testimony taken at the hearing. Although the Corporation has no indication that this is the case, it is possible that action could be instigated against the Corporation looking toward a recovery from Chrome or its successor. No testimony was taken from the present officers or employees of Chrome; however, a former vice-president testified before the Senate Subcommittee. If an action were commenced against Chrome in case of an adverse ruling, it could be contingently liable under such contract and in the event of the consummation of the merger, Goldfield would assume such liability. In any event, Chrome has been informed by its counsel that the contract is not subject to renegotiation or price redetermination and that absent a conflict of interest or proof of fraud against Chrome in the inception of or performance under the contract there should be no possible action or recovery.

#### **Directors of Surviving Corporation**

The Agreement and Plan of Merger provides that the directors of Goldfield in office shall, on the effective date of the merger, be named and be the directors of the surviving corporation until their successors have been duly elected or appointed and qualified at the 1963 annual meeting of stockholders of the surviving corporation. Therefore, if the directors nominated by Management, as set forth above under "Election of Directors" are elected and the merger is consummated, they will be the directors of the surviving corporation.

#### **Tax-Free Nature of the Merger**

Counsel retained by Goldfield is of the opinion that for Federal income tax purposes (a) Goldfield will not, by reason of its merger with Chrome, have any gain or loss recognized to it, (b) Chrome will not by reason of being merged into Goldfield have any gain or loss recognized to it, (c) a Chrome stockholder who, as a result of the merger, exchanges his stock for Goldfield shares will not, by reason of such exchange, have any gain or loss recognized to him, except to the extent of his receipt of cash in lieu of a fractional share.

#### **Rights of Dissenting Stockholders**

If any stockholder of Chrome shall vote against the merger and shall, at or prior to the taking of the vote thereon, object thereto in writing, and if such stockholder shall also, within twenty (20) days after the date on which the Agreement and Plan of Merger is filed, demand in writing from Goldfield payment of his shares, Goldfield shall, within thirty (30) days thereafter, pay to such stockholder the fair cash value of his shares as of the day before the vote on the Agreement and Plan of Merger was

taken, exclusive of any element of value arising from the expectation or accomplishment of the merger. If, within thirty (30) days after the date of such written demand is served upon Goldfield, such stockholder and Goldfield fail to agree as to the fair cash value of such shares, a stockholder who has complied with the foregoing conditions may petition in court for an appraisal of his shares. A stockholder at the time the proposed merger becomes effective who failed to vote against the merger or to object thereto in writing, or to demand in writing payment of his shares, shall be deemed to have assented to the merger.

If any stockholder of Goldfield shall not vote in favor of the merger and shall, at or prior to the meeting of stockholders at which the merger is submitted to a vote, file a written objection thereto with Goldfield, and such stockholder shall also, within ten (10) days after the date of the meeting, make written demand on Goldfield for payment of the fair value of his shares, Goldfield shall pay to such stockholder, upon surrender of the certificate or certificates representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of the merger. Any stockholder failing to make demand within such ten-day period shall be bound by the terms of the merger. Within twenty (20) days after demanding payment for his shares, each stockholder who has made such demand must submit the certificate or certificates representing his shares to Goldfield for notation thereon that such demand has been made. Within ten (10) days after the date on which the Secretary of State of the State of Wyoming issues a Certificate of Merger, Goldfield shall give written notice thereof to each stockholder who has made such demand and shall make a written offer to each such stockholder to pay for his shares at a specified price deemed by Goldfield to be the fair value thereof. If within thirty (30) days after the date on which the Secretary of State of the State of Wyoming issues such Certificate of Merger, the fair value of such shares is agreed upon between any such stockholder and Goldfield, payment therefor shall be made within ninety (90) days after the date on which such Certificate of Merger is issued, upon surrender of the certificate or certificates representing such shares. If within such thirty (30) days period, any such stockholder and Goldfield do not so agree, then Goldfield, within thirty (30) days after the receipt of written demand from such stockholder given within sixty (60) days after the date on which such Certificate of Merger is issued shall, or at its election at any time within such period of sixty (60) days may, petition in court for a determination of the fair value of such shares. If Goldfield shall fail to make such petition, any such stockholder may do so in the name of Goldfield. A determination of the fair value of such shares by a court acting pursuant to a petition filed either by Goldfield or by any dissenting stockholder in the name of Goldfield shall include an allowance for interest at such rate as the court may find to be fair and equitable in all the circumstances, from the date on which the vote was taken on the proposed corporate action to the date of payment.

The foregoing statements concerning dissenters' rights under the laws of Nevada and Wyoming, respectively, are merely summaries and do not necessarily purport fully and accurately to set forth existing applicable law. Reference is made to the laws of the States of Nevada (see Sections 78.505, 78.510, 78.515 and 78.520 of the Nevada Revised Statutes) and Wyoming (see Sections 71 and 72 of Wyoming Business Corporation Act of 1961), respectively, for a fuller and more complete statement of such rights.

Counsel for Goldfield is of the opinion that any stockholder of Goldfield or Chrome who dissents and receives cash for his shares will recognize, for Federal income tax purposes, any gain or loss realized on such receipt.

#### AMENDMENTS TO GOLDFIELD'S CERTIFICATE OF INCORPORATION

Except for relatively minor changes, the Certificate of Incorporation of Goldfield has not been amended since 1906, when the Corporation was first incorporated.

Even if the merger does not become effective, the amendments described below will be made to the Certificate of Incorporation of Goldfield if shares representing two-thirds of the outstanding capital stock are voted in favor of said amendment. If the merger becomes effective by receiving the requisite



votes of stockholders of Goldfield and of Chrome, said amendments will simultaneously be made to the Certificate of Incorporation of Goldfield as the surviving corporation. The Certificate of Incorporation, as amended, is set forth in full in the Agreement and Plan of Merger annexed hereto, to which reference is made for a complete statement thereof. The amendments will effect the following changes, all of which are recommended unanimously by your Board of Directors for the reasons set forth below:

**1. The name of the Corporation will be changed to "The Goldfield Corporation."**

The Board of Directors deem it advisable to change the name of the Corporation by deleting the words "Consolidated Mines" in order to indicate that its business is not limited to mining ventures but to retain the significant portion of the name by which the Corporation has been known since its inception in 1906. For that reason the name "The Goldfield Corporation" has been proposed.

**2. The duration of existence of the Corporation will be made perpetual.**

The present Certificate of Incorporation of the Corporation would expire in 2005. Since the present laws of the State of Wyoming permit (as is customary) a corporation to have perpetual existence, it is deemed advisable by your Board of Directors to amend the Corporation's Certificate of Incorporation at this time in order to provide for perpetual existence for the Corporation.

**3. The purposes and powers of the Corporation as specified in its Certificate of Incorporation will be broadened so that the Corporation's Certificate of Incorporation will provide that it may engage in any and all businesses permitted by the laws of the State of Wyoming.**

The Board of Directors has deemed it advisable to amend the Corporation's Certificate of Incorporation at this time in order to allow the Corporation to avail itself of the broadened purposes and powers authorized by the laws of the State of Wyoming.

**4. The authorized capital stock of the Corporation will be increased 5,000,000 shares to provide for a capital stock of 10,000,000 shares of capital stock, par value \$1.**

Since acceptance of the merger will require shares in excess of the presently authorized number, it is necessary to increase the authorized capital stock of the Corporation.

In addition the present Board of Directors contemplates a program of acquisition intended to diversify the affairs of your Corporation. To these ends, your Board of Directors deem it desirable to authorize the proposed additional number of shares of the Corporation's stock so that such shares may be readily available in the event that one or more businesses are found which can be acquired in part or in whole by the issuance of Goldfield stock. There are no present plans to issue additional shares of the Corporation's stock now or in the future except such shares as are required by the merger. In addition, there are no understandings or agreements, written or oral, entered into by the officers or directors of the Corporation or their associates which provide for the issuance of additional shares of common stock other than in connection with the merger. If any agreement should be entered into and should provide for the issuance of shares of Goldfield, such issuance would be upon such terms and conditions as the Board of Directors may determine, without approval of stockholders except where required by law. There will be available for issuance 4,754,520 shares of capital stock, par value \$1.

**5. Minor revisions in the language of the remaining sections of the Certificate of Incorporation.**

Since the phraseology customarily used in certificates of incorporation has changed since incorporation of this Corporation, it is proposed that immaterial revisions will also be effected in the Certificate of Incorporation so that it will read as set forth in the Exhibit hereto.

Your Board of Directors recommends that the foregoing proposed amendments be approved by the requisite two-thirds vote of stockholders.

## **SOLICITATION AND OTHER BUSINESS**

### **Cost of Solicitation**

The cost of soliciting all proxies in the accompanying proxy form will be borne by Goldfield. In addition to solicitation by mail, Goldfield will request bankers, brokers and other custodians, nominees and fiduciaries to send the proxy material to the beneficial owners of shares held of record by them, and to secure their voting instructions. Goldfield may reimburse them for their expenses in so doing. Officials and regular employees of Goldfield may solicit proxies by personal interview and by mail, telephone or telegraph. In addition, the Kissel-Blake Organization, Inc. of 25 Broad Street, New York 4, N. Y., has been retained to assist in the soliciting of proxies for a fee of \$2,500, plus out-of-pocket expenses, estimated to be not in excess of \$7,500.

### **Other Matters to Come Before the Meeting**

Management does not intend to present any other business at the meeting nor is it aware that any stockholder intends to do so. If, however, any matters are properly brought before the meeting, persons named in the accompanying Proxy will vote thereon in accordance with their best judgment.

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# THE GOLDFIELD CONSOLIDATED MINES COMPANY

## CONSOLIDATED PRO-FORMA BALANCE SHEET

September 30, 1962

(Giving Effect to Proposed Merger of American Chrome Company)

ASSETS			
	Goldfield (Consolidated with Subsidiaries) (1)	Adjustments and Eliminations	Pro-Forma Consolidated
<b>CURRENT ASSETS</b>			
Cash on hand and in bank .....	\$ 315,171.66	None	\$ 315,171.66
Cash in banks subject to withdrawal restrictions (Note (1), Page 21) .....	1,000,000.00		1,000,000.00
Accounts receivable .....	78,361.78		78,361.78
U. S. Treasury bills and certificates of deposit (cost plus accrued interest) .....	420,453.34		420,453.34
U. S. Income Tax Refund due .....	136,378.15		136,378.15
<b>Inventories</b>			
Ferrochrome (at lower of cost or market) .....	9,206.10		9,206.10
Supplies and raw materials .....	100,869.95		100,869.95
Ore in transit (at cost) .....	2,032.50		2,032.50
	2,062,473.48		2,062,473.48
<b>INVESTMENTS</b>			
Securities of Frontier Airlines, Inc. (at cost) .....	3,000,000.00		3,000,000.00
Securities of Getchell Mine, Inc. (at cost) .....	997,150.00		997,150.00
	3,997,150.00		3,997,150.00
<b>FIXED ASSETS</b>			
Land, buildings and improvements (cost less depreciation reserve) .....	260,194.85		260,194.85
Equipment, furniture and fixtures (cost less depreciation reserve) .....	317,107.41		317,107.41
Mining properties (cost less depletion reserve) .....	202,676.71		202,676.71
	779,978.97		779,978.97
<b>DEFERRED CHARGES AND OTHER ASSETS</b>			
Prepaid mining costs .....	443,531.67		443,531.67
Prepaid insurance .....	10,983.53		10,983.53
Other prepaid expense .....	800.20		800.20
Deposits .....	6,724.84		6,724.84
	462,040.24		462,040.24
	\$7,301,642.69		\$7,301,642.69

(1) Principles of Consolidation of Goldfield, consolidated with subsidiaries: The accounts of American Chrome Company, 86.88% of the outstanding stock of which was owned by Goldfield on September 30, 1962, are included in the accompanying financial statement. Goldfield's equity in the net assets of its subsidiary exceeded the aggregate carrying value of its investment by \$2,659,138.20, which amount has been included in consolidated deficit. All significant intercompany transactions and balances have been eliminated in the consolidation.

The accompanying pro-forma consolidated balance sheet reflects the following adjustment to the accounts of The Goldfield Consolidated Mines Company, consolidated with its subsidiary company, which would result from the proposed merger, which adjustment is reflected herein as (2).

See notes to financial statements herein.

# THE GOLDFIELD CONSOLIDATED MINES COMPANY

## CONSOLIDATED PRO-FORMA BALANCE SHEET

September 30, 1962

(Giving Effect to Proposed Merger of American Chrome Company)

### LIABILITIES

	Goldfield (Consolidated with Subsidiaries) (1)	Adjustments and Eliminations	Pro-Forma Consolidated
<b>CURRENT LIABILITIES</b>			
Notes payable — Bank .....	\$ 300,000.00		\$ 300,000.00
Notes payable — Others .....	500,000.00		500,000.00
Accounts payable .....	31,117.74		31,117.74
Unclaimed stockholders' distribution payable — August 31, 1933 .....	12,899.05		12,899.05
Accrued payroll and payroll taxes .....	8,893.57		8,893.57
Accrued withholding and property taxes payable ....	10,474.27		10,474.27
Accrued insurance and interest .....	39,719.27		39,719.27
	<u>903,103.90</u>		<u>903,103.90</u>
<b>LONG-TERM LIABILITIES</b>			
Notes due to bank .....	1,700,000.00		1,700,000.00
MINORITY INTEREST IN AMERICAN CHROME COMPANY ..	545,394.36	\$ (545,394.36) (2)	
<b>STOCKHOLDERS' EQUITY</b>			
Capital stock of Goldfield — Authorized 5,000,000 shares, par value \$1.00 per share; issued and out- standing — 4,684,488 shares. To be authorized, 10,000,000 shares, par value \$1.00 per share. Issued and outstanding after merger — 5,245,480 shares ..	4,684,488.00	560,992.00 (2)	5,245,480.00
Consolidated deficit .....	(531,343.57)	(15,597.64) (2)	(546,941.21)
	<u>\$7,301,642.69</u>		<u>\$7,301,642.69</u>

(2) Adjustment to reflect the issuance of 560,992 shares of Goldfield stock for 249,330 shares held by the minority stockholders of American Chrome Company and for the minority stockholders' share of surplus amounting to \$296,064.36. The difference between the value of the surplus and stock of American Chrome Company and the par value of the Goldfield stock issued in exchange therefor amounts to \$15,597.64 is reflected as an addition to consolidated deficit.

See notes to financial statements herein

# THE GOLDFIELD CONSOLIDATED MINES COMPANY

## BALANCE SHEETS (Not Consolidated With Subsidiary Companies)

December 31, 1961 and September 30, 1962

		ASSETS	
		December 31, 1961	September 30, 1962 (Unaudited)
CURRENT ASSETS			
Cash on hand and in banks .....	\$	35,846.02	\$ 13,307.00
Accounts receivable .....		6,730.27	82,209.26
		<u>42,576.29</u>	<u>95,516.26</u>
INVESTMENTS			
Securities of Frontier Airlines, Inc.—at cost—(Note 1) .....			3,000,000.00
Securities of American Chrome Company—at cost .....		952,287.36	952,287.36
Securities of Getchell Mines, Inc. — at cost .....		997,150.00	997,150.00
		<u>1,949,437.36</u>	<u>4,949,437.36</u>
PROPERTY, PLANT AND EQUIPMENT—(Notes 2 and 3)			
Mine and mill buildings and equipment less reserves for depreciation .....		190,389.23	99,075.08
Mine properties, including developing costs less depletion reserve .....		206,991.89	198,506.44
		<u>397,381.12</u>	<u>297,581.52</u>
DEFERRED CHARGES AND OTHER ASSETS			
Unexpired insurance .....		4,436.51	2,169.62
Prepaid rent and taxes .....		1,851.50	650.20
Prepaid mining costs—(Note 4) .....		443,619.12	443,619.12
Service deposits .....		1,398.98	5,752.84
Prepaid proxy expenses—special stockholders' meeting February 6, 1962 .....		3,550.00	
		<u>454,856.11</u>	<u>452,191.78</u>
		<u>\$2,844,250.88</u>	<u>\$5,794,726.92</u>
		LIABILITIES	
CURRENT LIABILITIES			
Notes payable—Bank (Note 1) .....			\$ 300,000.00
Notes payable—Others (Note 1) .....			500,000.00
Accounts payable .....	\$	19,013.28	28,681.37
Unclaimed stockholders' distributions payable—August 31, 1933 .....		12,938.85	12,899.05
Accrued payroll and payroll taxes .....		1,482.93	2,171.52
Accrued industrial insurance .....		749.18	287.78
Accrued interest .....		2,685.14	91,104.89
Accrued property taxes .....		<u>314.61</u>	
		<u>37,183.99</u>	<u>935,144.61</u>
LONG-TERM LIABILITIES (Note 1)			
Notes payable—Bank .....			<u>1,700,000.00</u>
OTHER LIABILITIES			
Due to American Chrome Company .....		<u>985,000.00</u>	<u>1,665,000.00</u>
CAPITAL STOCK AND DEFICIT			
Common stock authorized—5,000,000 shares par value \$1.00 per share Issued and outstanding, 4,684,488 shares .....		4,684,488.00	4,684,488.00
Deficit from operations .....		<u>(2,862,421.11)</u>	<u>(3,189,905.69)</u>
		<u>1,822,066.89</u>	<u>1,494,582.31</u>
		<u>\$2,844,250.88</u>	<u>\$5,794,726.92</u>

See notes to financial statements herein

# THE GOLDFIELD CONSOLIDATED MINES COMPANY

## NOTES TO FINANCIAL STATEMENTS (Not Consolidated With Subsidiary Companies)

NOTE 1. On March 9, 1962, the company entered into an agreement to purchase 625,046 shares of common stock of Frontier Airlines, Inc., representing 66.3% of the outstanding stock for a total consideration of \$3,000,000.00. The seller received \$2,500,000.00 in cash and a promissory note for \$500,000.00 dated March 26, 1962, bearing interest at 5¾% per annum, due eighteen months from date. The company borrowed \$2,000,000.00 from a bank on a note, dated March 26, 1962, bearing interest at 5¾% per annum payable in semi-annual installments of \$150,000.00 commencing December 1, 1962, with a final installment of \$650,000.00 on June 1, 1967. Under the terms of the loan agreement the company is required to maintain working capital of \$1,500,000.00, on a consolidated basis (without considering the principal installments currently due on the note), and is also required to maintain a minimum balance of \$1,000,000.00 in a general checking account in that bank. In March, 1962, the company obtained an additional loan of \$500,000.00 from American Chrome Company for use in purchasing stock of Frontier Airlines, Inc. The shares of Frontier Airlines, Inc. acquired as noted above have been deposited with the bank as custodians. The excess of the purchase price over the book value of the shares purchased as of September 30, 1962 is \$1,485,609.16.

Balance Sheets of Frontier Airlines, Inc. as of December 31, 1961 (audited) and September 30, 1962 (unaudited) along with the Statements of Income and Expenses for three years ending December 31, 1959, 1960 and 1961 (audited) and nine months ending September 30, 1961 and 1962 (unaudited) appear elsewhere within this section.

NOTE 2. In midsummer 1961, the contract of sale for the Goldfield Nevada properties with H. B. Chessher was terminated by mutual consent of both parties, and all payments made by the purchaser to the company under the contract were forfeited. At the termination of this contract the company entered into a new contract of sale for these properties with David Jones and E. E. Erich for the total sum of \$200,000, payable without interest in quarterly instalments commencing March 31, 1962. In April, 1962, Jones and Erich terminated the contract.

The company has reinstated this contract with Jones and Erich as of September 1, 1962. The new contract provided for ten annual equal payments of \$20,000 beginning September 1, 1965 until September 1, 1974, without interest.

NOTE 3. Ordinary repairs, maintenance and renewals have been charged to expense as they were incurred; expenditures for major improvements have been capitalized. Amortization, depreciation and depletion were provided at the following rates: *Deep Creek Properties, State of Washington* — Although not in operation since 1956, certain assets were acquired thereafter for use in development and exploration work on new ore bodies designated as The Anderson Mine. Depreciation recorded since 1956 has related primarily to such assets, and has been charged to prepaid mining costs, as follows: buildings, 10% to 20%; mining equipment, 20% to 50%; and autos and trucks, 25% to 33%, per annum. *Other Locations* — Depreciation has been taken on office equipment at the rate of 10% per annum and on automobiles at the rate of 20% per annum.

Accumulated reserves for depreciation were credited to applicable assets in the event of sale thereof; the excess of sales price over remaining book value was reflected in income as gain on the sale of equipment.

Goldfield's mine properties and mining rights have included a 60% interest in certain royalties payable by American Chrome Company in connection with a Government contract to produce chromite concentrates. The cost of such interest to Goldfield was \$50,000, depletion on which was amortized in proportion to chromite production of 900,000 tons at the rate of \$.055 per ton.

The following schedule presents the cost of assets acquired and the related reserves for depreciation and depletion:

	December 31, 1961	September 30, 1962 (Unaudited)
Mine properties and mining rights .....	\$505,384.91	\$347,702.95
Less: Reserve for depletion .....	298,393.02	149,196.51
	<u>\$206,991.89</u>	<u>\$198,506.44</u>
Mine and mill buildings, and equipment .....	\$582,864.61	\$226,184.08
Less: Reserve for depreciation .....	392,475.38	127,109.00
	<u>\$190,389.23</u>	<u>\$ 99,075.08</u>

# THE GOLDFIELD CONSOLIDATED MINES COMPANY

## NOTES TO FINANCIAL STATEMENTS (Not Consolidated With Subsidiary Companies) (Concluded)

NOTE 4. Prepaid mining costs consist of expenditures made by the company in the development of lead-zinc properties in Stevens County, Washington, and in exploration and development of work on a sodium chloride deposit in the Detrital Valley, near Lake Mead, Arizona. Lead-zinc properties have not been operated since prices for these metals have been depressed below a level the company believes profitable; these costs, totaling \$242,067.87, will be amortized when active mine production is resumed. At the present time, the sodium chloride property is being held without further development until market conditions justify production or until the property is abandoned. In either event, prepaid costs, totaling \$201,551.25, will be amortized. Amortization policies to be followed will be predicated on conditions and circumstances prevailing at the time.

NOTE 5. The company has elected to file a consolidated income tax return for 1961. As a result of offsetting Goldfield's losses against income of American Chrome, Federal income taxes for American Chrome Company were reduced from \$186,147.50 to \$8,600.03, a reduction of \$177,547.47. Federal income tax returns, separately filed in previous years, have been examined by the Internal Revenue Service through 1960 for Goldfield and through 1958 for American Chrome Company. All liabilities in connection with the examinations have been settled and paid.

NOTE 6. The details of certain expenses charged directly to income during the three years and nine months ended September 30, 1962 are set forth hereinbelow as supplementary profit and loss information:

	Year Ended December 31			Nine Months Ended September 30, 1962 (Unaudited)
	1959	1960	1961	
Maintenance and repairs:				
Charged to costs or operating expenses .....	None	None	None	None
Charged to profit and loss — other .....	None	None	\$ 544.76	None
	<u>None</u>	<u>None</u>	<u>544.76</u>	<u>None</u>
Depreciation of fixed assets:				
Charged to costs or operating expenses .....	None	None	None	None
Charged to profit and loss — other .....	\$2,996.74	\$1,904.48	1,261.25	\$1,104.51
	<u>2,996.74</u>	<u>1,904.48</u>	<u>1,261.25</u>	<u>1,104.51</u>
Depletion of royalty interest:				
Charged to costs or operating expenses .....	None	None	None	None
Charged to profit and loss — other .....	5,584.50	5,928.59	4,570.27	None
	<u>5,584.50</u>	<u>5,928.59</u>	<u>4,570.27</u>	<u>None</u>
Taxes, other than Federal and Montana Income Taxes:				
Charged to costs or operating expenses .....	None	None	None	None
Charged to profit and loss — other .....	7,732.51	5,515.76	7,402.27	5,985.91
	<u>7,732.51</u>	<u>5,515.76</u>	<u>7,402.27</u>	<u>5,985.91</u>
Details of taxes included above:				
Payroll taxes .....	2,118.45	2,442.93	2,555.10	3,211.54
Metalliferous taxes .....	None	138.57	None	None
Miscellaneous state and other taxes .....	5,614.06	2,934.26	4,847.17	2,774.37
	<u>7,732.51</u>	<u>5,515.76</u>	<u>7,402.27</u>	<u>5,985.91</u>
Rents:				
Charged to costs or operating expenses .....	None	None	None	None
Charged to profit and loss — other .....	8,337.00	5,695.66	3,584.00	3,688.77
	<u>\$8,337.00</u>	<u>\$5,695.66</u>	<u>\$3,584.00</u>	<u>\$3,688.77</u>

There are no management and service contract fees or royalties.



# THE GOLDFIELD CONSOLIDATED MINES COMPANY

## STATEMENT OF DEFICIT (Not Consolidated With Subsidiary Companies)

For the years ended December 31, 1959, 1960 and 1961 and for  
the nine months ended September 30, 1962

Balance, January 1, 1959 (deficit) .....		(\$2,262,390.63)
Add: Net losses for the period as follows:		
Year ended December 31, 1959 .....	(\$154,982.28)	
Year ended December 31, 1960 .....	( 110,511.99)	
Year ended December 31, 1961 .....	( 334,536.21)	
Nine months ended September 30, 1962 (unaudited) .....	( 327,484.58)	(927,515.06)
		<u>(\$3,189,905.69)</u>

See notes to financial statements herein.

## AUDITORS' CERTIFICATE

To The Board of Directors  
The Goldfield Consolidated Mines Company

Gentlemen:

We have examined the Balance Sheet of The Goldfield Consolidated Mines Company as of December 31, 1961, the related Statements of Income and Expense and Deficit for the three years ended December 31, 1959, 1960 and 1961, and the Statements of Income and Expense as consolidated with American Chrome Company for the three years ended December 31, 1959, 1960, and 1961. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The examination of the Statements of Profit and Loss of the subsidiary, American Chrome Company, the results of which were included in the consolidated statements, was made by Colberg, Wallin and Boorman, Certified Public Accountants, Billings, Montana.

In our opinion the accompanying Balance Sheet, Statements of Income and Expense, and Statements of Deficit, together with explanatory notes, present fairly the financial position of The Goldfield Consolidated Mines Company at December 31, 1961 and the results of operations for the three years then ended, on a basis of being consolidated with American Chrome and of not being consolidated, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding years.

Yours very truly,

SEMENZA & KOTTINGER  
Certified Public Accountants

Reno, Nevada  
August 7, 1962

# AMERICAN CHROME COMPANY

## BALANCE SHEETS

December 31, 1961 and September 30, 1962

ASSETS		December 31, 1961	September 30, 1962 (Unaudited)
<b>CURRENT ASSETS</b>			
Cash on hand and in banks .....		\$2,318,866.38	\$1,301,864.66
Accounts receivable—trade and others .....		48,543.03	18,924.06
U. S. Treasury bills and certificates of deposit—cost plus accrued interest .....		202,673.91	420,453.34
Inventory (Note 1)			
Ferrochrome—at lower of cost or market .....		143,750.55	9,206.10
Supplies and raw materials—cost .....		107,521.40	100,869.95
Ore in transit—cost .....		2,032.50	2,032.50
U. S. federal income tax refund due (Note 3) .....		37,377.47	136,378.15
		<u>\$2,860,765.24</u>	<u>\$1,989,728.76</u>
<b>FIXED ASSETS (Note 2)</b>			
Land, buildings and building improvements—at cost less reserve for depreciation .....		181,736.82	161,608.40
Equipment, furniture and fixtures—at cost less reserve for depreciation .....		320,260.08	317,107.41
Mining rights—at cost to transferor parent company less reserve for depletion .....		4,170.27	4,170.27
		<u>506,167.17</u>	<u>482,886.08</u>
<b>DEFERRED CHARGES AND OTHER ASSETS</b>			
Prepaid insurance .....		31,344.43	8,813.91
Prepaid leases and permits .....		115.00	150.00
Notes receivable and accrued interest due from parent company .....		987,685.14	1,716,738.67
Deposits .....		14,392.03	972.00
		<u>1,033,536.60</u>	<u>1,726,674.58</u>
		<u>\$4,400,469.01</u>	<u>\$4,199,289.42</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable .....	\$	16,903.04	\$ 25,207.91
Taxes payable—withholding and property .....		13,952.34	8,859.87
Accrued salaries and wages .....		8,203.29	4,952.43
Accrued payroll taxes .....		8,969.91	3,384.02
Accrued insurance and interest .....		263.08	65.27
Accrued metalliferous and net proceeds tax .....		104,675.55	—0—
Montana Corporation Income tax .....		17,543.97	—0—
		<u>170,511.18</u>	<u>42,469.50</u>
<b>CAPITAL STOCK AND SURPLUS</b>			
Common stock authorized—2,000,000 shares, par value \$1.00 per share .....			
Issued and outstanding—1,900,000 shares .....		1,900,000.00	1,900,000.00
Earned surplus .....		2,329,957.83	2,256,819.92
		<u>4,229,957.83</u>	<u>4,156,819.92</u>
		<u>\$4,400,469.01</u>	<u>\$4,199,289.42</u>

See notes to financial statements herein.

# AMERICAN CHROME COMPANY

## NOTES TO FINANCIAL STATEMENTS

NOTE 1. Inventory of ferrochrome is based upon selling market prices, less freight and handling charges. Inventory of supplies and materials is based upon average costs. Inventory of ore in transit is stated at cost, determined on the last-in, first-out (LIFO) basis.

NOTE 2. In general, ordinary maintenance, and repairs have been charged to expense when incurred. Major improvements or renewals have been capitalized. Depreciation, depletion and amortization of fixed assets has been provided, as follows: Mill and mine buildings and certain equipment, furniture and fixtures were depreciated, in proportion to production, over the production-term of a ferrochrome stockpiling contract with the U. S. Government pursuant to which 900,000 tons of concentrates were produced. Other mine equipment was depreciated over its useful life of two to four years. Mobile equipment was depreciated over five years. The ferrochrome pilot plant was depreciated over a 39-month period terminated on December 31, 1961. Mining rights acquired at a cost of \$19,218 were depleted as ore was mined, in proportion to proven reserves established by the company's engineers. The following schedule represents the cost of assets acquired and the related reserves for depreciation and depletion:

	December 31, 1961	September 30, 1962 (Unaudited)
Land, buildings and building improvements . . .	\$1,417,257.87	\$1,014,889.54
Less: Reserve for depreciation . . . . .	1,235,521.05	853,281.14
	<u>\$ 181,736.82</u>	<u>\$ 161,608.40</u>
Equipment, furniture and fixtures . . . . .	\$1,874,988.69	\$1,824,543.47
Less: Reserve for depreciation . . . . .	1,554,728.61	1,507,436.06
	<u>\$ 320,260.08</u>	<u>\$ 317,107.41</u>
Mining rights . . . . .	\$ 19,218.00	\$ 19,218.00
Less: Reserve for depletion . . . . .	15,047.73	15,047.73
	<u>\$ 4,170.27</u>	<u>\$ 4,170.27</u>

NOTE 3. The Company's Federal income tax returns have been audited by the Internal Revenue Service through the calendar year 1958. All liabilities in connection with such examination have been settled and paid. The Company, at the option of its parent (Goldfield), filed a consolidated income tax return for 1961. As a result of offsetting Goldfield's losses against income of the Company, federal income tax expense was reduced by \$177,547.47. The overpayment of \$37,377.47 paid on estimates during 1961 was refunded. As at September 30, 1962, a federal income tax refund of \$136,378.15 was accrued based on loss carry-back provisions in the Internal Revenue Code.

NOTE 4. The details of certain expenses charged directly to income during the three years and nine months ended September 30, 1962 (and constituting supplementary profit and loss information) are set forth in the table:

	Year ended December 31			Nine Months Ended September 30, 1962 (Unaudited)
	1959	1960	1961	
Maintenance and repairs:				
Charged to costs or operating expenses . .	\$158,673.79	\$146,482.83	\$ 90,397.36	None
Charged to profit and loss — other . . . .	None	None	None	None
	<u>158,673.79</u>	<u>146,482.83</u>	<u>90,397.36</u>	<u>None</u>
Depreciation of fixed assets:				
Charged to costs or operating expenses . .	558,144.33	638,878.87	658,986.13	None
Charged to profit and loss — other . . . .	None	None	None	None
	<u>\$558,144.33</u>	<u>\$638,878.87</u>	<u>\$658,986.13</u>	<u>None</u>

# AMERICAN CHROME COMPANY

## NOTES TO FINANCIAL STATEMENTS (Concluded)

	Year ended December 31			Nine Months Ended Sept. 30, 1962 (Unaudited)
	1959	1960	1961	
Depletion of royalty interest:				
Charged to costs or operating expenses ..	\$ 1,743.10	\$ 1,407.45	\$ 1,230.05	None
Charged to profit and loss — other .....	None	None	None	None
	<u>1,743.10</u>	<u>1,407.45</u>	<u>1,230.05</u>	<u>None</u>
Taxes, other than Federal and Montana Income Taxes:				
Charged to costs or operating expenses ..	202,484.72	201,037.68	157,024.53	None
Charged to profit and loss — other .....	None	None	None	\$13,523.44
	<u>202,484.72</u>	<u>201,037.68</u>	<u>157,024.53</u>	<u>13,523.44</u>
Details of taxes included above:				
Payroll taxes .....	36,728.41	36,971.73	24,399.18	4,184.23
Metalliferous taxes .....	133,178.57	138,214.71	104,675.55	None
Miscellaneous state and other taxes .....	32,577.74	25,851.24	27,949.80	9,339.21
	<u>202,484.72</u>	<u>201,037.68</u>	<u>157,024.53</u>	<u>13,523.44</u>
Rents:				
Charged to costs or operating expenses ..	21,420.20	4,794.94	4,877.54	None
Charged to profit and loss — other .....	None	None	None	None
	<u>21,420.20</u>	<u>4,794.94</u>	<u>4,877.54</u>	<u>None</u>
Royalties:				
Charged to costs or operating expenses ..	312,763.30	307,426.87	246,094.44	None
Charged to profit and loss — other .....	None	None	None	31,500.00
	<u>\$312,763.30</u>	<u>\$307,426.87</u>	<u>\$246,094.44</u>	<u>\$31,500.00</u>

There are no management and service contract fees.

# AMERICAN CHROME COMPANY

## STATEMENT OF EARNED SURPLUS

For the years ended December 31, 1959, 1960 and 1961 and for  
the nine months ended September 30, 1962

Balance, January 1, 1959 .....		\$ 282,963.97
Add: Net income as follows:		
Year ended December 31, 1959 .....	\$666,676.62	
Year ended December 31, 1960 .....	693,947.10	
Year ended December 31, 1961 .....	686,370.14	
Nine months ended September 30, 1962 (Unaudited) .....	(73,137.91)	1,973,855.95
Balance, September 30, 1962 .....		<u>\$2,256,819.92</u>

See notes to financial statements herein.

## AUDITORS' CERTIFICATE

To The Board of Directors  
American Chrome Company

Gentlemen:

We have examined the Balance Sheet of American Chrome Company as of December 31, 1961 and the Statements of Profit and Loss and of Earned Surplus for the years ending December 31, 1959, December 31, 1960, and December 31, 1961. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances.

In our opinion, the Balance Sheet and the Statements of Profit and Loss and of Earned Surplus present fairly the financial position of American Chrome Company at December 31, 1961, and the results of its operations for the three years then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Yours very truly,

COLBERG, WALLIN & BOORMAN  
Certified Public Accountants

Billings, Montana  
August 7, 1962

# FRONTIER AIRLINES, INC.

## BALANCE SHEETS

December 31, 1961 and September 30, 1962

### ASSETS

	December 31, 1961	September 30, 1962 (Unaudited)
<b>CURRENT ASSETS</b>		
Cash .....	\$ 248,700.45	\$ 334,171.92
Accounts receivable:		
U. S. Government .....	753,478.94	829,780.82
Airline traffic .....	700,619.35	866,548.93
Fuel tax refund and other .....	105,921.67	119,956.37
Operating inventories, at average costs .....	800,191.00	700,183.99
Prepaid expenses .....	120,552.09	114,716.27
	<u>2,729,463.50</u>	<u>2,965,358.30</u>
<b>OTHER ASSETS</b> .....	19,191.00	19,191.00
<b>PROPERTY AND EQUIPMENT, at cost — Notes B, F and G</b>		
Flight equipment .....	6,599,216.75	6,834,441.45
Other property and equipment .....	1,295,963.56	1,317,229.70
	<u>7,895,180.31</u>	<u>8,151,671.15</u>
Total property and equipment .....	7,895,180.31	8,151,671.15
Less: Accumulated depreciation .....	3,786,873.85	4,046,336.28
	<u>4,108,306.46</u>	<u>4,105,334.87</u>
<b>DEFERRED CHARGES</b>		
Unamortized route costs — Note F .....	295,584.66	199,991.28
Other .....	28,043.56	68,170.05
	<u>\$7,180,589.18</u>	<u>\$7,358,045.50</u>

### LIABILITIES

<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt — Note B .....	\$ 905,600.14	\$ 577,826.87
Accounts payable .....	1,580,195.79	1,683,226.47
Salaries and wages .....	528,906.19	542,890.22
Federal income taxes estimated — Note I .....	186,000.00	87,800.00
Other taxes .....	88,217.21	141,912.45
Unearned transportation .....	42,497.07	40,208.26
Accrued advertising .....	76,566.16	60,221.00
	<u>3,407,982.56</u>	<u>3,134,085.27</u>
<b>LONG-TERM DEBT — Note B</b> .....	1,856,898.60	1,885,020.00
<b>DEFERRED CREDITS</b> .....	15,000.00	38,553.13
<b>STOCKHOLDERS' EQUITY</b>		
Common stock \$1.00 par, authorized 2,000,000 shares, issued and outstanding;		
December 31, 1961 — 937,528 shares, September 30, 1962 — 962,528		
shares — Note D .....	937,528.00	962,528.00
Capital surplus — Notes D and E .....	555,552.50	575,552.50
Retained earnings .....	423,968.77	778,647.85
	<u>1,917,049.27</u>	<u>2,316,728.35</u>
Total .....	1,917,049.27	2,316,728.35
Less: Treasury stock, 13,073 shares — At cost .....	16,341.25	16,341.25
	<u>1,900,708.02</u>	<u>2,300,387.10</u>
	<u>\$7,180,589.18</u>	<u>\$7,358,045.50</u>

See notes to financial statements.

# FRONTIER AIRLINES, INC.

## STATEMENT OF RETAINED EARNINGS

For the years ended December 31, 1959, 1960 and 1961 and for  
the nine months ended September 30, 1962

Balance, January 1, 1959 .....		\$ 74,840.21
Add: Net income (loss) as follows:		
Year ended December 31, 1959 .....	\$(147,830.55)	
Year ended December 31, 1960 .....	161,427.53	
Year ended December 31, 1961 .....	359,128.59	372,725.57
		<hr/>
		447,565.78
Less: Special Adjustment — Note A .....		(23,597.01)
		<hr/>
Balance, December 31, 1961 — audited .....		423,968.77
Nine months ended September 30, 1962 (unaudited) .....		354,679.08
		<hr/>
Balance, September 30, 1962 .....		<u>\$778,647.85</u>

See notes to financial statements.

# FRONTIER AIRLINES, INC.

## NOTES TO FINANCIAL STATEMENTS

Three years ended December 31, 1961 (audited)  
Nine months ended September 30, 1962 (unaudited)

### A. FEDERAL SUBSIDY

The company had been receiving federal subsidy under temporary rates from October 1, 1957 through December 31, 1960. The amounts previously shown in the company's annual reports have been adjusted in the accompanying Statements of Operations and Retained Earnings (through December 31, 1960) to reflect all retroactive federal subsidy adjustments made by the Civil Aeronautics Board to February 15, 1961.

The special adjustment results from the finalization in July, 1961 of the federal subsidy payment for the period from October 1, 1957 through December 31, 1960, and the change made on the company's books to reflect the mail rate accounting method for this period.

On March 7, 1961, the Civil Aeronautics Board established a class mail subsidy rate for local service carriers effective retroactive to January 1, 1961. On December 20, 1962 the Board issued an order reopening the subsidy rate effective January 1, 1963 based on the carrier's average number of departures per station per day in each month, applied to the available seat miles flown within that month. Payment on this basis is made to the carrier monthly. Annually, the subsidy received is subject to a reduction if the carrier's earnings for the calendar year exceed the carrier's fair and reasonable differentiated rate of return. This differentiated rate of return is the weighted average of 21.35% of common stock equity and 5.5% of recognized debt, however, should the rate of return exceed 12.75% of the combined common stock equity and recognized debt, then the carrier refunds to the board 50% of the annual earnings (before Interest and after Income Taxes) up to 15%. Over 15% the carrier refunds 75% of such excess. In the opinion of management the Company's earnings for the year 1961 and for the nine months ended September 30, 1962 will not be materially affected by the above.

### B. LONG-TERM DEBT

	December 31, 1961		September 30, 1962	
	Current	Long-Term	Current	Long-Term
The long-term debt is comprised of:				
5½% Equipment Loans .....	\$453,600	\$1,838,232	\$503,712	\$1,885,020
5½% Working Capital Loan .....	420,000	—	47,448	—
6% Other Obligation .....	32,000	18,667	26,667	—
	<u>\$905,600</u>	<u>\$1,856,899</u>	<u>\$577,827</u>	<u>\$1,885,020</u>

At December 31, 1961, the aggregate amount of principal maturities on these debts for the next five years was: 1962 — \$905,600; 1963 — \$472,267; 1964 — \$453,600; 1965 — \$453,600; 1966 — \$297,094.

All of the company's flight equipment is pledged as security under chattel mortgages for the equipment and working capital loans. Seven Convair 340 aircraft and related flight equipment are pledged for the equipment loans. At December 31, 1961 twenty-three DC-3 aircraft and related flight equipment were pledged for the working capital loan. The equipment loans are 90% guaranteed by the Civil Aeronautics Board. Both loan agreements have, among other things, certain provisions relating to the maintenance of net working capital, as defined, and to the payment of dividends.

The 6% Other Obligation pertains to an agreement with another airline for the purchase of a CV-340 Electronic Flight Simulator which the company was formerly leasing.

On June 29, 1962 the company entered into Equipment Loan Agreement with the banks making available to the company \$720,000.00 for the purchase of additional equipment at 5½% interest. On July 20, 1962 the company exercised its rights under the agreement and borrowed \$348,000.00 to purchase one Convair 340 aircraft and equipment. This loan is not guaranteed by the Civil Aeronautics Board.

On December 21, 1962, the company entered in a new loan agreement with the banks which made available to it the sum of \$3,500,000 until June 30, 1963. Under the terms of this new loan, the company had to pay off all prior equipment and working capital loans described above and pledged all of its flight equipment as security under chattel mortgages represented by 8 Convair 340 aircraft and 22 DC-3 aircraft including related flight equipment. The sum of \$2,400,000 was taken down on November 21, 1962 to pay off the prior loans and the remainder up to \$1,100,000 will be taken down at a future date to provide for the purchase of additional aircraft. Under the terms of this new loan the principal and interest at 5¼% are payable in 15 equal installments



# FRONTIER AIRLINES, INC.

## NOTES TO FINANCIAL STATEMENTS (Continued)

starting September 15, 1963 and the next 14 installments being due each November 15th, May 15th and September 15th thereafter, the last such installment being due on May 15, 1968. This new loan is not guaranteed by the Civil Aeronautics Board.

On December 28, 1962, Frontier Airlines, Inc. took down \$900,000 of the commitment to purchase three (3) Convair 340s.

### C. PENSION PLANS

Frontier has seven pension plans covering pilots, dispatchers, mechanics and non-contract employees. The plans consist of four fixed and three variable plans. These plans have been instituted from January 1, 1957 and require a minimum of one year employment before the employee becomes eligible. All plans, except non-contract, are contributory. The normal retirement ages are 60 years for pilots, and 65 years for all others. However, all plans provide various methods of early retirement and disability retirement with reduced benefits. The unfunded past service cost of these plans as of December 31, 1961 were estimated at \$388,000. The cost to the Company of these plans is estimated at \$200,000 annually.

### D. RESTRICTED STOCK OPTIONS

On March 21, 1962, G. Ray Woody exercised in full his option granted January 18, 1960 to purchase 25,000 shares of the company's common stock at \$1.80 per share (approximate fair market value at date of grant) for a total of \$45,000. On March 21, 1962, the fair market value of the common stock was approximately \$3.50 per share (total of \$87,500). Proceeds from the option exercised were credited \$1.00 per share to common stock (\$25,000); the remaining amount to capital surplus (\$.80 per share, or \$20,000).

The options granted to purchase 40,000 shares of common stock (subject to stockholders' approval) were not approved by the stockholders at their annual meeting on April 10, 1962, and were automatically cancelled.

No charges in respect to the options were made to income during the three years ended December 31, 1961 and the nine months ended September 30, 1962.

Subject to stockholders approval, on October 18, 1962 the board of directors granted a restricted stock option on 25,000 shares to Mr. Lewis W. Dymond at 85% of the market value as at that date.

### E. CAPITAL SURPLUS

Early in 1959, issues of 7% subordinated debenture notes due in 1968 were increased from the balance at December 31, 1958 of \$600,000 to \$1,000,000. In June 1959, all of these debentures were exchanged for 444,442 shares of common stock on the basis of the conversion price of \$2.25 a share, giving rise to the capital surplus amount of \$555,552.50.

### F. DEPRECIATION, MAINTENANCE, REPAIRS, AND RETIREMENTS

Provisions for depreciation of property and equipment are computed on the straight-line method at rates calculated to amortize the cost (less airworthiness reserves as defined by the Civil Aeronautics Board regulations under the class mail rate plan, where applicable) of the properties over their estimated useful lives. Estimated useful lives are as follows:

Airframes .....	3-7 years
Engines .....	3-7 years
Propellers and communication equipment .....	3-7 years
Rotable parts .....	3-7 years
Ground equipment .....	5-10 years

Expenditures for route extension and development costs and for pre-operating costs are deferred and are amortized over a period of two to five years from the dates operations of the routes are started.

Expenditures for ordinary maintenance and repairs are charged to expense. Expenditures for major spare parts are capitalized and minor parts are recorded in inventory accounts, and charged to expenses as used.

Residual amounts of property and equipment are not eliminated from the accounts until the items are retired. At the time properties are retired, the amounts of costs and accumulated depreciation thereon are eliminated from the accounts. Profits and losses on disposals are credited or charged to income.

# FRONTIER AIRLINES, INC.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### G. COST OF ASSETS AND RELATED RESERVES

The following schedule represents the cost of assets acquired and the related reserves for depreciation:

	December 31, 1961	September 30, 1962 (Unaudited)
Flight equipment .....	\$6,599,217	\$6,834,441
Less: Reserve for depreciation .....	3,195,190	3,372,972
	<u>\$3,404,027</u>	<u>\$3,461,469</u>
Ground property and equipment .....	\$1,289,753	\$1,315,194
Less: Reserve for depreciation .....	591,684	673,365
	<u>\$ 698,069</u>	<u>\$ 641,829</u>
Equipment not yet in service (in process) .....	\$ 6,210	\$ 2,036
Less: Reserve for depreciation .....	-0-	-0-
	<u>\$ 6,210</u>	<u>\$ 2,036</u>

### H. SUPPLEMENTARY PROFIT AND LOSS INFORMATION

The details of certain items charged to operations in the Statements of Operations and Retained Earnings were:

	Year ended December 31			Nine Months Ended September 30, 1961 (Unaudited)	Nine Months Ended September 30, 1962 (Unaudited)
	1959	1960	1961		
Maintenance and repairs:					
Charged to costs or operating expenses .....	\$2,280,370	\$2,739,958	\$2,721,355	\$1,995,968	\$2,163,592
Charged to profit and loss — other .....	None	None	None	None	None
	<u>\$2,280,370</u>	<u>\$2,739,958</u>	<u>\$2,721,355</u>	<u>\$1,995,968</u>	<u>\$2,163,592</u>
Depreciation of fixed assets:					
Charged to costs or operating expenses .....	\$ 594,353	\$ 719,292	\$ 822,066*	\$ 621,995*	\$ 459,133*
Charged to profit and loss — other .....	None	None	None	None	None
	<u>\$ 594,353</u>	<u>\$ 719,292</u>	<u>\$ 822,066</u>	<u>\$ 621,995</u>	<u>\$ 459,133</u>
Amortization of extension, development and pre-operating costs:					
Charged to costs or operating expenses .....	\$ 94,411	\$ 138,604	\$ 139,898	\$ 104,337	\$ 101,355
Charged to profit and loss — other .....	None	None	None	None	None
	<u>\$ 94,411</u>	<u>\$ 138,604</u>	<u>\$ 139,898</u>	<u>\$ 104,337</u>	<u>\$ 101,355</u>
Taxes, other than income taxes:					
Fuel and oil taxes .....	\$ 208,795	\$ 253,614	\$ 257,178	\$ 190,992	\$ 197,933
Payroll taxes .....	124,329	149,425	147,861	170,633	210,460
Property taxes .....	37,632	65,045	81,418	63,202	76,142
Other taxes .....	7,801	17,437	10,848	4,185	3,119
Charged to costs or operating expenses .....	<u>\$ 378,557</u>	<u>\$ 485,521</u>	<u>\$ 497,305</u>	<u>\$ 429,012</u>	<u>\$ 487,654</u>
Rents (including landing fees):					
Charged to costs or operating expenses .....	\$ 303,370	\$ 428,795	\$ 555,742	\$ 474,424	\$ 443,334
Charged to profit and loss — other .....	None	None	None	None	None
	<u>\$ 303,370</u>	<u>\$ 428,795</u>	<u>\$ 555,742</u>	<u>\$ 474,424</u>	<u>\$ 443,334</u>

There are no management and service contract fees or royalties costs.

\*Includes inventory obsolescence provision 1961 — \$40,307; nine months 1961, \$28,929; nine months 1962, \$10,903.

# FRONTIER AIRLINES, INC.

## NOTES TO FINANCIAL STATEMENTS (Concluded)

### I. INCOME TAXES

The income tax expense and liability for the nine month period ended September 30, 1962, is reduced substantially because the DC-3 aircraft and related parts have become fully depreciated for financial reporting purposes. For income tax purposes the equipment will not be fully depreciated until 1963.

### J. MANAGEMENT

A change in top management of Frontier Airlines, Inc. was effected April 10, 1962, details of which are presented elsewhere herein.

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## ACCOUNTANTS' REPORT

Board of Directors  
Frontier Airlines, Inc.

We have examined the balance sheet of Frontier Airlines, Inc. as of December 31, 1961, and the statements of operations and of retained earnings for the three years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet, the statements of operations, and statement of retained earnings present fairly the financial position of Frontier Airlines, Inc. at December 31, 1961, and the results of its operations for the three years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

ERNST & ERNST

Denver, Colorado  
February 15, 1962  
(April 10, 1962 as to Notes D and J)

## AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (hereinafter called "this Agreement"), dated as of the 22nd day of January, 1963, by and between THE GOLDFIELD CONSOLIDATED MINES COMPANY, a corporation organized and existing under the laws of the State of Wyoming (hereinafter referred to as "Goldfield" and as the "Surviving Corporation"), and its directors or a majority thereof, First Party, and AMERICAN CHROME COMPANY, a corporation organized and existing under the laws of the State of Nevada (hereinafter referred to as "Chrome"), and its directors or a majority thereof, Second Party (said two corporations being hereinafter sometimes referred to as the "Constituent Corporations").

### WITNESSETH:

Goldfield was incorporated on November 13, 1906, and is now validly existing under the laws of the State of Wyoming. Its principal office in the State of Wyoming is located at the office of P. W. Spaulding, 941 Main Street, Evanston, Wyoming, and the name of its registered agent in charge thereof, and the person upon whom process against Goldfield may be served within said State, is P. W. Spaulding. Goldfield has an authorized Capital Stock consisting of 5,000,000 shares of Capital Stock, all of one class, of the par value of \$1.00 per share. As of the date of this Agreement, 4,684,488 shares of said Capital Stock are issued and outstanding.

Chrome was incorporated on December 29, 1950, and is now validly existing under the laws of the State of Nevada. Its principal office in the State of Nevada is located at 421 Hill Street, Reno, Nevada, and the name of its registered agent in charge thereof, and the person upon whom process against Chrome may be served within said State is George M. Spradling. Chrome has an authorized Capital Stock consisting of 2,000,000 shares of Capital Stock, all of one class, of the par value of \$1.00 per share. As of the date of this Agreement, 1,900,000 shares of said Capital Stock are issued and outstanding, of which 1,650,670 shares, amounting to approximately 86.88% of all of said issued and outstanding shares, are owned by Goldfield.

It is deemed advisable and for the best interests of Goldfield and Chrome and their respective stockholders that the Constituent Corporations merge pursuant to the terms of this Agreement and to the applicable provisions of the laws of the States of Wyoming and Nevada, and that Goldfield be the Surviving Corporation;

Now, THEREFORE, in consideration of the premises and of the mutual agreements, provisions and covenants herein contained, the parties hereto jointly agree as follows:

### I

In accordance with the applicable provisions of the laws of the States of Wyoming and Nevada, and pursuant to this Agreement, Goldfield and Chrome shall be, and they hereby are, merged into one of said corporations, to wit: Goldfield, a Wyoming corporation, First Party hereto, which shall be the Surviving Corporation; and Goldfield hereby merges Chrome into itself, and Chrome hereby merges itself into Goldfield.

### II

The laws of the State of Wyoming under which Goldfield was organized are hereby selected as the laws which shall govern it as the corporation surviving said merger.

### III

A. The Certificate of Incorporation of Goldfield, as heretofore amended, shall, at the Effective Date of the merger, be and be deemed amended as follows: Sections I-V inclusive, are hereby stricken, and in their place and stead the following new Sections First through Fifth, inclusive, shall be substituted, so that said Certificate of Incorporation shall, except for the preamble thereto, read in full as follows:

FIRST: The name of the Corporation is THE GOLDFIELD CORPORATION.

SECOND: The period of its duration is perpetual.

THIRD: The purposes for which the Corporation is organized are:

To purchase, sell and generally to trade and deal in and with goods, wares, products and merchandise of every kind, nature and description; and to engage and participate in any mercantile, manufacturing or trading business of any kind or character whatsoever; in each case to such extent as a corporation organized under the Wyoming Business Corporation Act may now or hereafter lawfully do.

To acquire by purchase, exchange or otherwise, all, or any part of, or any interest in, the properties, assets, business and good will of any one or more corporations, associations, partnerships, firms, syndicates or individuals, engaged in any business which the Corporation is authorized to carry on; to pay for the same in cash, property and/or its own or other securities; to hold, operate, reorganize, liquidate, mortgage, pledge, sell, exchange or in any manner dispose of the whole or any part thereof; and, in connection therewith, to assume or guarantee performance of any liabilities, obligations or contracts of corporations, associations, partnerships, firms, syndicates or individuals, and to conduct in any lawful manner the whole or any part of any business thus acquired.

To purchase, lease or otherwise acquire and to hold, own, maintain, manage, improve, rent, sell or otherwise dispose of real and personal property of all kinds and in particular, lands, buildings, shares of stock, mortgages, bonds, debentures and other securities, merchandise, book debts and claims and any interest in real or personal property.

To adopt, apply for, obtain, register, purchase, lease or otherwise acquire and to maintain, protect, hold, use, own, exercise, develop, manufacture under, operate and introduce, and to sell and grant licenses or other rights in respect of, assign or otherwise dispose of, turn to account, or in any manner deal with and contract with reference to, any trade-marks, trade names, patents, patent rights, concessions, franchises, designs, copyrights and distinctive marks and rights analogous thereto, and inventions, devices, improvements, processes, recipes, formulae and the like, including such thereof as may be covered by, used in connection with, or secured or received under, Letters Patent of the United States of America or elsewhere or otherwise, and any licenses in respect thereof and any or all rights connected therewith or appertaining thereto.

To borrow money for its corporate purposes, and to make, accept, endorse, execute and issue promissory notes, bills of exchange, bonds, debentures or other obligations from time to time, for the purchase of property, or for any purpose relating to the business of the Corporation, and, if deemed proper, to secure the payment of any such obligations by mortgage, pledge, deed of trust or otherwise.

To lend its uninvested funds from time to time to such extent, on such terms and on such security, if any, as the Board of Directors of the Corporation may determine.

To sell, improve, manage, develop, lease, mortgage, dispose of or otherwise turn to account or deal with, all or any part of the property of the Corporation.

To conduct its business in all or any of its branches, so far as permitted by law, in the State of Wyoming and in other States of the United States of America, and in the territories and the District of Columbia, and in any or all dependencies, colonies or possessions of the United States of America, and in foreign countries; and for and in connection with such business, to hold, possess, purchase, lease, mortgage and convey real and personal property and to maintain offices and agencies either within or without the State of Wyoming.

To buy, sell, exchange, lease, locate, patent, or in any way acquire and deal in oil, gas, mining claims and mining property of every nature and description; to carry on and conduct the business of mining, milling, concentrating, converting, smelting, treating, refining, reducing, manufacturing, buying, selling, exchanging and otherwise dealing in oil, gas, gold, silver, chrome, lead, zinc, metals and minerals of every description, and in any and all ores, earth and rock bearing

or containing the same, or any of them, and products and by-products thereof of every character, and by whatsoever process or processes the same may or may hereafter be treated, prepared or produced; to buy, sell and deal in all minerals of every description, or mineral bearing ground, and all rights or claims relating thereto; and also to buy, sell, exchange, lease, deal in, locate, patent, or otherwise acquire such lands, real estate and other property, real, personal, or mixed, as may be necessary, desirable, expedient or appurtenant to the said business of mining, milling, concentrating and treating ores, oil and gas, as herein provided.

To carry out all or any part of the foregoing objects as principal, factor, agent, broker, contractor or otherwise, either alone or in conjunction with any persons, firms, associations, corporations or others in any part of the world; and in carrying on its business and for the purpose of attaining or furthering any of its objects, to make and perform contracts of any kind and description, and to do anything and everything necessary, suitable, convenient or proper for the accomplishment of any of the purposes or the attainment of any one or more of the objects herein enumerated or incidental to the powers herein specified, or which shall at any time appear conducive to or expedient for the accomplishment of any of the purposes or the attainment of any of the objects hereinbefore enumerated.

In general and without any limitation whatsoever by reason of the foregoing, the Corporation shall have unlimited power to engage in and to do any lawful act concerning any and all lawful businesses for which corporations may be organized under the Wyoming Business Corporation Act and acts amendatory or supplemental thereto.

The foregoing clauses in this Section shall be construed as stating both purposes and powers. It is intended that the purposes and powers specified in said clauses shall be in no wise limited or restricted by reference to or inference from the terms of any other clause of this or any other Section in this Certificate or in the Certificate of Incorporation or any prior Certificate amendatory thereto of the Corporation, but that the purposes and powers specified in each of the clauses of this Section shall be regarded as independent and cumulative purposes and powers.

FOURTH: The aggregate number of shares which the Corporation shall have authority to issue is ten million (10,000,000) shares of the par value of One Dollar (\$1.00) each, all of which shall be one class, to wit, Capital Stock.

FIFTH: The number of Directors of said Corporation shall be seven (7), and the Directors of said corporation for the first year, and until their successors shall be elected, and shall have qualified, are: C. Whitcomb Alden, Jr., Harris J. Ashton, William P. Howe, Jr., Joseph Friedman, Harry H. Kessler, Richard C. Pistell, and Willis A. Swan.

SIXTH: Part of the business of said corporation is to be carried on outside of the State of Wyoming. The principal part of the business of said corporation to be transacted within the State of Wyoming is to be carried on in the City of Evanston, in the County of Uinta, where the principal office of said corporation within the State of Wyoming shall be established. Said corporation may establish offices, meetings of the Board of Directors of said corporation may be held and, except as otherwise provided by the statutes of Wyoming, the books of said corporation kept without the State of Wyoming, as may be provided in the by-laws.

B. The by-laws of Goldfield, as amended and as in effect on the Effective Date of the merger, shall, upon the Effective Date of the merger, remain and be the by-laws of the Surviving Corporation, until the same shall be further altered, amended, or repealed by the Board of Directors.

C. The directors and officers of Goldfield then in office shall, on the Effective Date of the merger, remain and be the directors and officers of the Surviving Corporation until their successors shall have been duly elected or appointed and qualified at the next annual meeting of the stockholders of the Surviving Corporation.

#### IV

The manner of converting the shares of the Constituent Corporations into shares of the Surviving Corporation shall be as follows:

A. All of the holders of the \$1.00 par value Capital Stock of Goldfield outstanding on the Effective Date of the merger shall continue to hold the certificates which they then hold evidencing such stock, and such certificates shall on that date, automatically and without the necessity of any surrender thereof or any act or thing to be done thereafter represent a like number of the shares of the Capital Stock, \$1.00 par value, of the Surviving Corporation.

B. The 1,650,670 shares of the \$1.00 par value Capital Stock of Chrome now owned by Goldfield shall forthwith on the Effective Date of the merger be cancelled and no shares of the Surviving Corporation shall be issued in respect thereof.

C. All of the shares of the \$1.00 par value Capital Stock of Chrome outstanding on the Effective Date of the merger (except those owned by Goldfield which shall be cancelled as provided above in subparagraph B of this Article IV) shall forthwith on the Effective Date of the merger be changed and converted into shares of the Capital Stock, \$1.00 par value, of the Surviving Corporation, in the manner and proportion following, namely: Each holder of \$1.00 par value Capital Stock of Chrome shall surrender the certificate or certificates therefor, duly endorsed in blank for transfer, at the office of The Bank of New York, 48 Wall Street, New York 5, N. Y., and shall receive in exchange therefor a certificate or certificates for shares of the Capital Stock, \$1.00 par value, of the Surviving Corporation in the ratio of two and one quarter ( $2\frac{1}{4}$ ) shares of Capital Stock, \$1.00 par value, of the Surviving Corporation for each share of the \$1.00 par value Capital Stock of Chrome so surrendered. All shares of Capital Stock of the Surviving Corporation issued to holders of shares of stock of Chrome shall be issued in full satisfaction of all rights pertaining to the shares of stock of Chrome held by them.

No fractional interest in a share of Capital Stock of the Surviving Corporation resulting from the exchange set forth above shall confer any voting or dividend rights or any other right of a stockholder, and no certificate shall be issued representing such fractional interest, but in lieu thereof each holder of a share or shares of stock of Chrome entitled hereunder to receive a fractional interest in a share of Capital Stock of the Surviving Corporation (after consolidating all fractional interests in shares of Capital Stock of the Surviving Corporation which such holder is entitled to receive into the maximum possible number of full shares of Capital Stock of the Surviving Corporation) shall be paid \$.22 for each one-quarter share.

D. All shares of Capital Stock of the Surviving Corporation shall, when issued pursuant to the provisions of this Agreement, be deemed to be fully paid and non-assessable.

E. Any holder of Capital Stock of Chrome outstanding on the Effective Date of the merger who objects to the merger shall, upon compliance with the applicable provisions of the laws of the State of Nevada, be entitled to receive and shall be paid the value of his stock within the time and determined in the manner provided by the applicable laws of the State of Nevada.

F. Any holder of Capital Stock of Goldfield outstanding on the Effective Date of the merger who objects to the merger shall, upon compliance with the applicable provisions of the laws of the State of Wyoming, be entitled to receive and shall be paid the value of his stock within the time and determined in the manner provided by the applicable laws of the State of Wyoming.

#### V

The mode of carrying this Agreement into effect shall be as follows:

A. This Agreement, having been first approved and executed by the directors, or a majority of them, of each of the Constituent Corporations, under the respective corporate seals of the Constituent Corporations, shall be submitted to the stockholders of each of the Constituent Corporations pursuant to the applicable provisions of the laws of the States of Wyoming and Nevada. If this Agreement shall be approved and adopted by the requisite votes of the stockholders of each of the Constituent

Corporations in accordance with the applicable requirements of such laws, that fact as well as all other facts required by any such laws to be certified shall be certified on this Agreement by the proper officers of each of the Constituent Corporations, under their respective corporate seals, and this Agreement so adopted and certified shall be signed and acknowledged and filed in the office of the Secretary of State of the State of Wyoming and shall become effective on the date thereafter on which the Secretary of State of the State of Wyoming issues a Certificate of Merger to the Surviving Corporation. Such date of issuance of a Certificate of Merger shall be the "Effective Date of the merger" as herein used. Counterparts and copies of this Agreement shall also be filed and recorded in the States of Wyoming and Nevada in such manner as may be permitted or required by the applicable laws of said States.

B. Upon the Effective Date of the merger:

1. Goldfield and Chrome shall become a single corporation, to wit: THE GOLDFIELD CORPORATION, a Wyoming corporation, one of the parties to this Agreement presently named The Goldfield Consolidated Mines Company, which shall be the corporation surviving such merger, and Goldfield shall merge into itself Chrome, and Chrome shall be merged into Goldfield; the separate corporate existence of Chrome shall cease; and, except as herein otherwise specifically set forth, the corporate identity, existence, purposes, powers, franchises, immunities, rights and entity of Goldfield shall continue unaffected and unimpaired by the merger.

2. Goldfield shall possess all the rights, privileges, powers, immunities and franchises, as well of a public as of a private nature, and shall be subject to all the restrictions, liabilities and duties, of each of the Constituent Corporations; and all property, real, personal and mixed, and all debts due to either of the Constituent Corporations on whatever account, as well for stock subscriptions as all other choses in actions and all and every other interest of or belonging to either of the Constituent Corporations, shall be transferred to and vested in the Surviving Corporation without further act or deed; and the title to any real estate, whether vested by deed or otherwise, vested in either of the Constituent Corporations, shall not revert or be in any way impaired by reason of this merger; provided, however, that all rights of creditors and all liens upon any property of either of the Constituent Corporations shall be preserved unimpaired, and all debts, liabilities and duties of the respective Constituent Corporations shall thenceforth attach to the Surviving Corporation and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it.

3. The Certificate of Incorporation of the Surviving Corporation shall be that of Goldfield, as amended in accordance with the provisions of Article III hereinabove set forth.

4. The capital in respect of the shares of Capital Stock of the Surviving Corporation to be issued in exchange for shares of Capital Stock of Chrome pursuant to the provisions of subparagraph C of Article IV of this Agreement shall be \$1.00 for each such share so issued. The net assets of Chrome, appropriately adjusted to the extent required to conform to generally accepted accounting principles, shall be recorded, at their carrying amounts on the books of Chrome, in the accounts of the Surviving Corporation.

C. This Agreement may be abandoned by action of the Directors or a majority of them of either of the Constituent Corporations, taken at any time prior to the Effective Date of the merger.

D. Prior to the Effective Date of the merger or the abandonment thereof, neither of the constituent Corporations shall, without prior written consent of the other, declare or pay any dividends or make any other distribution of any kind to stockholders, nor make any changes in Capital Stock either authorized or issued and outstanding (other than ordinary transfers of stock now issued and outstanding).

## VI

If this Agreement is carried into effect and the merger accomplished, the Surviving Corporation shall pay all of the expenses incurred in connection therewith.



VII

If, at any time the Surviving Corporation shall consider or be advised that any further assignments or assurances in the law or any things are necessary or desirable to vest in the Surviving Corporation, according to the terms hereof, the title to any property or right of Chrome or to effectuate the intent and purpose of the amendments to Goldfield's Certificate of Incorporation set forth in Article III hereinabove, the proper officers and directors of Chrome and/or of Goldfield shall and will execute and make all such proper assignments and assurances in the law and do all things necessary or desirable to vest title to such property or rights in the Surviving Corporation, to effectuate the intent and purpose of said amendments, and otherwise to carry out the purposes of this Agreement.

VIII

The Surviving Corporation hereby reserves the right to amend, alter, change or repeal its Certificate of Incorporation and any provision thereof contained in this Agreement, in the manner now or hereinafter prescribed by statute, and all right or powers of whatsoever nature, conferred in such Certificate of Incorporation or herein upon stockholders, Directors, officers, or any other persons whomsoever, are subject to this reserved power.

IX

This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed an original instrument.

IN WITNESS WHEREOF, each of the parties to this Agreement, pursuant to authority duly given by its Board of Directors, has caused these presents to be executed by a majority of its Directors and its corporate seal to be hereto affixed as of the day and year first above written.

.....  
(C. Whitcomb Alden, Jr.)

.....  
(H. M. Dharamsey)

.....  
(William P. Howe, Jr.)

.....  
(Joseph Friedman)

.....  
(Joseph Friedman)

.....  
(Irving Guberman)

.....  
(Harry H. Kessler)

.....  
(Richard C. Pistell)

.....  
(Richard C. Pistell)

.....  
(Willis A. Swan)

.....  
(Willis A. Swan)

.....  
(Harris J. Ashton)

Being a majority of the Board of Directors of The Goldfield Consolidated Mines Company, First Party.

Being a majority of the Board of Directors of American Chrome Company, Second Party.

ATTEST:

ATTEST:

.....  
*Secretary*

.....  
*Secretary*