

- 4020 0040 -

NEVADA PORPHYRY GOLD MINES INC

FINANCIAL STATEMENTS

DECEMBER 31, 1950

A. J. BRENNAN  
PUBLIC ACCOUNTANT  
1640 HOYT STREET  
RENO, NEVADA.

MARCH, 30, 1951

Mr. Albert Silver, Secretary,  
Nevada Porphyry Gold Mines Inc.  
153 North Virginia St.  
Reno, Nevada.

NEVADA PORPHYRY GOLD MINES INC.

Dear Sir:

As instructed, I have posted and balanced the books of the Nevada Porphyry Gold Mines Inc. for the year 1950, and submit exhibits and schedules as follows:

EXHIBIT "A"- BALANCE SHEET, December 31, 1950  
SCHEDULE "A-1"-NOTES PAYABLE AND ACCRUED  
INTEREST THEREON, December 31, 1950  
EXHIBIT "B"-NET INCOME AND DEFICIT  
FOR THE CALENDAR YEAR 1950

Inasmuch as a complete examination was made by Wittman and Strachan, Certified Public Accounts, San Francisco, Calif. for the years 1945 to 1949 inclusive, my examination was confined to the changes during the year 1950.

CASH ON DEPOSIT, WELLS FARGO BANK. \$7,981.21

Cash on deposit with the Wells Fargo Bank on December 31, 1950 amounted to \$7,981.21. This balance represents the Bank balance as of December 31, 1950, plus royalties due in 1950 but not deposited until after January 1st. 1951. Also checks written after January 1st. 1951 to cover expenses incurred in 1950. This balance was not verified either by reconciliation or confirmation as this was done by the Secretary.

ACCOUNTS RECEIVABLE. \$7,418.87

The following tabulation shows the composition of these accounts and changes therein during the year

	BALANCE 12/31/49	CHANGES	BALANCE 12/31/50
Round Mountain Antelope Mining Co.	\$3,032.31	-	\$3,032.31
Round Mountain Homestake Mining Co.	29.07	-	29.07
Fairview Extension Mining Co.	255.42	\$ 15.00	270.42
Fairview Round Mountain Mines Co.	646.20	15.00	661.20
Tonopah Extension Mining Co.	9.60	-	9.60
Round Mountain Mines Co.	2,736.88	288.69	3,025.57
Nevada Gold Development Co.	154.44	-	154.44
Toquima Stores Co.	221.26	15.00	236.26
L. D. Gordon	102.92	(102.92)	-
	<u>\$7,188.10</u>	<u>\$230.77</u>	<u>\$7,418.87</u>

The above changes consisted of amounts paid during the year for account of the various companies by the Nevada Porphyry Mines Inc.

#### OTHER ASSETS

There were no changes in other asset accounts during the year 1950.

#### ACCOUNTS PAYABLE \$21,189.25

Harry Corvin, Special Account	\$ 9,750.00
E. S. Sullivan, Special Account	10,000.00
W. D. Hatton	540.00
E. S. Sullivan	299.25
Toquima Stores -Loan	600.00
	<u>\$21,189.25</u>

The above items are all of several years standing. Refer to 1949 report of Wittman and Strachan for full information on special accounts, per agreement dated May 28, 1940.

NOTES PAYABLE - \$23,989.65  
ACCRUED INTEREST THEREON - 17,086.55

Notes and accrued interest thereon are detailed on Schedule "A-1" Interest accrued to December 31, 1950.

#### ACCRUED INTEREST ON MORTGAGE INDEBTEDNESS \$49,176.06

One half of the accrued interest on Mortgage Notes which were liquidated on July 15, 1948. For further explanation, see Wittman and Strachan report for 1949.

#### ACCRUED FEDERAL INCOME TAX - \$16,282.27

Accrued Federal income tax consists of:

1948-1949 Tax unpaid	\$12,924.63
1950 Tax	3,357.64
	<u>\$16,282.27</u>

#### ACCRUED INTEREST ON UNPAID FEDERAL INCOME TAX \$2,297.70

Interest accrued as of December 31, 1950, on 1948 and 1949 unpaid income tax. Interest on 1948 tax was not accrued in 1949 by Wittman & Strachan as allocation thereof as made by the Collector was not available at that time.

#### ACCRUED NET PROCEEDS TAX - \$1,842.02

This is Net Proceeds Tax (Bullion Tax) as assessed by the Nevada Tax Commission on net proceeds for the year 1950. Ninety per-cent of this tax is the liability of the Round Mountain Gold Dredging Company, Lessee, who issued credit, the amount of \$1,657.82 was applied to Royalties advanced by them.

**CAPITAL STOCK AND DONATED SURPLUS**

No change in these accounts in the year 1950

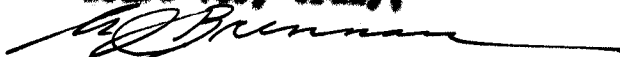
**OPERATING DEFICIT - \$612,951.07**

An analysis of the net income and deficit is presented on Exhibit "B". The company's income for the year 1950 consisted of advanced royalties in the amount of \$2,392.15, and Earned Royalties in the amount of \$36,840.51, less \$12,037.80 the amount withheld and credit for taxes advanced in the amount of \$1,657.82, which were applied to royalties advanced by the Round Mountain Gold Dredging Corp.

As depletion is not allowable on production, this company being the Lessor, fifteen per-cent depletion on the net royalties received is allowed and was taken on the 1950 income tax return.

As there was no production by this company no depletion was charged off thru the books.

Yours very truly,



A. J. Brennan

## NEVADA PORPHYRY GOLD MINES INC. 32

BALANCE SHEET  
DECEMBER 31, 1950 14  
18ASSETS 6

Cash on Deposit - Wells Fargo Bank	68	\$	7,981.21 ✓
Accounts Receivable			7,418.87 ✓
Investments in Stock of Round Mountain Antelope Mining Co. (650,748 shares)			23,775.86 ✓
Plant & Equipment - Salvage Value			8,122.09 ✓
Mining Claims	17,094,869.70 ✓		
Less- Reserve for Depletion	105,862.67 ✓		6,989,007.03 ✓
Water Rights			80,000.00 ✓
Ranches and Real Estate			6,000.00 ✓
Organization Expense			5,113.62 ✓
<b>TOTAL ASSETS</b>			<b>\$ 7,127,418.68 ✓</b>

LIABILITIES AND CAPITAL 14LIABILITIES:

Accounts Payable		\$	21,189.25 ✓
Notes Payable - Schedule "A-1"	\$ 23,989.65 ✓		
Accrued Interest thereon "	17,086.55 ✓		41,076.20 ✓
Accrued Interest on Mortgage Notes			49,176.06 ✓
Accrued Federal Income Tax	16,282.27 ✓		
Accrued Interest thereon	2,297.70 ✓		18,579.97 ✓
Accrued Net Proceeds Tax			1,842.02 ✓
<b>TOTAL LIABILITIES</b>			<b>\$131,863.50 ✓</b>

CAPITAL:

Capital Stock Issued 1,500,000 shares at par value	\$ 7,500,000.00 ✓		
Less-Treasury Stock 655,325 shares at par value	3,276,625.00 ✓		
	<u>4,223,375.00 ✓</u>		
Donated Surplus -800,000 shares of the company's Capital stock at par value	\$4,000,000.00 ✓		
Less-loss on sale of 144,675 shares	614,868.75 ✓		
	<u>3,385,131.25 ✓</u>		
Operating deficit	7,608,506.25 ✓		
<b>Total Capital</b>	<b>612,951.07 ✓</b>		<b>6,995,535.18 ✓</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>			<b>7,127,418.68 ✓</b>

**SCHEDULE "A-1"****NEVADA PORPHYRY GOLD MINES INC.****NOTES PAYABLE AND ACCRUED INTEREST THEREON  
DECEMBER 31, 1950**

	<b>MATURITY</b>	<b>PRINCIPAL</b>	<b>ACCRUED INTEREST</b>
<b><u>SECURED</u></b>			
Fairview Extension Mining Co.	8/29/45	\$2,182.50	\$2,139.52
Round Mountain Homestake Mining Co.	11/1/35	2,182.50	2,117.02
Fairview Round Mountain Mines Co.	8/29/35	4,801.50	4,706.94
Fairview Round Mountain Mines Co.	8/21/36	872.98	804.62
Round Mountain Mines Co.	11/29/35	3,000.00	360.00
Round Mountain Mines Co.	12/12/35	2,000.00	240.00
Round Mountain Mines Co.	12/31/35	1,500.00	180.00
Round Mountain Mines Co.	8/21/36	29.73	3.56
Toquima Stores Company	12/31/35	1,000.00	960.00
Toquima Stores Company	8/14/36	2,300.00	2,122.52
Toquima Stores Company	9/30/36	<u>120.44</u>	<u>110.26</u>
<b>TOTAL SECURED</b>		<b>\$19,989.65</b>	<b>\$13,744.44</b>
<b><u>UNSECURED</u></b>			
T. F. Cole	7/24/39	<u>4,000.00</u>	<u>7,342.11</u>
<b>GRAND TOTAL</b>		<b>\$23,989.65</b>	<b>\$17,086.55</b>

**Interest Rate:**

7% per annum on Note of T.F. Cole  
6% per annum on all others

NEVADA PORPHYRY GOLD MINES INC.NET INCOME AND DEFICIT  
FOR THE CALENDAR YEAR 1950INCOME:

Advanced Royalties			\$ 2,392.15
Earned Royalties	\$36,840.51		
Less: Amount withheld to apply to Royalties advanced heretofore	\$12,037.80		
Less: Advances for Taxes, applied to Royalties advanced heretofore	1,657.82	13,695.62	<u>21,144.89</u>
TOTAL INCOME			\$25,537.04

EXPENSES:

General Administrative Expense:			
Salaries	300.00		
Legal and Professional services	1,060.00		
Office	441.35		
Rent	852.65		
Travel	242.92		
Other administrative expense	133.45		
TOTAL ADMINISTRATIVE EXPENSE	<u>3,030.37</u>		
Interest Expense:			
On notes payable and accrued Federal Income Taxes		3,853.72	
Taxes:			
Nevada, Net proceeds tax	184.20		
Calif. Franchise Tax	25.00		
Social Security taxes	14.75	223.95	
TOTAL EXPENSES			<u>7,108.04</u>
NET INCOME BEFORE FEDERAL INCOME TAX			\$18,429.00
DEDUCT:			
Federal Income Tax - 1950			<u>3,357.64</u>
NET INCOME FOR THE YEAR			\$15,071.36
DEFICIT:			
Balance, January 1, 1950			<u>628,022.41</u>
BALANCE, DECEMBER 31, 1950- To Exhibit "A"			612,951.07