

EXHIBIT 126

Witness Says Gold Thefts Caused Mine's Shutdown

GRASS VALLEY (Nevada Co.), June 29.—General Manager Albert Crase of the Idaho-Maryland Mines Corporation testified here today in the National Labor Relations Board's hearing, the chief reason for the closing of the old Brunswick Mine in April was because of highgrading by the employees. He said the loss amounts to approximately \$400,000 a year in the Idaho-Maryland mines.

The International Union of Mine, Mill and Smelter Workers precipitated the hearing through charges the company closed the mine as a move to block the activities of the union in this district.

Theft Attempt Is Described

Crase testified the final decision to close the mine was reached after an attempt was made last March 26th by one of the miners to move five pounds of high grade ore from the property. He stated the high-grade was found in the working clothes of the miner, whose name was listed in the record as Jack Cuffman.

H. A. Haws, former chief watchman at the mine, testified a car drove up to the old Brunswick shaft and a man asked for Cuffman, stating a relative had been hurt seriously in an automobile accident.

Watchman Is Warned

Haws, warned in advance by Crase of the attempt to get the gold from the mine, said he refused to let Cuffman go near the car when he came to the surface. He said a watchman was present when the man changed his clothes. When the miner left, the highgrade was found in one of his stockings.

Two pieces of the ore were introduced in evidence, one weighing three ounces and estimated by Crase to be worth \$50.

On cross examination Crase was asked if he believed all the men at the old Brunswick Mine were highgraders.

Crase Expresses Sorrow

"There were a lot of good men at the mine," he said. "I am sorry this thing ever came up. It hurt me more than anyone will ever realize. That is the reason why I said the mine didn't pay, when I closed it down."

Crase said no further operations will be undertaken at the old Brunswick. Any ore taken out will be mined through the new Brunswick workings.

In testifying as to the highgrading activities he said the old drainage tunnel at the old Brunswick was broken into twice in 1936 by highgraders to get the rich ore from the mine.

Officials Testify

The testimony of Superintendent Jack Cowley and Chief Mining Engineer Rollin Farmin yesterday indicated the value of the ore in the old Brunswick Mine did not hold up as well as was expected when the mine was opened by the Idaho-Maryland Mines Corporation in 1933.

Superintendent Cowley testified the grade of ore in the mine was a little better than marginal, but last January and February it was noted the veins were pinching out. He said the driving of raises did not show any satisfactory promise of continued values.

Plans Are Indefinite

Under cross examination Cowley

was asked by Attorney Bertram Edises of the labor board.

"What are you going to do at the old Brunswick?"

"I don't know," Cowley answered.

"You are not going to leave it closed down, are you?"

"I could not say."

Cowley said the ore in the old Brunswick averaged \$6.50 per ton during 1936 and that the approximately 100,000 tons blocked out for mining would give a profit of about \$1.50 a ton, exclusive of taxes and other expenses not connected with the operation of the mine.

Prospects Disappoint

Farmin testified the prospects at the old Brunswick appeared good last September, but in subsequent development work the results were disappointing.

He said the company is concentrating its development work at the new Brunswick, which has the advantage of having the ore bodies of the old Brunswick extending down into it.

The witness testified it would not be advisable to stope upward from the 300 level at the old Brunswick in the search for new ore bodies, because of the possibility of contacting excess water that would flood the mine.



Announce
THE
CAL
LO

EXHIBIT 127

Idaho Maryland Steel Headframe - 1937

Emperor Gold Photo Collection



EXHIBIT 128

Idaho Maryland stamp mill, offices, and covered garages -1937

Emperor Gold Photo Collection



EXHIBIT 129

**Idaho Maryland engineering room, main office, dry building in
background - 1937**

Emperor Gold Photo Collection



EXHIBIT 130

**Idaho Maryland pipelines from mill and cyanide plant for tailings to
the tailings pond - 1937**

Emperor Gold Photo Collection



EXHIBIT 131

Idaho Maryland rear of stamp mill, headframe in background -1937

Emperor Gold Photo Collection



EXHIBIT 132

**Idaho Maryland carpenter shop, pole storage, mill and cyanide plant -
1937**

Emperor Gold Photo Collection



EXHIBIT 133

**Idaho Maryland crushing plant with truck garages in background -
1937**

Emperor Gold Photo Collection



EXHIBIT 134

Idaho Maryland headframe, miners ready to be lowered

Emperor Gold Photo Collection



EXHIBIT 135

Mine Office, March 1, 1938.

Mr. Errol MacBoyle:-

The following summary indicates the condition of your various balances as they appeared on the books of the company at December 31, 1937:-

<u>Acct.No.</u>	<u>Title of Account:</u>	<u>Balance</u>	
		<u>Debit</u>	<u>Credit</u>
1202-1	Errol MacBoyle-General		39,976.85
1202-10	Ranch Expense and Capital Charges	127853.54	
1202-11	Ranch Income		<u>26,357.04</u>
		127853.54	66,333.89
	Net Debit Balance (Owe to I.M.)		<u>61,519.65</u>
		<u>127853.54</u>	<u>127853.54</u>

J.T.McCarthy

1202-1 Covers your old airplane account, General charges and credits, and Fountaingrove items.

MCLAREN, GOODE & CO.

NORMAN MCLAREN, C. P. A.
P. G. GOODE, C. P. A., A. C. A.
N. L. MCLAREN, C. P. A.
LEWIS LILLY, C. P. A.
SELDON M. WILSON, C. P. A.
D. J. W. PATRICK, C. P. A.
J. B. SCHOLEFIELD, C. P. A., A. C. A.
JAMES A. RUNSER, C. P. A.
ARTHUR A. WENDER, C. P. A.
GEORGE E. MILNER, C. P. A.

Certified Public Accountants

444 CALIFORNIA STREET
SAN FRANCISCO

OFFICES
LOS ANGELES
SANTA BARBARA
OAKLAND
CORRESPONDENTS IN THE
PRINCIPAL CITIES OF UNITED STATES
AND ABROAD

March 18, 1938

The Board of Directors,
Idaho Maryland Mines Corporation,
San Francisco, California.

Dear Sirs:

We have made an examination of the accounts and financial records of

IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

for the year ended December 31, 1937, and submit herewith our report which consists of the following exhibits with supporting schedules and comments thereon:

Exhibit A--Balance sheet--December 31, 1937

Schedule A-1--Statement of changes in properties, plants and
equipment, year ended December 31, 1937

Schedule A-2--Statement of earned surplus, year ended December
31, 1937

Exhibit B--Statement of income and profit and loss, year ended
December 31, 1937

SCOPE OF EXAMINATION

The examination was directed to the verification of assets, liabilities and capital at December 31, 1937, and of changes in surplus during the year; and to the verification of selected income and expense items as a test-check of the accuracy of net income for the year, but we did not make a detailed audit of all transactions. In connection therewith, we examined or tested accounting records and other supporting evidence, obtained information and explanations from officers and employees, and made a general review of the accounting methods.

COMMENTS RESPECTING OPERATIONS

Net income of \$1,124,804.65 for the current year, as reflected in exhibit B, represents an increase of \$385,988.01 when compared with the net income of \$738,816.64 for the preceding year. Results of operations for the respective years, showing increases or decreases, are set forth in comparative form in the following summary:

<u>Description</u>	<u>Year Ended December 31,</u>		<u>Increase Decrease</u>
	<u>1937</u>	<u>1936</u>	
<u>OPERATING REVENUES:</u>			
Bullion--less mint charges	\$4,036,415.57	\$3,558,053.83	\$478,361.74
Custom ore and concentrates purchased, less treatment charges	39,308.52	144,033.71	104,725.19
Total operating revenues	\$3,997,107.05	\$3,414,020.12	\$583,086.93
<u>OPERATING EXPENSES:</u>			
Mining, hoisting and preliminary crushing	\$1,457,909.28	\$1,261,503.02	\$196,406.26
Milling and ore treatment	304,741.26	262,178.40	42,562.86
Shipping expense on bullion	10,483.40	9,471.86	1,011.54
Taxes, insurance and royalties	283,961.48	236,508.13	47,453.35
Administrative and general expenses	335,201.03	273,086.32	62,114.71
Total operating expenses	\$2,392,296.45	\$2,042,747.73	\$349,548.72
Net income from operations-- before depletion and depreciation	\$1,604,810.60	\$1,371,272.39	\$233,538.21
<u>OTHER INCOME--NET</u>	11,209.90	13,103.14	24,313.04
	\$1,616,020.50	\$1,358,169.25	\$257,851.25
<u>DEPLETION AND DEPRECIATION</u>	370,215.85	509,352.61	139,136.76
Net income before Federal income tax	\$1,245,804.65	\$848,816.64	\$396,988.01
<u>PROVISION FOR NORMAL FEDERAL INCOME TAX</u>	121,000.00	110,000.00	11,000.00
Net income to surplus	\$1,124,804.65	\$738,816.64	\$385,988.01

Forbestown operations, which are included in the several categories above, reflected a loss of \$106,176.44 in 1937 and a loss of \$47,888.81 for the two months of November and December 1936. Income and expenses of the Forbestown operation during 1937 are detailed as follows:

Bullion--less mint charges		\$216,237.54
Operating expenses:		
Mining, hoisting and preliminary crushing	\$163,553.64	
Milling and ore treatment	38,552.41	
Taxes, insurance and royalties	42,100.99	
Administrative and general expenses	48,948.42	293,155.46
Net loss from operations--before depletion and depreciation		\$76,917.92
Depletion and depreciation		29,258.52
Net loss		\$106,176.44

The increase of \$24,313.04 in other income in the foregoing comparative summary of operations is explained as follows:

<u>Item</u>	<u>1937</u>	<u>1936</u>
Interest on Grass Valley Bullion Mines notes	\$	\$22,748.14
Reduction in compensation insurance reserve provision	36,690.56	.....
Adjustment of prior years' Federal income taxes	17,404.43	19,374.53
Interest paid	5,899.81	13,736.38
Loss on operation of Loma Rica Ranch	.....	17,707.10
Loss on abandonment of Loma Rica Orchard	.....	14,418.85
Sundry items--net	2,176.42	9,363.48
Total	<u>\$11,209.90</u>	<u>\$13,103.14</u>

Interest accrued on Grass Valley Bullion notes is carried now as a deferred credit on the balance sheet, which change in procedure is explained on page 13 of this report. The basis for including the annual adjustment of the compensation insurance reserve provision is explained on page 13 of this report.

The decrease of \$139,136.76 in depletion and depreciation, as reflected in the foregoing comparative summary of operations is due to the use of lower rates in 1937, principally due to the action of the Treasury Department increasing the Company's ounces of gold reserves for computing depletion and depreciation on a unit of production basis. This revision also reduced the amount of depletion and depreciation taken in prior years, see schedules A-1 and A-2 for details.

The increase of \$385,988.01 in net income for the current year as compared to the previous year includes the absorption of the \$106,176.44 loss on Forbestown operation in 1937, while 1936 operations absorbed a loss of only \$47,888.81 representing the loss on Forbestown operations for November and December 1936.

COMMENTS RESPECTING FINANCIAL CONDITION

The financial condition of the Company at December 31, 1937 is presented in detail in exhibit A and is compared with the financial condition at December 31, 1936 (after reclassification to conform to the classification used at December 31, 1937) in the following comparative balance sheet summary:

<u>Description</u>	<u>December 31, 1937</u>	<u>December 31, 1936</u>	<u>Increase Decrease</u>
CURRENT ASSETS:			
Cash on deposit and on hand	\$ 65,409.97	\$ 40,609.00	\$ 24,800.97
Bullion in transit	182,778.81	203,659.37	20,880.56
Gold specimen ore	2,478.21	2,478.21	.....
Accounts receivable	5,025.03	8,628.85	3,603.82
Materials and supplies	139,878.81	133,092.51	6,786.30
Total current assets	<u>\$ 395,570.83</u>	<u>\$ 388,467.94</u>	<u>\$ 7,102.89</u>
CURRENT LIABILITIES:			
Notes payable	\$ 100,000.00	\$ 235,000.00	\$135,000.00
Accounts payable	54,743.00	149,715.29	94,972.29
Accrued pay rolls, insurance and taxes	90,839.29	91,761.85	922.56
Provision for normal Federal income tax	121,000.00	110,000.00	11,000.00
Dividend declared	88,148.60	.....	88,148.60
Other payables	11,000.33	20,696.24	9,695.91
Total current liabilities	<u>\$ 465,731.22</u>	<u>\$ 607,173.38</u>	<u>\$141,442.16</u>
Working capital deficit	<u>\$ 70,160.39</u>	<u>\$ 218,705.44</u>	<u>\$148,545.05</u>
DEPOSITS	36,900.00	36,900.00	.....
ADVANCES AND INVESTMENTS:			
Grass Valley Bullion Mines:			
Notes and accounts receivable	611,947.66	517,825.37	94,122.29
Accrued interest on notes	64,533.60	30,973.84	33,559.76
Grass Valley Bullion Mines Class B			
stock	1.00	1.00	.....
Advances to officer	61,519.65	.....	61,519.65
Advances to Granite Basin Mining Company	3,341.99	5,521.20	2,179.21
Treasury stock--held by Trustees	22,408.53	545.33	21,863.20
PROPERTIES, PLANTS AND EQUIPMENT--NET	3,236,339.32	3,007,671.08	228,668.24
DEFERRED EXPENSES	32,645.38	13,104.69	19,540.69
	<u>\$3,999,476.74</u>	<u>\$3,393,837.07</u>	<u>\$605,639.67</u>
DEDUCT:			
Installment obligations payable after			
one year	\$ 18,703.61	\$ 20,420.40	\$ 1,716.79
Accrued compensation payable in stock	10,582.52	9,912.65	669.87
Reserve for compensation insurance	131,499.98	138,574.54	7,074.56
Deferred credit--accrued interest Grass			
Valley Bullion Mines notes	64,533.60	.....	64,533.60*
	<u>\$ 225,319.71</u>	<u>\$ 168,907.59</u>	<u>\$ 56,412.12</u>
Net assets	<u>\$3,774,157.03</u>	<u>\$3,224,929.48</u>	<u>\$549,227.55</u>
NET ASSETS ARE REPRESENTED BY:			
Capital stock	\$1,768,281.00	\$1,755,781.84	\$ 12,499.16
Capital surplus	1,324,783.31	1,324,783.31	.....
Earned surplus	681,092.72	144,364.33	536,728.39
Total capital and surplus	<u>\$3,774,157.03</u>	<u>\$3,224,929.48</u>	<u>\$549,227.55</u>

*This increase consists of \$33,559.76 interest accrued in 1937 and not included in current income, and \$30,973.84 interest accrued in prior years which was eliminated from earned surplus in 1937, see schedule A-2.

The decrease of \$148,545.05 in working capital deficit during the year, as shown by the foregoing summary, is explained in the following statement:

ITEMS INCREASING WORKING CAPITAL:

Net income--exhibit B		\$1,124,804.65
Adjustment for items charged to operations which do not affect working capital:		
Depletion and depreciation--schedule A-1	\$ 370,215.85	
Compensation insurance provision (charged to operating expenses \$115,152.70, less \$36,690.56 credited to other income)	78,462.14	
Compensation for services payable in stock	13,707.50	
Sundry items	309.94	
		<u>462,695.43</u>
Increase in working capital through operations		\$1,587,500.08
Reduction in amount due from Granite Basin Mining Company		2,179.21
Amount realized from sale of equipment, etc.		<u>1,420.47</u>
Total items increasing working capital		\$1,591,099.76

ITEMS DECREASING WORKING CAPITAL:

Dividends declared	\$1,057,383.90	
Additions to properties, plants and equipment--schedule A-1	134,678.82	
Advances to Grass Valley Bullion Mines	94,122.29	
Advances to officer	61,519.65	
Cost of compensation self-insurance	51,188.09	
Cost of treasury stock acquired	22,404.48	
Increase in deferred expenses	19,540.69	
Decrease in installment obligations payable after one year	<u>1,716.79</u>	
Total items decreasing working capital		<u>1,442,554.71</u>
Net decrease in working capital deficit		<u>\$ 148,545.05</u>

The individual items appearing on the balance sheet, exhibit A, are commented upon as follows:

CASH ON DEPOSIT AND ON HAND--\$65,409.97:

The several bank accounts and revolving funds that make up this item are as follows:

American Trust Company--San Francisco	\$11,772.13
Bank of America, N.T. & S.A.--San Francisco	12,450.97
Wells Fargo Bank & Union Trust Co.--San Francisco	32,605.46
Bank of America, N.T. & S.A.--Grass Valley:	
Revolving fund	\$5,032.23
Pay roll account	1,674.99
Pay roll account--unclaimed wages	<u>149.19</u>
	6,856.41
Bank of America, N.T. & S.A.--Oroville	1,500.00
Office cash fund--San Francisco	<u>225.00</u>
Total	<u>\$65,409.97</u>

Cash book balances were reconciled with certificates received from the depositaries and cash on hand was counted.

BULLION IN TRANSIT--\$182,778.81:

This is the amount received from the Mint at San Francisco in January 1938 for bullion recovered from amalgam and precipitates allocated to 1937 operations. These remittances were traced as bank deposits in January 1938.

GOLD SPECIMEN ORE--\$2,478.21:

This is the assay value at \$17.57 per fine ounce of gold for three specimens of ore which were valued and set up in the accounts in prior years. Mr. MacBoyle, Vice President, confirmed that these specimens were at the Mine Office, Grass Valley, California.

ACCOUNTS RECEIVABLE--\$5,025.03:

Accounts receivable consisted of \$1,671.56 due from employees, and \$3,353.47 due from others. The latter amount includes an item of \$2,382.22 which represents the Mine Office's estimated recovery on gold and cash advances in connection with the campaign against high-grading.

MATERIALS AND SUPPLIES--\$139,878.81:

Materials and supplies are stated at cost and are based on quantities at December 31, 1937 as shown by the perpetual inventory records. A physical inventory was taken by the Company in November 1937 of all items except poles. Perpetual records were adjusted to the physical inventory with a resultant reduction of \$11,360.73 in the inventories as shown by the books.

The inventory at December 31, 1937 included \$9,097.30 of equipment not yet installed. This amount has been transferred from inventories to properties, plant and equipment (see schedule A-1) for the purposes of this report.

DEPOSITS--\$36,900.00:

These deposits consist of \$6,900.00 deposited with the Pacific Gas and Electric Company for a power line extension at Forbestown, and a certificate of deposit for \$30,000.00 issued by the Bank of America, N.T. & S.A., which is held by The Fidelity and Casualty Company of New York as surety upon a self-insurer's bond for compensation insurance. Confirmations were obtained from both the issuer and the holder of the certificate of deposit.

GRASS VALLEY BULLION MINES--\$676,481.26:

This item comprises notes and accounts receivable of \$611,947.66, and \$64,533.60 accrued interest on notes. Changes in these items during the year follow:

<u>Description</u>	Balance December 31, 1936	<u>Additions</u>	Balance December 31, 1937
Notes receivable	\$515,000.00	\$ 86,725.00	\$601,725.00
Accounts receivable	2,825.37	7,397.29	10,222.66
Total notes and accounts receivable	<u>\$517,825.37</u>	<u>\$ 94,122.29</u>	<u>\$611,947.66</u>
Accrued interest on notes	30,973.84	33,559.76	64,533.60
 Total	 <u>\$548,799.21</u>	 <u>\$127,682.05</u>	 <u>\$676,481.26</u>

The notes bear interest at six per cent per annum. The entire amount of accrued interest \$64,533.60 appears as a contra item on the balance sheet under the caption "Deferred Credit." It should be noted that interest has not been accrued on the unpaid accrued interest.

For advances to and accrued interest due from Grass Valley Bullion Mines, the Company holds as collateral deeds of trust on all of the properties, including properties under purchase option agreements. Messrs. Errol MacBoyle and F. W. McNear, Vice Presidents and Directors of Idaho Maryland Mines Corporation, jointly and severally have guaranteed \$50,000.00 of these advances. Mr. McNear is President and a Director of Grass Valley Bullion Mines. Idaho Maryland Mines Corporation also holds options to acquire a controlling interest in the capital stock of Grass Valley Bullion Mines.

Grass Valley Bullion Mines advises that there are unpaid balances of \$127,958.00 on properties under purchase option agreements, of which \$75,668.00 is payable in 1938.

Company's counsel advises that there is pending in the United States Circuit Court of Appeals an appeal of the Empire Star Mines Company, Ltd., in a case brought by it primarily against Grass Valley Bullion Mines for an injunction to restrain certain mining operations and for an accounting of the value of ore removed by Grass Valley Bullion Mines from certain disputed territory, and that in this litigation the Company was named as a defendant. Judgment went for defendants in the trial court.

Grass Valley Bullion Mines informed us that they now are mining this territory under the terms of a stipulation dated April 30, 1937 which also provides for the impounding of proceeds in excess of \$8.50 per ton of ore mined. At December 31, 1937 a total of \$23,344.40 had been impounded with the Bank of America, N. T. & S. A., at Grass Valley, California.

The ultimate realization on the advances and interest and on the stock is indeterminable pending disposition of the appeal and further development of the properties.

GRASS VALLEY BULLION MINES, CLASS B STOCK--\$1.00:

This stock consists of 100,000 shares acquired without cost in 1934 as part consideration for the first advance of \$50,000.00 to Grass Valley Bullion Mines. The stock is carried at a nominal value of \$1.00 in the accounts. Stock certificates were examined.

ADVANCES TO OFFICER--\$61,519.65:

These are advances in 1937 to Mr. Errol MacBoyle, Vice President and Director, in connection with the operations of and erection of improvements upon company's surface land ranches. In 1936 Mr. MacBoyle by arrangement with the Company and for

its relief, undertook to operate these properties personally and for his own account. Company's officials advise that arrangements are being made for the early discharge of this indebtedness.

ADVANCES TO GRANITE BASIN MINING COMPANY--\$3,341.99:

The advances were made on open account to Granite Basin Mining Company. Company's officials advised that the Granite Basin is not operating and while the collectibility of the account is indeterminable no reserve provision has been made for loss thereon pending further efforts to collect the account. The balance due on this account decreased \$2,179.21 during the year largely as the result of an assignment by Mr. Tolman (President of Granite Basin Mining Company) to Idaho Maryland Mines Corporation of a claim of \$1,725.00 which he had against Grass Valley Bullion Mines.

TREASURY STOCK--\$22,408.53:

Treasury stock is stated at cost and represents 5,609 shares bought by Trustees with Company's funds in the open market for the Company's account. The stock is held by the Trustees and is to be used for certain contractual obligations of the Company which are payable in stock. Stock certificates aggregating 5,609 shares were inspected on January 6, 1938.

PROPERTIES, PLANTS AND EQUIPMENT--NET--\$3,236,339.32:

Changes during the year in the several classifications of properties, plants and equipment, and the related reserves for depletion and depreciation are set forth in schedule A-1 of this report. Reference to this schedule will reveal the following pertinent information:

1. Expenditures during the year amounted to \$134,678.82.
2. Capitalization of \$141,687.02 representing expenditures for opening Brunswick shaft formerly charged to expense. This was an income tax adjustment in which earned surplus (see schedule A-2) was credited.

3. Reduction of \$116,057.17 in development costs at Forbestown due to the abandonment in 1937 of the Midas, Denver and Carlisle workings. The amount written off was charged to earned surplus, see schedule A-2.
4. Reduction in carrying value of properties, plants and equipment of \$370,215.85 for depletion and depreciation sustained in 1937 on the bases used for Federal income tax purposes.
5. Reduction of \$440,303.02 in the reserves for depletion and depreciation in order to conform to the revised depletion and depreciation bases adopted by the Treasury Department for income tax purposes. The reduction of \$440,303.02 was credited to earned surplus, see schedule A-2.

Mining claims, development costs, plants and equipment at Grass Valley, constituting the largest single unit of properties, plants and equipment, are stated at amounts (representing a portion of the aggregate costs) agreed to by the Treasury Department for depletion and depreciation purposes as at December 31, 1931, with subsequent additions and acquisitions stated at cost, less depletion and depreciation which is on a unit of production basis for most items.

The mining properties, plants and equipment at Forbestown are stated at cost less depletion and depreciation, and after writing off the aforementioned development costs (\$116,057.17) of certain workings abandoned in 1937. Certain of the properties are under purchase option agreements, titles to which may be acquired by additional payments of \$244,500.00, payable in the form of royalties based on percentages of returns on all ores mined on the premises. If the Company decides not to exercise its options in respect to any of these properties, the amounts paid to the sellers of the abandoned properties would be forfeited as rental and any development work applicable thereto would be written off. Royalties of \$20,495.68 paid in 1937, which reduce the balances due under purchase option agreements, have not been capitalized as the royalties were charged to expense, the workings being considered in an operating stage.

Union Hill mining properties and plant, at Grass Valley, are stated at the par value of capital stock issued therefor with subsequent additions at cost. The properties are inoperative and no provision has been made for depletion and depreciation.

Airport and airplane and ranch properties, buildings and equipment are stated at cost, less depreciation.

The properties of the former Idaho Maryland Mines Company to which the Company succeeded were still encumbered as of record on December 31, 1937, for first mortgage bonds with a face value of \$1,000,000.00, all of which are owned by and are in the possession of the Company.

DEFERRED EXPENSES--\$32,645.38:

Deferred expenses consist of prepaid operating expenses of \$25,861.82 and \$6,783.56 prepaid insurance, etc. Prepaid operating expenses represent the cost of hoist cables, mill liners, etc. which are being written off over a period of months based on the estimated life of the items.

NOTES PAYABLE TO BANK--\$100,000.00:

These are three per cent unsecured notes payable to the American Trust Company, San Francisco, and were confirmed by the bank. Interest on the notes was paid to December 31, 1937.

ACCOUNTS PAYABLE--\$54,743.00:

Amounts due to these creditors were checked in detail and reconciled with the general ledger control accounts. Precaution was taken to ascertain that all liabilities of consequence were included in accounts payable.

ACCRUED PAY ROLLS, INSURANCE AND TAXES--\$90,839.29:

These accruals at December 31, 1937 consisted of the following:

Accrued pay rolls	\$55,241.72
Unclaimed wages	149.19
Accrued County and irrigation district taxes	7,024.51
Accrued compensation insurance--Forbestown	1,612.38
Accrued social security taxes	9,070.74
Accrued capital stock tax--payable in July 1938	17,500.00
Sundry accruals	<u>240.75</u>
Total	<u>\$90,839.29</u>

PROVISION FOR 1937 NORMAL FEDERAL INCOME TAX--\$121,000.00:

This represents estimated normal Federal income tax based on the taxable earnings of the Company computed for the current year. No provision is considered necessary for excess-profits tax or surtax on undistributed profits.

DIVIDENDS DECLARED--\$88,148.60:

This is the dividend of five cents per share declared by the Directors on December 22, 1937 and payable on January 25, 1938 to stockholders of record January 15, 1938.

OTHER PAYABLES--\$11,000.33:

Other payables consist of the following:

Unclaimed dividends	\$ 1,649.27
Mortgage on ranch properties--installments payable within one year	4,166.00
Accident compensation--installments payable within one year	<u>5,185.06</u>
Total	<u><u>\$11,000.33</u></u>

INSTALLMENT OBLIGATIONS PAYABLE AFTER ONE YEAR--\$18,703.61:

Installment obligations are segregated as to installments within one year and subsequent to one year as follows:

<u>Description</u>	<u>Total</u>	<u>Payable Within One Year</u>	<u>Payable After One Year</u>
Mortgage on ranch properties, etc.	\$15,888.50*	\$4,166.00*	\$11,722.50
Accident compensation	<u>12,166.17</u>	<u>5,185.06</u>	<u>6,981.11</u>
Total	<u><u>\$28,054.67</u></u>	<u><u>\$9,351.06**</u></u>	<u><u>\$18,703.61</u></u>

* Includes \$700.00 due on property purchase installments for Harder property.

**Included in "other payables of \$11,000.33" next preceding.

ACCRUED COMPENSATION PAYABLE IN STOCK--\$10,582.52:

This represents an accrual of \$9,375.02 based on the par value of \$1.00 per share of Company's unissued stock payable to Errol MacBoyle, and an accrual of

\$1,207.50 based on the cost of treasury stock to be issued to G. S. Borden.

These obligations are payable in stock pursuant to agreements for services with Messrs. MacBoyle and Borden.

RESERVE FOR COMPENSATION INSURANCE--\$131,499.98:

The Company is a self-insurer for compensation insurance covering its employees at Grass Valley and this is the reserve provision for accident awards which may occur in the future. Changes in the reserve during the year are summarized as follows:

<u>Description</u>	<u>Accident Reserve</u>	<u>Silicosis Reserve</u>	<u>Total Reserve</u>
Balance, December 31, 1936	\$125,732.87	\$12,841.67	\$138,574.54
Provision during year--based on commercial rates	<u>103,355.59</u>	<u>11,797.11</u>	<u>115,152.70</u>
	\$229,088.46	\$24,638.78	\$253,727.24
Accident payments and expense costs during current year	<u>51,170.41</u>	<u>17.68</u>	<u>51,188.09</u>
	\$177,918.05	\$24,621.10	\$202,539.15
Transfer to current income and earned surplus*	<u>71,039.17</u>	.....	<u>71,039.17</u>
Balance, December 31, 1937	<u>\$106,878.88</u>	<u>\$24,621.10</u>	<u>\$131,499.98</u>

* In 1937 the Company adopted a basis for the accident portion of the reserve whereby 30 per cent of the current year's provision plus the balance remaining of the fourth preceding year, which amounted to \$36,690.56 in 1937, would be taken up as "other income" in the current year. Since the basis used in 1936 was 30 per cent of the preceding year's provision plus the balance remaining of the fourth preceding year, it was necessary to eliminate 30 per cent of the 1936 provision, or \$34,348.61, and this amount was carried to earned surplus, see schedule A-2.

In addition to self-insurance the Company has accident compensation insurance under a policy which covers any one accident, that may result in claims in excess of \$5,000.00 but not to exceed \$300,000.00;

DEFERRED CREDIT--\$64,533.60:

This represents accrued interest to December 31, 1937 on Grass Valley Bullion Mines notes which appears as a contra item in exhibit A. Of this amount \$33,559.76 accrued in 1937 and was not included in current income, and \$30,973.84 represents

amounts accrued in prior years which had been included as income in those years and carried to earned surplus. This latter amount was transferred from earned surplus (see schedule A-2) in 1937. The exclusion from operations and earned surplus of accrued interest on this indebtedness was approved by the Board of Directors.

CAPITAL STOCK--\$1,768,281.00:

The capital stock is \$1.00 par value and consists of 2,500,000 authorized shares; of which 1,765,779 shares are issued and 2,502 shares are held for conversion of predecessors' stock, or a total of 1,768,281 shares. The 1,768,281 issued shares at December 31, 1937 consisted of 1,762,672 shares in the hands of the public and 5,609 shares of treasury stock held by Trustees to be used for contractual obligations payable in stock. In January 1938, 300 shares of the treasury stock were issued for contractual obligations.

The American Trust Company, Registrar, confirmed that the equivalent of 1,768,281 shares of Idaho Maryland Mines Corporation stock were issued and outstanding as of December 31, 1937.

Outstanding capital stock increased from 1,755,781 189/225 shares at December 31, 1936 to 1,768,281 shares at December 31, 1937, through the retirement of a 189/225 fractional share and the issue of 12,500 shares to Errol MacBoyle pursuant to an agreement for services entered into in 1932.

CAPITAL SURPLUS--\$1,324,783.31:

This item requires no comment as there were no changes in capital surplus.

EARNED SURPLUS--\$681,092.72:

The changes in earned surplus during the year ended December 31, 1937 are set forth in schedule A-2.

GENERAL COMMENTS

The National Labor Relations Board has filed a petition with the United States Circuit Court of Appeals for the enforcement of the Board's order directing the reinstatement of some sixty men laid off on April 15, 1937, at the closing of the old Brunswick shaft, and the compensation of some seventy-three men for varying periods of time, on the grounds that the shut-down was a lock-out of these men. The Company contends that the Board was without jurisdiction and that the evidence taken before the Board did not warrant the order.

No provision has been made in the balance sheet at December 31, 1937 for any liability in the event the Board's order is upheld. The liability is impracticable of present estimation as it depends on many factors as to which proof would have to be taken before any final award could be made.

Federal income tax returns through the calendar year 1935 have been examined and closed by the Treasury Department.

The accounts and financial records of the Company at December 31, 1937 were in agreement with the statements and figures contained in this report.

- - - - -

We wish to express our appreciation of the courtesies and assistance extended to our representatives by the directors and employees during the course of the examination.

Yours very truly,

Richard Goode

D CAPITAL

CURRENT ASSETS:

Cash on deposit and on hand	\$ 100,000.00
Bullion in transit--net proceeds rec	54,743.00
Gold specimen ore--at assay value	90,839.29
Accounts receivable--employees' \$1,6	121,000.00
\$3,353.47	88,148.60
Materials and supplies--at cost	<u>11,000.33</u>

Total current assets \$ 465,731.22

DEPOSITS:

Certificate of deposit--self insurer	\$ 11,722.50
Power line deposit	<u>6,981.11</u>

Total deposits after one year 18,703.61

ADVANCES AND INVESTMENTS:

Grass Valley Bullion Mines:	\$ 9,375.02
Notes and accounts receivable	<u>1,207.50</u>
Accrued interest on notes--contra	
Grass Valley Bullion Mines--100,000 stock	10,582.52
at nominal value	
Advances to officer	131,499.98
Advances to Granite Basin Mining Com	
Treasury stock--5,609 shares at cost	
to be used for contractual obligations notes--contra	64,533.60
stock	

Total advances and investments, 500,000 shares: on predecessors'

PROPERTIES, PLANTS AND EQUIPMENT--LESS

<u>DEPRECIATION:</u>	\$1,768,281.00
Mining claims, development costs, pl	1,324,783.31
Grass Valley	<u>681,092.72</u>

Mining claims, development costs, pl	3,774,157.03
Forbestown	
Union Hill mining properties and plant	
Airport and airplane	
Ranch properties, buildings and equip	

Properties, plants and equipment

DEFERRED EXPENSES:

Prepaid operating expenses	
Prepaid insurance, etc.	

Total deferred expenses

\$4,465,207.96

IDAHO MARYLAND MINES CORPORATION
(A Nevada Corporation)

Statement of Earned Surplus,
Year Ended December 31, 1937

Balance, January 1, 1937		\$ 144,364.33
Reduction in prior years' depletion and depreciation-- income tax adjustments--schedule A-1	\$440,303.02	
Expenditures for opening Brunswick shaft formerly charged to expense, now capitalized--income tax adjustments-- schedule A-1	141,687.02	
Reduction in prior year's reserve provision for compensation insurance	<u>34,348.61</u>	<u>616,338.65</u>
		\$ 760,702.98
Development costs of certain Forbestown workings abandoned in 1937--schedule A-1	\$116,057.17	
Transfer to Deferred Credit of interest accrued in prior years on Grass Valley Bullion Mines notes	<u>30,973.84</u>	<u>147,031.01</u>
Surplus after adjustments		\$ 613,671.97
Net income for 1937--see income statement		<u>1,124,804.65</u>
		\$1,738,476.62
Dividends declared in 1937--60 cents per share		<u>1,057,383.90</u>
Earned surplus, December 31, 1937		<u>\$ 681,092.72</u>

IDAHO MARYLAND MINES CORPORATION
(A Nevada Corporation)

Statement of Income and Profit and Loss,
Year Ended December 31, 1937

OPERATING REVENUES:

Bullion--less mint charges	\$4,036,415.57	
Custom ore and concentrates purchased--less treatment charges	39,308.52	<u>39,308.52</u>
Total operating revenues		\$3,997,107.05

OPERATING EXPENSES:

Mining, hoisting and preliminary crushing	\$1,457,909.28	
Milling and ore treatment	304,741.26	
Shipping expense on bullion	10,483.40	
Taxes, insurance and royalties	283,961.48	
Administrative and general expenses	335,201.03	<u>335,201.03</u>
Total operating expenses		<u>2,392,296.45</u>
Net income from operations--before depletion and depreciation		\$1,604,810.60

<u>OTHER INCOME--NET</u>		<u>11,209.90</u>
		\$1,616,020.50

<u>DEPLETION AND DEPRECIATION</u>		<u>370,215.85</u>
Net income before Federal income tax		\$1,245,804.65

<u>PROVISION FOR NORMAL FEDERAL INCOME TAX</u>		<u>121,000.00</u>
Net income to surplus		<u>\$1,124,804.65</u>

IDAHO MARYLAND MINES CORPORATION
(A Nevada Corporation)

Balance Sheet--December 31, 1937

ASSETS

LIABILITIES AND CAPITAL

CURRENT ASSETS:

Cash on deposit and on hand	\$ 65,409.97
Bullion in transit--net proceeds received from mint	182,778.81
Gold specimen ore--at assay value	2,478.21
Accounts receivable--employees' \$1,671.56, other \$3,353.47	5,025.03
Materials and supplies--at cost	139,878.81

Total current assets \$ 395,570.83

DEPOSITS:

Certificate of deposit--self insurer's bond	\$ 30,000.00
Power line deposit	6,900.00

Total deposits 36,900.00

ADVANCES AND INVESTMENTS:

Grass Valley Bullion Mines:	
Notes and accounts receivable	\$ 611,947.66
Accrued interest on notes--contra	64,533.60
Grass Valley Bullion Mines--100,000 shares Class B stock at nominal value	1.00
Advances to officer	61,519.65
Advances to Granite Basin Mining Company	3,341.99
Treasury stock--5,609 shares at cost--held by Trustees to be used for contractual obligations payable in stock	22,408.53

Total advances and investments 763,752.43

PROPERTIES, PLANTS AND EQUIPMENT--LESS DEPLETION AND DEPRECIATION:

Mining claims, development costs, plants and equipment--Grass Valley	\$2,720,603.38
Mining claims, development costs, plants and equipment--Forbestown	263,586.30
Union Hill mining properties and plant	111,352.24
Airport and airplane	89,674.34
Ranch properties, buildings and equipment	51,123.06

Properties, plants and equipment--net 3,236,339.32

DEFERRED EXPENSES:

Prepaid operating expenses	\$ 25,861.82
Prepaid insurance, etc.	6,783.56

Total deferred expenses 32,645.38

\$4,465,207.96

CURRENT LIABILITIES:

Notes payable to bank	\$ 100,000.00
Accounts payable	54,743.00
Accrued payrolls, insurance and taxes	90,839.29
Provision for 1937 normal Federal income tax	121,000.00
Dividend declared--payable January 25, 1938	88,148.60
Other payables	11,000.33

Total current liabilities \$ 465,731.22

INSTALLMENT OBLIGATIONS PAYABLE AFTER ONE YEAR:

Mortgage on ranch properties	\$ 11,722.50
Accident compensation	6,981.11

Total installment obligations payable after one year 18,703.61

ACCRUED COMPENSATION PAYABLE IN STOCK:

Payable in unissued stock	\$ 9,375.02
Payable in treasury stock	1,207.50

Total accrued compensation payable in stock 10,582.52

RESERVE FOR COMPENSATION INSURANCE--SELF INSURER

131,499.98

DEFERRED CREDIT:

Accrued interest on Grass Valley Bullion Mines notes--contra 64,533.60

CAPITAL AND SURPLUS:

Capital stock--\$1.00 par value--authorized 2,500,000 shares:	
Issued 1,765,779 shares, held for conversion predecessors' stock 2,502 shares	\$1,768,281.00
Capital surplus--no change in 1937	1,324,783.31
Earned surplus--see surplus statement	681,092.72

Total capital and surplus 3,774,157.03

\$4,465,207.96

IDAHO MARYLAND MINES CORPORATION

Statement of Changes in Properties, Plants and Equipment,
Year Ended December 31, 1937

Description	Asset Accounts			Reserves for Depletion and Depreciation					Net After Reserves December 31, 1937	
	Balance December 31, 1936	Additions	Sundry Additions or Deductions	Balance December 31, 1937	Balance December 31, 1936	Depletion and Depreciation Taken in 1937	Deductions Applicable to Prior Years' (a)	Sundry Additions or Deductions		Balance December 31, 1937
MINING CLAIMS, DEVELOPMENT COSTS, PLANTS AND EQUIPMENT--GRASS VALLEY:										
Mining claims and properties	\$ 724,451.22	\$ 46.74	\$	\$ 724,497.96	\$ 255,514.66	\$ 58,889.84	\$ 87,164.95	\$	\$ 227,239.55	\$ 497,258.41
Development costs prior to operating period	1,875,128.56	.....	.....	1,875,128.56	772,692.76	141,485.10	233,731.62	.....	680,446.24	1,194,682.32
Development costs after commencement of operating period	40,621.05	.....	(b) 141,687.02	182,308.07	12,560.55	15,912.20	19,474.63	.....	47,947.38	134,360.69
Underground equipment installed prior to operating period	243,484.38	.....	.....	243,484.38	100,333.74	18,371.77	30,349.90	.....	88,355.61	155,128.77
Plants, buildings and equipment	922,190.94	65,814.65	436.50	988,442.09	307,384.48	83,175.20	104,438.99	54.60	286,175.29	702,266.80
Automobiles, trucks and tractors	21,680.23	9,173.62	1,072.66	29,781.19	9,448.13	3,858.91	.....	339.72	12,967.32	16,813.87
Office furniture, equipment, etc.	12,646.72	1,145.31	.....	13,792.03	1,807.64	989.17	.....	.....	2,796.81	10,995.22
Equipment not installed	11,427.87	2,330.57	.....	9,097.30	.....	.....	.....	.....	.....	9,097.30
Total mining claims, development costs, plants and equipment--Grass Valley	\$3,851,630.97	\$ 73,849.75	\$141,050.86	\$4,066,531.58	\$1,459,741.96	\$322,682.19	\$436,210.83	\$285.12	\$1,345,928.20	\$2,720,603.38
MINING CLAIMS, DEVELOPMENT COSTS, PLANTS AND EQUIPMENT--FORBESTOWN:										
Mining claims--including payments on purchase option agreements	\$ 72,164.61	\$ 12,778.13	\$ 307.13 (a)	\$ 84,635.61	\$	\$ 475.09	\$	\$	\$ 475.09	\$ 84,160.52
Development costs prior to operating period	150,095.40	.....	(c) 116,057.17	34,038.23	.....	1,179.59	.....	.....	1,179.59	32,858.64
Plants, buildings and equipment	131,848.70	46,391.36	.....	178,240.06	4,069.08	27,603.84	.....	.....	31,672.92	146,567.14
Total mining claims, development costs, plants and equipment--Forbestown	\$ 354,108.71	\$ 59,169.49	\$116,364.30	\$ 296,913.90	\$ 4,069.08	\$ 29,258.52	\$	\$	\$ 33,327.60	\$ 263,586.30
UNION HILL MINING PROPERTY AND PLANT	\$ 111,352.24	\$	\$	\$ 111,352.24	\$	\$	\$	\$	\$	\$ 111,352.24
AIRPORT AND AIRPLANE:										
Airport--runways, hangars and equipment	\$ 52,984.09	\$ 1,980.00	\$	\$ 54,964.09	\$ 6,621.74	\$ 2,178.37	\$ 4,035.97	\$	\$ 4,764.14	\$ 50,199.95
Airplane	53,719.03	478.87	.....	53,240.16	526.41	13,239.36	.....	.....	13,765.77	39,474.39
Total airport and airplane	\$ 106,703.12	\$ 1,501.13	\$	\$ 108,204.25	\$ 7,148.15	\$ 15,417.73	\$ 4,035.97	\$	\$ 18,529.91	\$ 89,674.34
RANCH PROPERTIES, BUILDINGS AND EQUIPMENT:										
Land	\$ 20,204.80	\$	\$	\$ 20,204.80	\$	\$	\$	\$	\$	\$ 20,204.80
Buildings and equipment	45,096.37	158.45	1,561.50	43,693.32	10,465.94	2,857.41	56.22	492.07	12,775.06	30,918.26
Total ranch properties, buildings and equipment	\$ 65,301.17	\$ 158.45	\$ 1,561.50	\$ 63,898.12	\$ 10,465.94	\$ 2,857.41	\$ 56.22	\$ 492.07	\$ 12,775.06	\$ 51,123.06
Total properties, plants and equipment	\$4,489,096.21	\$134,678.82	\$ 23,125.06	\$4,646,900.09	\$1,481,425.13	\$370,215.85	\$440,303.02	\$777.19	\$1,410,560.77	\$3,236,339.32

(a) Reduction in prior years' depletion and depreciation resulting from income tax adjustments; credited to earned surplus--see schedule A-2.

(b) Expenditures for opening Brunswick shaft formerly charged to expense and now capitalized due to income tax adjustment; credited to earned surplus--see schedule A-2.

(c) Development costs of certain Forbestown workings abandoned in 1937; charged to earned surplus--see schedule A-2.

(d) Royalties of \$20,495.68 paid in 1937, which reduced the balances due under purchase option agreements, are not included in this item as the royalties were charged to expense.

MCLAREN, GOODE & CO.

Certified Public Accountants

444 CALIFORNIA STREET
SAN FRANCISCO

OFFICES
LOS ANGELES
SANTA BARBARA
OAKLAND

CORRESPONDENTS IN THE
PRINCIPAL CITIES OF UNITED STATES
AND ABROAD

NORMAN MCLAREN, C. P. A.
P. G. GOODE, C. P. A., A. C. A.
N. L. MCLAREN, C. P. A.
LEWIS LILLY, C. P. A.
SELDON M. WILSON, C. P. A.
D. J. W. PATRICK, C. P. A.
J. B. SCHOLEFIELD, C. P. A., A. C. A.
JAMES A. RUNSER, C. P. A.
ARTHUR A. WENDER, C. P. A.
GEORGE E. MILNER, C. P. A.

March 15, 1938

The Board of Directors,
Idaho Maryland Mines Corporation,
San Francisco, California.

Dear Sirs:

We have made an examination of the balance sheet of Idaho Maryland Mines Corporation (A Nevada Corporation) as at December 31, 1937, and of the statements of income and profit and loss and earned surplus for the year 1937. In connection therewith we examined or tested accounting records of the company and other supporting evidence and obtained information and explanations from officers and employees of the company; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

The National Labor Relations Board has filed a petition with the United States Circuit Court of Appeals for the enforcement of the Board's order directing the reinstatement of some sixty men laid off on April 15, 1937, at the closing of the old Brunswick shaft, and the compensation of some seventy-three men for varying periods of time, on the ground that the shut-down was a lockout of these men. The company contends that the Board was without jurisdiction and that the evidence taken before the Board did not warrant the order.

No provision has been made in the balance sheet at December 31, 1937 for any liability in the event the Board's order is upheld. The liability is impracticable of present estimation as it depends on many factors as to which proof would have to be taken before any final award could be made.

In our opinion, based upon such examination, the accompanying balance sheet and related statements of income and profit and loss and earned surplus, as amplified and explained by the accompanying notes and foregoing comments, fairly present, in accordance with accepted principles of accounting consistently maintained by the company during the year under review, its position at December 31, 1937, and the results of operation for the year ended that date.


CERTIFIED PUBLIC ACCOUNTANTS.

ASSETS

CURRENT ASSETS:

Cash on deposit and on hand	\$ 100,000.00
Bullion in transit--net proceeds rec	54,743.00
Gold specimen ore--at assay value	90,839.29
Accounts receivable--employees \$1,67	121,000.00
Materials and supplies--at cost	88,148.60
	11,000.33
Total current assets	465,731.22

DEPOSITS:

Certificate of deposit--self insurer	\$ 11,722.50
Power line deposit	6,981.11
Total deposits	18,703.61

ADVANCES AND INVESTMENTS:

Grass Valley Bullion Mines--note 1:	after one year .	18,703.61
Notes and accounts receivable		
Accrued interest on notes--contra	\$ 9,375.02	
Grass Valley Bullion Mines--100,000	1,207.50	
at nominal value		
Advances to officer--note 2	stock	10,582.52
Advances to Granite Basin Mining Comj		131,499.98
Treasury stock--5,609 shares at cost-- <u>ER</u>		
be used for contractual obligations		
Total advances and investments	les notes--contra	64,533.60

PROPERTIES, PLANTS AND EQUIPMENT--LESS

<u>DEPRECIATION--note 3:</u>		
Mining claims, development costs, pla	500,000 shares:	
Grass Valley	on predecessors:	
		\$1,768,281.00
Mining claims, development costs, pla		1,324,783.31
Forbestown		681,092.72
Union Hill mining properties and plan		
Airport and airplane		3,774,157.03
Ranch properties, buildings and equip		
Properties, plants and equipment		

DEFERRED EXPENSES:

Prepaid operating expenses	
Prepaid insurance, etc.	
Total deferred expenses	

\$4,465,207.96

IDAHO MARYLAND MINES CORPORATION(A Nevada Corporation)Balance Sheet NotesNOTE 1:

For advances to and accrued interest due from Grass Valley Bullion Mines, the company holds as collateral deeds of trust on all of the properties, including properties under purchase option agreements. Messrs. Errol MacBoyle and F.W. McNear, Vice Presidents and Directors of Idaho Maryland Mines Corporation, jointly and severally have guaranteed \$50,000.00 of these advances. Mr. McNear is President and a Director of Grass Valley Bullion Mines. Idaho Maryland Mines Corporation also holds options to acquire a controlling interest in the capital stock of Grass Valley Bullion Mines.

In 1937 the company advanced \$94,122.29 to Grass Valley Bullion Mines. Interest of \$33,559.76 accrued in 1937 on the notes receivable is carried as a deferred credit in the balance sheet and has not been included in current income. Grass Valley Bullion Mines advises that there are unpaid balances of \$127,958.00 on properties under purchase option agreements, of which \$75,668.00 is payable in 1938.

Company's counsel advises that there is pending in the United States Circuit Court of Appeals an appeal of the Empire Star Mines Company, Ltd., in a case brought by it primarily against Grass Valley Bullion Mines for an injunction to restrain certain mining operations and for an accounting of the value of ore removed by Grass Valley Bullion Mines from certain disputed territory, and that in this litigation the company was named as a defendant. Judgment went for defendants in the trial court.

The ultimate realization on the advances and interest and on the stock is indeterminate pending disposition of the appeal and further development of the properties.

NOTE 2:

These are advances in 1937 to Errol MacBoyle, Vice President and Director, in connection with the operations of and erection of improvements upon company's surface land ranches. In 1936 Mr. MacBoyle, by arrangement with the company and for its relief, undertook to operate these properties personally and for his own account. Company's officials advise that arrangements are being made for the early discharge of this indebtedness.

NOTE 3:

Mining claims, development costs, plants and equipment at Grass Valley, constituting the largest single unit of properties, plants and equipment, are stated at amounts (representing a portion of the aggregate costs) agreed to by the Treasury Department for depletion and depreciation purposes as at December 31, 1931, with subsequent additions and acquisitions stated at cost, less depletion and depreciation on a unit of production basis.

The mining properties at Forbestown, \$263,586.30, are stated at cost less depletion and depreciation, and after writing off to earned surplus development costs of \$116,057.17 of certain workings abandoned in 1937. Certain of the properties are under purchase option agreements, titles to which may be acquired by additional pay-

IDAHO MARYLAND MINES CORPORATION
(A Nevada Corporation)
Balance Sheet Notes

NOTE 3: (Continued)

ments of \$244,500.00, payable in the form of royalties based on percentages of returns on all ores mined on the premises. If the company decides not to exercise its options in respect to any of these properties, the amounts paid to sellers of the abandoned properties would be forfeited as rental and any development work applicable thereto would be written off.

Union Hill Mining properties and plant, at Grass Valley, are stated at the par value of capital stock issued therefor with subsequent additions at cost. The properties are inoperative and no provision has been made for depletion and depreciation.

Airport and airplane and ranch properties, buildings and equipment are stated at cost, less depreciation.

The properties of the former Idaho Maryland Mines Company to which the company succeeded were still encumbered as of record on December 31, 1937, for first mortgage bonds with a face value of \$1,000,000.00, all of which are owned by and are in the possession of the company.

NOTE 4:

Outstanding capital stock increased from 1,755,781 shares at December 31, 1936 to 1,768,281 shares at December 31, 1937, through the issue of 12,500 shares to Erroll MacBoyle pursuant to an agreement for services entered into in 1932.

IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

Statement of Income and Profit and Loss,
Year Ended December 31, 1937

OPERATING REVENUES:

Includes Forbestown

Bullion--less mint charges	\$4,036,415.57	
Custom ore and concentrates purchased--less treatment charges		<u>39,308.52</u>
Total operating revenues		<u>\$3,997,107.05</u>

OPERATING EXPENSES:

Mining, hoisting and preliminary crushing	\$1,457,909.28	
Milling and ore treatment	304,741.26	
Shipping expense on bullion	10,483.40	
Taxes, insurance and royalties	283,961.48	
Administrative and general expenses	<u>335,201.03</u>	
Total operating expenses		<u>2,392,296.45</u>

Net income from operations--before depletion and depreciation		<u>\$1,604,810.60</u>
---	--	-----------------------

<u>OTHER INCOME--NET</u>		<u>11,209.90</u>
------------------------------------	--	------------------

\$1,616,020.50

<u>DEPLETION AND DEPRECIATION</u>		<u>370,215.85</u>
---	--	-------------------

Net income before Federal income tax		<u>\$1,245,804.65</u>
--	--	-----------------------

<u>PROVISION FOR NORMAL FEDERAL INCOME TAX</u>		<u>121,000.00</u>
--	--	-------------------

Net income to surplus		<u><u>\$1,124,804.65</u></u>
---------------------------------	--	------------------------------

IDAHO MARYLAND MINES CORPORATION(A Nevada Corporation)Statement of Earned Surplus,
Year Ended December 31, 1937

Balance, January 1, 1937		\$ 144,364.33
Reduction in prior years' depletion and depreciation-- income tax adjustments	\$440,305.02	
Expenditures for opening Brunswick shaft formerly charged to expense, now capitalized--income tax adjustment	141,687.02	
Reduction in prior year's reserve provision for compensation insurance	<u>34,348.61</u>	<u>616,338.65</u>
		\$ 760,702.98
Development costs of certain Forbestown workings abandoned in 1937	\$116,057.17	
Transfer to Deferred Credit of interest accrued in prior years on Grass Valley Bullion Mines notes	<u>30,973.84</u>	<u>147,031.01</u>
Surplus after adjustments		\$ 613,671.97
Net income for 1937--see income statement		<u>1,124,804.65</u>
		\$1,738,476.62
Dividends declared in 1937--60 cents per share		<u>1,057,383.90</u>
Earned surplus December 31, 1937		<u><u>\$ 681,092.72</u></u>

MCLAREN, GOODE & Co.

Certified Public Accountants

444 CALIFORNIA STREET
SAN FRANCISCO

March 13, 1939

NORMAN MCLAREN, C. P. A.
P. G. GOODE, C. P. A., A. C. A.
N. L. MCLAREN, C. P. A.
LEWIS LILLY, C. P. A.
SELDON M. WILSON, C. P. A.
D. J. W. PATRICK, C. P. A.
J. B. SCHOLEFIELD, C. P. A., A. C. A.
JAMES A. RUNSER, C. P. A.
ARTHUR A. WENDER, C. P. A.
GEORGE E. MILNER, C. P. A.

OFFICES
LOS ANGELES
SANTA BARBARA
OAKLAND
CORRESPONDENTS IN THE
PRINCIPAL CITIES OF UNITED STATES
AND ABROAD

The Board of Directors,
Idaho Maryland Mines Corporation,
San Francisco, California.

Dear Sirs:

We have made an examination of the balance sheet of Idaho Maryland Mines Corporation (A Nevada Corporation) as at December 31, 1938, and of the statements of income and profit and loss and earned surplus for the year 1938. In connection therewith we examined or tested accounting records of the company and other supporting evidence and obtained information and explanations from officers and employees of the company; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying balance sheet and related statements of income and profit and loss and earned surplus, as amplified and explained by the accompanying notes, fairly present, in accordance with accepted principles of accounting consistently maintained by the company during the year under review, its position at December 31, 1938, and the results of operation for the year ended that date.



CERTIFIED PUBLIC ACCOUNTANTS.

IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

Balance Sheet NotesNOTE 1:

For the notes receivable and accrued interest due from Grass Valley Bullion Mines, the company holds as collateral deeds of trust on all of the properties, including properties under purchase option agreements. Messrs. Errol MacBoyle and F. W. McNear, Vice Presidents and Directors of Idaho Maryland Mines Corporation, jointly and severally have guaranteed \$50,000.00 of these advances. Idaho Maryland Mines Corporation also holds options to acquire a controlling interest in the capital stock of Grass Valley Bullion Mines.

In 1938 the notes receivable increased \$71,275.00 through advances to Grass Valley Bullion Mines. Interest of \$38,509.18 accrued in 1938 on the notes receivable is carried as a deferred credit in the balance sheet and has not been included in current income. Grass Valley Bullion Mines advises that there are unpaid balances of \$70,190.00 on properties under purchase option agreements, of which \$57,290.00 is payable in 1939.

Company's counsel advises that the action brought by Empire Star Mines Company, Ltd. against Grass Valley Bullion Mines, in which Idaho Maryland Mines Corporation was joined as a defendant, has not been settled. In this action the Empire Star Mines Company, Ltd. asked for an injunction to restrain certain mining operations and for an accounting of the value of ore removed by Grass Valley Bullion Mines from certain disputed territory. Judgment went for the defendants in the United States District Court but was reversed by the United States Circuit Court of Appeals. It is anticipated that a judgment of about \$62,000.00 will be rendered against Grass Valley Bullion Mines. No money judgment is asked against Idaho Maryland Mines Corporation.

The ultimate realization on the notes and interest and on the stock is not determinable, pending further development of the properties.

NOTE 2:

Mining claims, development costs, plants and equipment at Grass Valley are stated at amounts (representing a portion of the aggregate costs) agreed to by the Treasury Department for depletion and depreciation purposes at December 31, 1931, with subsequent additions and acquisitions stated at cost, less depletion and depreciation on a unit of production basis.

The mining claims at Forbestown are stated at cost and are owned in fee. In December, 1938 the Forbestown project was abandoned and all leases and options were surrendered, with a resultant loss of \$213,046.11 which was charged to earned surplus.

Union Hill mining properties and plant at Grass Valley are stated at the par value of capital stock issued therefor with subsequent additions at cost. The properties are inoperative and no provision has been made for depletion and depreciation.

IDAHO MARYLAND MINES CORPORATION
(A Nevada Corporation)
Balance Sheet Notes

Airport and airplane and ranch properties, buildings and equipment are stated at cost, less depreciation.

The properties of the former Idaho Maryland Mines Company to which the company succeeded were still encumbered as of record on December 31, 1938, for first mortgage bonds with a face value of \$1,000,000.00, all of which are owned by and are in the possession of the company.

NOTE 3:

Outstanding capital stock increased from 1,768,281 shares at December 31, 1937 to 1,780,781 shares at December 31, 1938, through the issue of 12,500 shares pursuant to an agreement for services entered into with Error MacBoyle in 1932. The 1939 annual payment of stock on this agreement will be paid out of treasury stock held by the Trustees as shown by the balance sheet.

IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

Statement of Income and Profit and Loss,
Year Ended December 31, 1938OPERATING REVENUES:

Bullion--less mint charges	\$4,555,373.92	
Custom ore and concentrates purchased--less treatment charges		<u>44,529.48</u>
Total operating revenues		\$4,510,844.44

OPERATING EXPENSES:

Mining, hoisting and preliminary crushing	\$1,757,670.01	
Milling and ore treatment	342,485.05	
Shipping expense on bullion	10,866.49	
Taxes, insurance and royalties	315,440.07	
Administrative and general expenses	<u>419,219.71</u>	
Total operating expenses		<u>2,845,681.33</u>

Net income from operations--before depletion and depreciation		\$1,665,163.11
--	--	----------------

<u>OTHER INCOME--NET</u>		<u>71,418.39</u>
		<u>\$1,736,581.50</u>
<u>DEPLETION AND DEPRECIATION</u>		<u>428,135.50</u>

Net income before Federal income tax		\$1,308,446.00
--	--	----------------

<u>PROVISION FOR FEDERAL INCOME TAX</u>		<u>115,000.00</u>
---	--	-------------------

Net income to surplus		<u>\$1,193,446.00</u>
---------------------------------	--	-----------------------

IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

Statement of Earned Surplus
Year Ended December 31, 1938

Balance, January 1, 1938	\$ 681,092.72
Loss on Forbestown project abandoned in December 1938	<u>213,046.11</u>
	\$ 468,046.61
Net income for 1938--see income statement	<u>1,193,446.00</u>
	\$1,661,492.61
Dividends declared in 1938--55 cents per share--(dividends of 60¢ per share were paid in 1938 of which 5¢ per share was declared in December 1937)	<u>975,257.70</u>
Earned surplus, December 31, 1938	<u>\$ 686,234.91</u>

IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

Balance Sheet--December 31, 1938

ASSETS

LIABILITIES AND CAPITAL

CURRENT ASSETS:

Cash on deposit and on hand	\$ 307,287.09
Bullion in transit--net proceeds received from mint	184,310.83
Gold specimen ore--at assay value	2,478.21
Accounts receivable--employees \$1,392.50; others \$9,397.62	10,790.12
Materials and supplies--at cost	<u>136,295.74</u>

Total current assets \$ 641,161.99

DEPOSITS:

Certificate of deposit--self-insurer's bond	30,000.00
---	-----------

ADVANCES AND INVESTMENTS:

Grass Valley Bullion Mines--note 1:	
Notes receivable	\$ 673,000.00
Accrued interest on notes--contra	103,042.78
Grass Valley Bullion Mines--100,000 shares of Class B stock at nominal value	1.00
Advances to officer	9,323.35
Treasury stock--13,313 shares at cost--held by Trustees to be used for contractual obligations payable in stock--note 3	<u>77,225.03</u>

Total advances and investments 862,592.16

PROPERTIES, PLANTS AND EQUIPMENT--LESS DEPLETION AND DEPRECIATION--Note 2:

Mining claims, development costs, plant and equipment--Grass Valley	\$2,526,537.15
Mining claims--Forbestown	18,689.31
Union Hill mining properties and plant	111,352.24
Airport and airplane	107,584.31
Ranch properties, buildings and equipment	<u>50,084.16</u>

Properties, plants and equipment--net 2,814,247.17

DEFERRED EXPENSES:

Prepaid operating expenses	\$ 36,920.73
Prepaid insurance, etc.	<u>14,843.88</u>

Total deferred expenses 51,764.61

\$4,398,765.93

CURRENT LIABILITIES:

Accounts payable--trade and other creditors	\$ 53,318.35
Accrued payrolls, insurance and taxes	113,217.27
Provision for 1938 Federal income tax	115,000.00
Other payables	<u>26,193.39</u>

Total current liabilities \$ 307,729.01

ACCRUED COMPENSATION PAYABLE IN STOCK:

Payable in treasury stock	55,527.40
-------------------------------------	-----------

RESERVE FOR COMPENSATION INSURANCE--SELF-INSURER

141,667.52

DEFERRED CREDIT:

Accrued interest on Grass Valley Bullion Mines notes--contra	103,042.78
--	------------

CAPITAL AND SURPLUS:

Capital stock--\$1.00 par value--authorized 2,500,000 shares; issued 1,778,573 shares, held for conversion predecessors' stock 2,208 shares--note 3	\$1,780,781.00
Capital surplus--no change in 1938	1,324,783.31
Earned surplus--see surplus statement	<u>686,234.91</u>

Total capital and surplus 3,791,799.22

\$4,399,765.93

(See following pages for notes)

NORMAN MFLAREN, C. P. A.
P. G. GOODE, C. P. A., A. C. A.
N. L. MFLAREN, C. P. A.
LEWIS LILLY, C. P. A.
SELDON M. WILSON, C. P. A.
D. J. W. PATRICK, C. P. A.
J. B. SCHOLEFIELD, C. P. A., A. C. A.
JAMES A. RUNGER, C. P. A.
ARTHUR A. WENDER, C. P. A.
GEORGE E. MILNER, C. P. A.

MCLAREN, GOODE & Co.

Certified Public Accountants

444 CALIFORNIA STREET
SAN FRANCISCO
March 21, 1939

OFFICES
LOS ANGELES
SANTA BARBARA
OAKLAND

CORRESPONDENTS IN THE
PRINCIPAL CITIES OF UNITED STATES
AND ABROAD

The Board of Directors,
Idaho Maryland Mines Corporation,
San Francisco, California.

Dear Sirs:

We have made an examination of the accounts and financial records of

IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

for the year ended December 31, 1938, and submit herewith our report which consists of the following exhibits with supporting schedules and comments thereon:

Exhibit A--Balance sheet--December 31, 1938

Schedule A-1--Statement of changes in properties, plants and
equipment, year ended December 31, 1938

Schedule A-2--Statement of earned surplus, year ended December
31, 1938

Exhibit B--Statement of income and profit and loss, year ended
December 31, 1938

Accounts reflecting assets, liabilities, capital and surplus were examined or tested as of December 31, 1938 and tests were made of accounts recording income and expense to determine the results of operations for the year ended December 31, 1938, but we did not make a detailed audit of the transactions. Accounting records and other supporting evidence were examined or tested and information and explanations were obtained from officers and employees, and a general review was made of the accounting methods.

COMMENTS RESPECTING OPERATIONS

Operations for the year ended December 31, 1938, which are detailed in exhibit B, reflect a net income of \$1,193,446.00, or an increase of \$68,641.35 when compared with the net income of \$1,124,804.65 for the year ended December 31, 1937, as shown in the following comparative summary:

<u>Description</u>	<u>Year Ended December 31,</u> <u>1938</u>	<u>1937</u>	<u>Increase</u> <u>Decrease</u>
<u>OPERATING REVENUES:</u>			
Bullion--less mint charges	\$4,555,373.92	\$4,036,415.57	\$518,958.35
Custom ore and concentrates purchased-- less treatment charges	44,529.48	39,308.52	5,220.96
Total operating revenues	<u>\$4,510,844.44</u>	<u>\$3,997,107.05</u>	<u>\$513,737.39</u>
<u>OPERATING EXPENSES:</u>			
Mining, hoisting and preliminary crushing	\$1,757,670.01	\$1,457,909.28	\$299,760.73
Milling and ore treatment	342,485.05	304,741.26	37,743.79
Shipping expense on bullion	10,866.49	10,483.40	383.09
Taxes, insurance and royalties	315,440.07	283,961.48	31,478.59
Administrative and general expenses	419,219.71	335,201.03	84,018.68
Total operating expenses	<u>\$2,845,681.33</u>	<u>\$2,392,296.45</u>	<u>\$453,384.88</u>
Net income from operations--before depletion and depreciation	\$1,665,163.11	\$1,604,810.60	\$ 60,352.51
<u>OTHER INCOME--NET</u>	71,418.39	11,209.90	60,208.49
	<u>\$1,736,581.50</u>	<u>\$1,616,020.50</u>	<u>\$120,561.00</u>
<u>DEPLETION AND DEPRECIATION</u>	428,135.50	370,215.85	57,919.65
Net income before Federal income tax	\$1,308,446.00	\$1,245,804.65	\$ 62,641.35
<u>PROVISION FOR FEDERAL INCOME TAX</u>	115,000.00	121,000.00	<u>6,000.00</u>
Net income to surplus	<u>\$1,193,446.00</u>	<u>\$1,124,804.65</u>	<u>\$ 68,641.35</u>

Forbestown operations, which are included in the several categories above, show a loss of \$119,526.62 in 1938 as compared with a loss of \$106,176.44 in 1937, or an increase of \$13,350.18, as set forth in the comparison that follows:

<u>Description</u>	<u>1938</u>	<u>1937</u>	<u>Increase</u> <u>Decrease</u>
<u>BULLION--LESS MINT CHARGES</u>	\$296,221.23	\$216,237.54	\$79,983.69
<u>OPERATING EXPENSES:</u>			
Mining, hoisting and preliminary crushing	\$235,943.27	\$163,553.64	\$72,389.63
Milling and ore treatment	50,870.31	38,552.41	12,317.90
Taxes, insurance and royalties	53,219.03	42,100.99	11,118.04
Administrative and general expenses	42,122.70	48,948.42	<u>6,825.72</u>
Total operating expenses	<u>\$382,155.31</u>	<u>\$293,155.46</u>	<u>\$88,999.85</u>
Net loss from operations--before depletion and depreciation	\$ 85,934.08	\$ 76,917.92	\$ 9,016.16
<u>DEPLETION AND DEPRECIATION</u>	33,592.54	29,258.52	4,334.02
Net loss	<u>\$119,526.62</u>	<u>\$106,176.44</u>	<u>\$13,350.18</u>

A comparison of the first summary with the Forbestown summary reveals that the bulk of the increase in the several operating revenue and expense items in the first summary resulted from the Grass Valley operation. Moreover, the increase of \$60,352.51 in net income from operations (before depletion and depreciation) is attributable wholly to Grass Valley operations as Forbestown shows an increase of \$9,016.16 in net loss from operations. The increase of \$84,018.68 in administrative and general expenses is due principally to an increase of \$44,944.88 in compensation payable in stock and to a legal expense of \$22,500.00 in connection with the National Labor Relations Board action. The expense for compensation payable in stock was larger in 1938 by reason of the expense being based on the cost of treasury stock to be used for the contractual obligation, while 1937 expense was charged with the \$1.00 par value of unissued stock used for that year's obligation.

The foregoing summary of operations shows a \$60,208.49 increase in other income which is explained as follows:

<u>Item</u>	<u>1938</u>	<u>1937</u>	<u>Increase in Income</u>
Reduction in compensation insurance reserve provision	\$47,302.97	\$36,690.56	\$10,612.41
Gain on sale of fixed assets	10,399.62	167.06	10,232.56
Cash discounts taken	3,407.18	3,291.63	115.55
Adjustment of prior years' Federal income taxes	4,508.05	17,404.43	21,912.48
Interest paid	2,291.39	5,899.81	3,608.42
Sundry items--net	8,091.96	5,635.11	13,727.07
Other income--net	<u>\$71,418.39</u>	<u>\$11,209.90</u>	<u>\$60,208.49</u>

The item "reduction in compensation insurance reserve provision" represents 30 per cent of the current year's provision plus the balance remaining of the fourth preceding year, which was the basis adopted by the company beginning in the year 1937. Gain on sale of fixed assets (\$10,399.62) for 1938 arose principally from the sale of the airplane.

Depletion and depreciation increased \$57,919.65, as reflected in the summary of operations on page 2, which is attributable in part to additions to properties, plants and equipment during the year and in part to an increase in the amount of unit depletion and depreciation resulting from the increase in ounces of gold produced.

COMMENTS RESPECTING FINANCIAL CONDITION

The financial position of the company at December 31, 1938 is presented in detail in exhibit A and is compared with the financial position at December 31, 1937 in the following comparative balance sheet summary:

<u>Description</u>	<u>December 31, 1938</u>	<u>December 31, 1937</u>	<u>Increase Decrease</u>
<u>CURRENT ASSETS:</u>			
Cash on deposit and on hand	\$ 307,287.09	\$ 65,409.97	\$241,877.12
Bullion in transit	184,310.83	182,778.81	1,532.02
Gold specimen ore	2,478.21	2,478.21	.....
Accounts receivable	10,790.12	5,025.03	5,765.09
Materials and supplies	136,295.74	139,878.81	3,583.07
Total current assets	<u>\$ 641,161.99</u>	<u>\$ 395,570.83</u>	<u>\$245,591.16</u>
<u>CURRENT LIABILITIES:</u>			
Notes payable	\$	\$ 100,000.00	\$100,000.00
Accounts payable	53,318.35	54,743.00	1,424.65
Accrued pay rolls, insurance and taxes	113,217.27	90,839.29	22,377.98
Provision for Federal income tax	115,000.00	121,000.00	6,000.00
Dividend declared . . . . .	.....	88,148.60	88,148.60
Other payables	26,193.39	11,000.33	15,193.06
Total current liabilities	<u>\$ 307,729.01</u>	<u>\$ 465,731.22</u>	<u>\$158,002.21</u>
Working capital	<u>\$ 333,432.98</u>	<u>\$ 70,160.39</u>	<u>\$403,593.37</u>
<u>DEPOSITS</u>	30,000.00	36,900.00	6,900.00
<u>ADVANCES AND INVESTMENTS:</u>			
Grass Valley Bullion Mines:			
Notes receivable	673,000.00	601,725.00	71,275.00
Open account . . . . .	.....	10,222.66	10,222.66
Accrued interest on notes	103,042.78	64,533.60	38,509.18
Grass Valley Bullion Mines Class B stock	1.00	1.00	.....
Advances to officer	9,323.35	61,519.65	52,196.30
Advances to Granite Basin Mining Company . . . . .	.....	3,341.99	3,341.99
Treasury stock--held by Trustees	77,225.03	22,408.53	54,816.50
<u>PROPERTIES, PLANTS AND EQUIPMENT--NET</u>	2,814,247.17	3,236,339.32	422,092.15
<u>DEFERRED EXPENSES</u>	51,764.61	32,645.38	19,119.23
	<u>\$4,092,036.92</u>	<u>\$3,999,476.74</u>	<u>\$ 92,560.18</u>
<u>DEDUCT:</u>			
Installment obligations payable after one year	\$	\$ 18,703.61	\$ 18,703.61
Accrued compensation payable in stock	55,527.40	10,582.52	44,944.88
Reserve for compensation insurance	141,667.52	131,499.98	10,167.54
Deferred credit--accrued interest			
Grass Valley Bullion Mines notes	103,042.78	64,533.60	38,509.18
	<u>\$ 300,237.70</u>	<u>\$ 225,319.71</u>	<u>\$ 74,917.99</u>
Net assets	<u>\$3,791,799.22</u>	<u>\$3,774,157.03</u>	<u>\$ 17,642.19</u>
<u>NET ASSETS ARE REPRESENTED BY:</u>			
Capital stock	\$1,780,781.00	\$1,768,281.00	\$ 12,500.00
Capital surplus	1,324,783.31	1,324,783.31	.....
Earned surplus	686,234.91	681,092.72	5,142.19
Total capital and surplus	<u>\$3,791,799.22</u>	<u>\$3,774,157.03</u>	<u>\$ 17,642.19</u>

The increase of \$403,593.37 in working capital during the year, as shown by the foregoing summary, is explained in the following statement:

ITEMS INCREASING WORKING CAPITAL:

Net income--exhibit B		\$1,193,446.00
Adjustment for items charged to operations which do not affect working capital:		
Depletion and depreciation--schedule A-1	\$428,135.50	
Compensation insurance provision (charged to operating expenses \$108,677.03; less \$47,302.97 credited to other income)	61,374.06	
Compensation for services payable in stock	58,652.38	
	<u>\$548,161.94</u>	
Less: Gain on sale of fixed assets	10,399.62	537,762.32
Increase in working capital through operations		<u>\$1,731,208.32</u>
Proceeds from sale of Lockheed airplane		42,500.00
Reduction in amount due from officer--net		52,196.30
Debit balance in Grass Valley Bullion Mines current account at December 31, 1937--note 1		10,222.66
Collection of Granite Basin Mining Company account		3,341.99
Proceeds from sale of Forbestown plant, etc.		<u>2,335.50</u>
Total items increasing working capital		<u>\$1,841,804.77</u>

ITEMS DECREASING WORKING CAPITAL:

Dividends declared and paid	\$975,257.70	
Additions to properties, plants and equipment--schedule A-1	241,797.97	
Advances on notes receivable to Grass Valley Bullion Mines	71,275.00	
Cost of treasury stock acquired (includes \$56,000.00 received from officer and applied on his open account)	56,024.00	
Disbursements under compensation self-insurance	51,206.52	
Increase in deferred expenses	19,119.23	
Payments on mortgage (portion classified as payable after one year at December 31, 1937)	11,722.50	
Industrial Accident Commission awards (portion classified as payable after one year at December 31, 1937)--note 2	6,981.11	
Cost of dismantling Forbestown plant	<u>4,827.37</u>	
Total items decreasing working capital		<u>1,438,211.40</u>
Net increase in working capital		<u>\$ 403,593.37</u>

NOTE 1: During 1938, collections exceeded disbursements in this account, and resulted in a credit balance of \$8,436.48 at December 31, 1938. The credit balance has been classified as a current liability on the balance sheet at December 31, 1938.

NOTE 2: All Industrial Accident Commission awards were classified as current liabilities on the balance sheet at December 31, 1938.

The individual items appearing in the balance sheet, exhibit A, are commented upon as follows:

CASH ON DEPOSIT AND ON HAND--\$307,287.09:

The several bank accounts and revolving funds that make up this item are classified as follows:

General accounts:		
Wells Fargo Bank & Union Trust Co.--		
San Francisco	\$147,228.22	
American Trust Company--San Francisco . .	<u>91,800.57</u>	\$239,028.79
Dividend account:		
The Bank of California, N.A.--San Francisco		50,000.00
Compensation insurance fund:		
Bank of America, N.T. & S.A.--San Francisco		9,353.91
Bank revolving funds:		
Bank of America, N.T. & S.A.--Grass Valley:		
Revolving fund	\$ 5,096.26	
Pay roll account	1,910.13	
Bank of America, N.T. & S.A.--Oroville . .	<u>1,500.00</u>	8,506.39
Cash on hand:		
San Francisco office fund	\$ 225.00	
Undeposited receipts	<u>173.00</u>	<u>398.00</u>
Total		<u>\$307,287.09</u>

Bank balances were reconciled with certificates received from the depositaries and cash on hand was counted.

BULLION IN TRANSIT--\$184,310.83:

This is the amount received from the Mint at San Francisco in January 1939 for bullion recovered from amalgam and precipitates allocated to 1938 operations. These remittances were traced as bank deposits in January 1939.

GOLD SPECIMEN ORE--\$2,478.21:

This is the assay value at \$17.57 per fine ounce of gold for three specimens of ore which were valued and set up in the accounts in prior years. Mr. Errol MacBoyle, Vice President, confirmed that these specimens were at the mine office, Grass Valley, California.

ACCOUNTS RECEIVABLE--\$10,790.12:

Accounts receivable consisted of \$1,392.50 due from employees, and \$9,397.62 due from others. The principal items comprising the latter amount are \$3,073.34 due from Oro Fino Consolidated Mines, \$2,104.50 due from several individuals for sale of buildings, etc. at Forbestown, and a \$3,124.57 estimated recovery on gold and cash advances in connection with the campaign against high-grading.

MATERIALS AND SUPPLIES--\$136,295.74:

Materials and supplies are stated at cost and are based on quantities at December 31, 1938 as shown by the perpetual inventory records. A physical inventory was taken in November 1938 and the perpetual records were adjusted to the physical inventory with a resultant reduction of \$5,416.05 in the inventories as shown by the books. Extensive tests were made to establish the clerical accuracy of the inventory.

The inventory at December 31, 1938 included \$8,474.60 of equipment not yet installed, which was transferred from inventories to properties, plants and equipment (see schedule A-1) for the purposes of this report.

DEPOSITS--\$30,000.00:

This is a certificate of deposit issued by the Bank of America, N.T. & S.A., and is held by The Fidelity and Casualty Company of New York as surety on a self-insurer's bond for compensation insurance. Confirmations were obtained from the issuing bank and the holder of the certificate of deposit.

In December 1938 the deposit of \$6,900.00 with the Pacific Gas and Electric Company for a power line extension at Forbestown was charged off to "loss on Forbestown project abandoned."

GRASS VALLEY BULLION MINES—\$776,042.78:

Changes during the year in notes receivable and accrued interest on notes are set forth below:

<u>Description</u>	<u>Notes Receivable</u>	<u>Accrued Interest</u>	<u>Total</u>
Balance, December 31, 1937 .	\$601,725.00	\$ 64,533.60	\$666,258.60
Advances and interest accrued in 1938	<u>71,275.00</u>	<u>38,509.18</u>	<u>109,784.18</u>
Balance, December 31, 1938 .	<u>\$673,000.00</u>	<u>\$103,042.78</u>	<u>\$776,042.78</u>

The notes bear interest at six per cent per annum. The entire amount of the accrued interest, \$103,042.78, appears as a contra item on the balance sheet under the caption "Deferred Credit." It should be noted that interest has not been accrued on the unpaid interest.

There was a credit balance of \$8,436.48 in the Grass Valley Bullion Mines open account at December 31, 1938, which is included in the item "Other Payables" on the balance sheet. This account had a debit balance of \$10,222.66 at December 31, 1937 and appeared in the balance sheet at that date under the asset caption "Grass Valley Bullion Mines."

For notes receivable and accrued interest due from Grass Valley Bullion Mines, the company holds as collateral deeds of trust on all of the properties, including properties under purchase option agreements. Messrs. Errol MacBoyle and F. W. McNear, Vice Presidents and Directors of Idaho Maryland Mines Corporation, jointly and severally have guaranteed \$50,000.00 of these advances. Idaho Maryland Mines Corporation also holds options to acquire a controlling interest in the capital stock of Grass Valley Bullion Mines.

In 1938 the notes receivable increased \$71,275.00 through advances to Grass Valley Bullion Mines. Interest of \$38,509.18 accrued in 1938 on the notes receivable is carried as a deferred credit in the balance sheet and has not been included in current income. Grass Valley Bullion Mines advises that there are

unpaid balances of \$70,190.00 on properties under purchase option agreements of which \$57,290.00 is payable in 1939.

Company's counsel advises that the action brought by Empire Star Mines Company, Ltd. against Grass Valley Bullion Mines, in which Idaho Maryland Mines Corporation was joined as a defendant, has not been settled. In this action the Empire Star Mines Company, Ltd. asked for an injunction to restrain certain mining operations and for an accounting of the value of ore removed by Grass Valley Bullion Mines from certain disputed territory. Judgment went for the defendants in the United States District Court but was reversed by the United States Circuit Court of Appeals. It is anticipated that a judgment of about \$62,000.00 will be rendered against Grass Valley Bullion Mines. No money judgment is asked against Idaho Maryland Mines Corporation.

The ultimate realization on the notes and interest and on the stock is not determinable pending further development of the properties.

GRASS VALLEY BULLION MINES, CLASS B STOCK--\$1.00:

The stock consists of 100,000 shares acquired without cost in 1934 as part consideration for the first advance of \$50,000.00 to Grass Valley Bullion Mines. Stock certificates were examined.

ADVANCES TO OFFICER--\$9,323.35:

This is the balance due from Errol MacBoyle, Vice President and Director, in connection with advances for the operation of and erection of improvements upon company's surface land ranches. Collections during 1938 included an amount of \$56,000.00 as the value assigned to 8,000 shares of the company's stock acquired from Mr. MacBoyle. The stock is included in the item of treasury stock on the balance sheet.

TREASURY STOCK--\$77,225.03:

Treasury stock is stated at cost and represents 13,313 shares bought by Messrs. Zook and French, as Trustees, for the company's account. The stock is held by the

Trustees and is to be used for certain contractual obligations of the company which are payable in stock. Stock certificates aggregating 13,313 shares were inspected on January 12, 1939.

In the current year 8,004 shares were purchased, including 8,000 shares acquired from Errol MacBoyle, and 300 shares were issued to G. S. Borden for compensation payable in stock.

The 1939 annual payment of 12,500 shares of stock under Mr. MacBoyle's agreement will be paid out of treasury stock.

PROPERTIES, PLANTS AND EQUIPMENT--NET--\$2,814,247.17:

Changes during 1938 in the several classifications of properties, plants and equipment, and the related reserves for depletion and depreciation, are set forth in schedule A-1 of this report. Reference to this schedule will reveal the following pertinent information:

1. Additions of \$241,797.97 in 1938 to properties, plants and equipment.
2. Depletion and depreciation of \$428,135.50 charged to operations.
3. Transfer from Forbestown to Grass Valley of plant and equipment with a cost of \$73,109.36 and accumulated depreciation thereon of \$26,029.15, or a depreciated value of \$47,080.21.
4. Abandonment or sale of properties, plants and equipment with a cost of \$297,905.82 and accumulated depletion and depreciation of \$62,151.20. The \$297,905.82 includes \$244,255.66 of Forbestown properties, plants and equipment abandoned in December 1938.

There was a loss of \$213,046.11 on the abandonment of the Forbestown project which was charged to earned surplus; see schedule A-2. The cost, accumulated depletion and depreciation, amount realized, and loss on abandonment of the properties, plant and equipment are summarized as follows:

<u>Description</u>	<u>Mining Claims (Payments on Options)</u>	<u>Development Costs Prior to Operating Period</u>	<u>Plants, Buildings and Equipment</u>	<u>Total</u>
Cost	\$71,657.52	\$34,038.23	\$138,559.91	\$244,255.66
Accumulated depletion and depreciation	<u>911.65</u>	<u>2,933.32</u>	<u>36,757.24</u>	<u>40,602.21</u>
Depreciated value	\$70,745.87	\$31,104.91	\$101,802.67	\$203,653.45
Amount realized, etc.	<u>.....</u>	<u>.....</u>	<u>2,334.71</u>	<u>2,334.71</u>
Loss on items abandoned	<u>\$70,745.87</u>	<u>\$31,104.91</u>	<u>\$ 99,467.96</u>	\$201,318.74
Power line deposit				6,900.00
Dismantlement expense				<u>4,827.37</u>
Total loss on abandonment--schedule A-2				<u>\$213,046.11</u>

Plant and equipment transferred from Forbestown to Grass Valley are not included in the foregoing statement, as these items were transferred at net depreciated value without gain or loss thereon.

Mining claims, development costs, plants and equipment at Grass Valley are stated at amounts (representing a portion of the aggregate costs) agreed to by the Treasury Department for depletion and depreciation purposes at December 31, 1931, with subsequent additions and acquisitions stated at cost, less depletion and depreciation on a unit of production basis.

The mining claims at Forbestown are stated at cost and are owned in fee. In December 1938 the Forbestown project was abandoned and all leases and options were surrendered.

Union Hill mining properties and plant at Grass Valley are stated at the par value of capital stock issued therefor with subsequent additions at cost. The properties are inoperative and no provision has been made for depletion and depreciation.

Airport and airplane and ranch properties, buildings and equipment are stated at cost, less depreciation.

The properties of the former Idaho Maryland Mines Company to which the company succeeded were still encumbered as of record on December 31, 1938, for first mortgage bonds with a face value of \$1,000,000.00, all of which are owned by and are in the possession of the company.

DEFERRED EXPENSES--\$51,764.61:

Deferred expenses consist of prepaid operating expenses of \$36,920.73 and \$14,843.88 prepaid insurance, etc. Prepaid operating expenses represent the un-amortized portion of the cost of hoist cables, mill liners, locomotives, underground pumping system, etc. which are being written off over a period of months on the estimated life of the items.

ACCOUNTS PAYABLE--TRADE CREDITORS AND OTHERS--\$53,318.35:

Amounts due to these creditors were checked in detail and reconciled with the general ledger control accounts. Precaution was taken to ascertain that all liabilities of consequence were included in accounts payable.

ACCRUED PAY ROLLS, INSURANCE AND TAXES--\$113,217.27:

These accruals at December 31, 1938 consisted of the following:

Pay rolls--second half of December	\$ 60,098.58
County and irrigation district taxes	8,770.17
Unemployment insurance--employer and employee	19,806.74
Old age benefits tax-- do.	7,749.49
Capital stock tax--payable in July 1939	16,500.00
Sundry accruals	<u>292.29</u>
Total	<u>\$113,217.27</u>

PROVISION FOR 1938 FEDERAL INCOME TAX--\$115,000.00:

This represents estimated Federal income tax computed at 16 1/2 per cent of taxable earnings of the company for the current year. No provision is considered necessary for excess-profits tax or surtax on undistributed profits.

OTHER PAYABLES--\$26,193.39:

The items included in this category are as follows:

Industrial accident awards to:	
E. C. Aslin	\$ 461.60
Allan Edwards	6,315.15
Edward S. Hall	3,762.28
Harold M. Hogg	<u>4,786.60</u>
Grass Valley Bullion Mines--open account	8,436.48
Unclaimed dividends	<u>2,431.28</u>
Total	<u>\$26,193.39</u>

The industrial accident awards are paid in installments and approximately \$11,700.00 of the \$15,325.63 is payable subsequent to December 31, 1939.

ACCRUED COMPENSATION PAYABLE IN STOCK--\$55,527.40:

This is the accrual at December 31, 1938 for compensation obligations which are payable in stock pursuant to agreements for services with Errol MacBoyle and G. S. Borden. The accrual is based on the cost of treasury stock to be issued in 1939 to these individuals.

RESERVE FOR COMPENSATION INSURANCE--\$141,667.52:

The company is a self-insurer for compensation insurance covering its employees at Grass Valley and this is the reserve provision for accident awards which may occur in the future. Changes in the reserve during the year are summarized as follows:

<u>Description</u>	<u>Accident Reserve</u>	<u>Silicosis Reserve</u>	<u>Total Reserve</u>
Balance, December 31, 1937	\$106,878.88	\$ 24,621.10	\$131,499.98
Provision in 1938--based on commercial rates	<u>103,206.14</u>	<u>5,470.89</u>	<u>108,677.03</u>
	\$210,085.02	\$30,091.99	\$240,177.01
Accident payments and expense costs in 1938	<u>49,241.08</u>	<u>1,965.44</u>	<u>51,206.52</u>
	\$160,843.94	\$28,126.55	\$188,970.49
Adjustment of reserve--transferred to current income*	<u>47,302.97</u>	.....	<u>47,302.97</u>
Balance, December 31, 1938	<u>\$113,540.97</u>	<u>\$28,126.55</u>	<u>\$141,667.52</u>

*This is 30 per cent of the 1938 provision plus the balance remaining of the fourth preceding year, which basis was adopted by the company beginning in the year 1937.

In addition to self-insurance the company has accident compensation insurance under a policy which covers any one accident, that may result in claims in excess of \$5,000.00 but not to exceed \$300,000.00.

DEFERRED CREDIT--\$103,042.78:

This represents accrued interest to December 31, 1938 on Grass Valley Bullion mines notes which appears as a contra item on the balance sheet. Of this amount \$38,509.18 accrued in 1938 and was not included in current income, and the balance represents amounts accrued in prior years.

CAPITAL STOCK--\$1,780,781.00:

The capital stock is \$1.00 par value and consists of 2,500,000 authorized shares; of which 1,778,573 shares are issued and 2,208 shares are held for conversion of predecessor's stock, or a total of 1,780,781 shares. The 1,780,781 issued shares at December 31, 1938 consisted of 1,767,468 shares in the hands of the public and 13,313 shares of treasury stock held by Trustees to be used for contractual obligations payable in stock. In the ensuing year 12,800 shares of the treasury stock will be issued for contractual obligations.

The American Trust Company, Registrar, confirmed that the equivalent of 1,780,781 shares of Idaho Maryland Mines Corporation stock was issued and outstanding as of December 31, 1938.

Outstanding capital stock increased from 1,768,281 shares at December 31, 1937 to 1,780,781 shares at December 31, 1938, through the issue of 12,500 shares, pursuant to an agreement for services entered into with Errol MacBoyle in 1932.

CAPITAL SURPLUS--\$1,324,783.31:

Capital surplus requires no comment as there were no changes during the year.

EARNED SURPLUS--\$686,234.91:

The changes in earned surplus during the year ended December 31, 1938 are set forth in schedule A-2. The charge of \$213,046.11 to earned surplus for "loss on Forbestown project abandoned in December 1938" is explained on pages 10 and 11 of this report.

GENERAL COMMENTS

Federal income tax returns through the calendar year 1935 have been examined and closed by the Treasury Department.

The accounts and financial records of the company at December 31, 1938 were in agreement with the statements and figures contained in this report.

- - - - -

We wish to express our appreciation of the courtesies and assistance extended to our representatives by the directors and employees during the course of the examination.

Yours very truly,

McLaren Goode

IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

Statement of Earned Surplus
Year Ended December 31, 1938

Balance, January 1, 1938	\$ 681,092.72
Loss on Forbestown project abandoned in December, 1938	<u>213,046.11</u>
	\$ 468,046.61
Net income for 1938--see exhibit B	<u>1,193,446.00</u>
	\$1,661,492.61
Dividends declared in 1938--55 cents per share (dividends of 60 cents per share were paid in 1938 of which 5 cents per share was declared in December, 1937)	<u>975,257.70</u>
Earned surplus, December 31, 1938	<u>\$ 686,234.91</u>

IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

Statement of Income and Profit and Loss
Year Ended December 31, 1938OPERATING REVENUES:

Bullion--less mint charges	\$4,555,373.92	
Custom ore and concentrates purchased--less treatment charges		<u>44,529.48</u>
Total operating revenues		\$4,510,844.44

OPERATING EXPENSES:

Mining, hoisting and preliminary crushing	\$1,757,670.01	
Milling and ore treatment	342,485.05	
Shipping expense on bullion	10,866.49	
Taxes, insurance and royalties	315,440.07	
Administrative and general expenses	<u>419,219.71</u>	
Total operating expenses		<u>2,845,681.33</u>

Net income from operations--before depletion and depreciation		\$1,665,163.11
--	--	----------------

<u>OTHER INCOME--NET</u>		<u>71,418.39</u>
		\$1,736,581.50

<u>DEPLETION AND DEPRECIATION</u>		<u>428,135.50</u>
---	--	-------------------

Net income before Federal income tax		\$1,308,446.00
--	--	----------------

<u>PROVISION FOR FEDERAL INCOME TAX</u>		<u>115,000.00</u>
---	--	-------------------

Net income to surplus		<u>\$1,193,446.00</u>
---------------------------------	--	-----------------------

IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

**Statement of Changes in Properties, Plants and Equipment
Year Ended December 31, 1938**

Description	Asset Accounts				Balance December 31, 1938	Reserves for Depletion and Depreciation				Net After Reserves December 31, 1938	
	Balance December 31, 1937	Additions	Sales and Abandonments	Transfers (In or Out)		Balance December 31, 1937	Depletion and Depreciation Taken in 1938	Accumulated Depreciation on Sales and Abandonments	Transfers (In or Out)		Balance December 31, 1938
MINING CLAIMS, DEVELOPMENT COSTS, PLANTS AND EQUIPMENT--GRASS VALLEY:											
Mining claims and properties . . .	\$ 724,497.96	\$ 50,325.30	\$	\$	\$ 774,823.26	\$ 227,239.55	\$ 72,239.06	\$	\$	\$ 299,478.61	\$ 475,344.65
Mining claims--payments on options . . . . .	. . . . .	3,250.00	. . . . .	. . . . .	3,250.00	. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	3,250.00
Development costs prior to operating period	1,875,128.56	. . . . .	. . . . .	. . . . .	1,875,128.56	680,446.24	157,606.44	. . . . .	. . . . .	838,052.68	1,037,075.88
Development costs after commencement of operation period	182,308.07	9,303.86	. . . . .	. . . . .	191,611.93	47,947.38	18,952.70	. . . . .	. . . . .	66,900.08	124,711.85
Underground equipment installed prior to operating period	243,484.38	. . . . .	. . . . .	. . . . .	243,484.38	88,355.61	20,465.10	. . . . .	. . . . .	108,820.71	134,663.67
Plants, buildings and equipment	988,442.09	51,993.95	. . . . .	49,410.21	1,089,846.25	286,175.29	99,811.96	. . . . .	. . . . .	385,987.25	703,859.00
Automobiles, trucks and tractors	29,781.19	17,664.35	. . . . .	. . . . .	47,445.54	12,967.32	6,519.91	. . . . .	. . . . .	19,487.23	27,958.31
Office furniture, equipment, etc.	13,792.03	1,560.58	410.00	. . . . .	14,942.61	2,796.81	1,072.98	126.37	. . . . .	3,743.42	11,199.19
Equipment not installed	9,097.30	1,707.30	. . . . .	2,330.00	8,474.60	. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	8,474.60
Total mining claims, development costs, plants and equipment--Grass Valley	<u>\$4,066,531.58</u>	<u>\$135,805.34</u>	<u>\$ 410.00</u>	<u>\$47,080.21</u>	<u>\$4,249,007.13</u>	<u>\$1,345,928.20</u>	<u>\$376,668.15</u>	<u>\$ 126.37</u>	<u>\$</u>	<u>\$1,722,469.98</u>	<u>\$2,526,537.15</u>
MINING CLAIMS, DEVELOPMENT COSTS, PLANTS AND EQUIPMENT--FORBESTOWN:											
Mining claims--owned in fee	\$ 18,978.09	\$	\$	\$	\$ 18,978.09	\$ 106.93	\$ 181.85	\$	\$	\$ 288.78	\$ 18,689.31
Mining claims--payments on options	65,657.52	6,000.00	71,657.52	. . . . .	. . . . .	368.16	543.49	911.65	. . . . .	. . . . .	. . . . .
Development costs prior to operating period	34,038.23	. . . . .	34,038.23	. . . . .	. . . . .	1,179.59	1,753.73	2,933.32	. . . . .	. . . . .	. . . . .
Plants, buildings and equipment	178,240.06	33,429.21	138,559.91	73,309.36	. . . . .	31,672.92	31,113.47	36,757.24	26,029.15	. . . . .	. . . . .
Total mining claims, development costs, plants and equipment--Forbestown	<u>\$ 296,913.90</u>	<u>\$ 39,429.21</u>	<u>\$244,255.66</u>	<u>\$73,309.36</u>	<u>\$ 18,978.09</u>	<u>\$ 33,327.60</u>	<u>\$ 33,592.54</u>	<u>\$40,602.21</u>	<u>\$26,029.15</u>	<u>\$ 288.78</u>	<u>\$ 18,689.31</u>
UNION HILL MINING PROPERTY AND PLANT	\$ 111,352.24	\$	\$	\$	\$ 111,352.24	\$	\$	\$	\$	\$	\$ 111,352.24
AIRPORT AND AIRPLANE:											
Airport--runways, hangars and equipment	\$ 54,964.09	\$	\$	\$	\$ 54,964.09	\$ 4,764.14	\$ 2,409.36	\$	\$	\$ 7,173.50	\$ 47,790.59
Airplane	53,240.16	64,715.69	53,240.16	. . . . .	64,715.69	13,765.77	12,578.82	21,422.62	. . . . .	4,921.97	59,793.72
Total airport and airplane	<u>\$ 108,204.25</u>	<u>\$ 64,715.69</u>	<u>\$ 53,240.16</u>	<u>\$</u>	<u>\$ 119,679.78</u>	<u>\$ 18,529.91</u>	<u>\$ 14,988.18</u>	<u>\$21,422.62</u>	<u>\$</u>	<u>\$ 12,095.47</u>	<u>\$ 107,584.31</u>
RANCH PROPERTIES, BUILDINGS AND EQUIPMENT:											
Land	\$ 20,204.80	\$	\$	\$	\$ 20,204.80	\$	\$	\$	\$	\$	\$ 20,204.80
Buildings	43,693.32	1,847.73	. . . . .	. . . . .	45,541.05	12,775.06	2,886.63	. . . . .	. . . . .	15,661.69	29,879.36
Total ranch properties, buildings and equipment	<u>\$ 63,898.12</u>	<u>\$ 1,847.73</u>	<u>\$</u>	<u>\$</u>	<u>\$ 65,745.85</u>	<u>\$ 12,775.06</u>	<u>\$ 2,886.63</u>	<u>\$</u>	<u>\$</u>	<u>\$ 15,661.69</u>	<u>\$ 50,084.16</u>
Total mining claims, development costs, plants and equipment	<u>\$4,646,900.09</u>	<u>\$241,797.97</u>	<u>\$297,905.82</u>	<u>\$26,029.15</u>	<u>\$4,564,763.09</u>	<u>\$1,410,560.77</u>	<u>\$428,135.50</u>	<u>\$62,151.20</u>	<u>\$26,029.15</u>	<u>\$1,750,515.92</u>	<u>\$2,814,247.17</u>

NOTE: For equipment which cost \$73,109.36 and on which depreciation of \$26,029.15 had accumulated to December 31, 1938, were transferred to Grass Valley

IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

Balance Sheet--December 31, 1938

ASSETS

CURRENT ASSETS:

Cash on deposit and on hand	\$ 307,287.09
Bullion in transit--net proceeds received from mint	184,310.83
Gold specimen ore--at assay value	2,478.21
Accounts receivable--employees \$1,392.50; others \$9,397.62	10,790.12
Materials and supplies--at cost	<u>136,295.74</u>

Total current assets \$ 641,161.99

DEPOSITS:

Certificate of deposit--self-insurer's bond	30,000.00
---	-----------

ADVANCES AND INVESTMENTS:

Grass Valley Bullion Mines:	
Notes receivable	\$ 673,000.00
Accrued interest on notes--contra	103,042.78
Grass Valley Bullion Mines--100,000 shares of Class B stock at nominal value	
	1.00
Advances to officer	9,323.35
Treasury stock--13,313 shares at cost--held by trustees to be used for contractual obligations payable in stock	<u>77,225.03</u>

Total advances and investments 862,592.16

PROPERTIES, PLANTS AND EQUIPMENT--LESS DEPLETION AND DEPRECIATION--schedule A-1:

Mining claims, development costs, plant and equipment--Grass Valley	\$2,526,537.15
Mining claims--Forbestown	18,689.31
Union Hill mining properties and plant	111,352.24
Airport and airplanes	107,584.31
Ranch properties, buildings and equipment	<u>50,084.16</u>

Properties, plants and equipment--net 2,814,247.17

DEFERRED EXPENSES:

Prepaid operating expenses	\$ 36,920.73
Insurance, etc.	<u>14,843.88</u>
Total	51,764.61

Total deferred expenses 51,764.61

\$4,399,765.93

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:

Accounts payable--trade and other creditors	\$ 53,318.35
Accrued payrolls, insurance and taxes	113,217.27
Provision for 1938 Federal income tax	115,000.00
Other payables	<u>26,193.39</u>

Total current liabilities \$ 307,729.01

ACCRUED COMPENSATION PAYABLE IN STOCK:

Payable in treasury stock	55,527.40
-------------------------------------	-----------

RESERVE FOR COMPENSATION INSURANCE--SELF-INSURER

141,667.52

DEFERRED CREDIT:

Accrued interest on Grass Valley Bullion Mines notes--contra	103,042.78
--	------------

CAPITAL AND SURPLUS:

Capital stock--\$1.00 par value--authorized 2,500,000 shares; issued 1,778,573 shares; held for conversion predecessor's stock 2,208 shares	\$1,780,781.00
Capital surplus--no change in 1938	1,324,783.31
Earned surplus--schedule A-2	<u>686,234.91</u>

Total capital and surplus 3,791,799.22

\$4,399,765.93

MCLAREN, GOODE & Co.

Certified Public Accountants

NORMAN MCLAREN, C. P. A.
P. G. GOODE, C. P. A., A. C. A.
N. L. MCLAREN, C. P. A.
LEWIS LILLY, C. P. A.
SELDON M. WILSON, C. P. A.
D. J. W. PATRICK, C. P. A.
J. B. SCHOLEFIELD, C. P. A., A. C. A.
JAMES A. RUNSER, C. P. A.
ARTHUR A. WENDER, C. P. A.
GEORGE E. MILNER, C. P. A.

444 CALIFORNIA STREET
SAN FRANCISCO

OFFICES
LOS ANGELES
SANTA BARBARA

CORRESPONDENTS IN THE
PRINCIPAL CITIES OF UNITED STATES
AND ABROAD

March 12, 1940

The Board of Directors,
Idaho Maryland Mines Corporation,
San Francisco, California.

Dear Sirs:

We have examined the balance sheet of Idaho Maryland Mines Corporation as of December 31, 1939, and the statements of income and surplus for the year then ended, have reviewed the system of internal control and accounting procedures of the company and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate.

In our opinion, the accompanying balance sheet and related statements of income and surplus present fairly the position of Idaho Maryland Mines Corporation at December 31, 1939, and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.


CERTIFIED PUBLIC ACCOUNTANTS.

IDAHO MARYLAND MINES CORPORATION
(A Nevada Corporation)
Balance sheet Notes

NOTE 1:

The company holds as collateral for the notes receivable and accrued interest due from Grass Valley Bullion Mines, deeds of trust on the properties, including properties under purchase option agreements. Messrs. Errol Mac Boyle and F. W. McNear, Vice Presidents and Directors of Idaho Maryland Mines Corporation, jointly and severally have guaranteed \$50,000.00 of these advances. Idaho Maryland Mines Corporation also holds options to acquire a controlling interest in the capital stock of Grass Valley Bullion Mines.

There was no change in the amount of notes receivable during the year. The interest of \$40,135.34 accrued upon the notes in 1939 is carried as a deferred credit in the balance sheet and has not been included in current income. Grass Valley Bullion Mines advises that there are unpaid balances of \$24,900.00 on properties under purchase option agreements, of which \$23,900.00 is payable in 1940.

In March, 1939, the Idaho Maryland Mines Corporation purchased a \$61,569.82 judgment of Empire Star Mines Company, Ltd., against Grass Valley Bullion Mines. Payments of \$28,000.00 were received during the year from Grass Valley Bullion Mines, leaving a balance of \$33,569.82 due on the judgment at December 31, 1939.

The ultimate realization on the notes and interest is not determinable, pending further development of the properties.

NOTE 2:

Mining claims, development costs, plants and equipment of \$2,414,356.18 represent operating properties at Grass Valley and are stated at amounts (representing a portion of the aggregate costs) agreed to by the Treasury Department for depletion and depreciation purposes at December 31, 1931, with subsequent additions and acquisitions stated at cost, less depletion and depreciation on a unit of production basis.

The mining claims of \$63,386.22 are carried at cost and consist of Forbestown and other properties which are inoperative at present.

Union Hill mining properties and plant at Grass Valley are stated at the par value of capital stock issued therefor with subsequent additions at cost. The properties are inoperative and no provision has been made for depletion and depreciation.

Airport and airplane and ranch properties, buildings and equipment are stated at cost, less depreciation.

IDAHO MARYLAND MINES CORPORATION
(A Nevada Corporation)

Statement of Income and Profit and Loss,
Year Ended December 31, 1939

OPERATING REVENUES:

Bullion--less mint charges	\$4,153,597.00	
Custom ore and concentrates purchased--less treatment charges		72,740.83
 Total operating revenues		 \$4,080,856.17

OPERATING EXPENSES:

Mining, hoisting and preliminary crushing	\$1,771,439.38	
Milling and ore treatment	266,881.55	
Shipping expense on bullion	9,603.89	
Taxes, insurance and royalties	295,552.94	
Administrative and general expenses	351,140.99	
 Total operating expenses		 2,694,618.75

Net income from operations--before depletion and depreciation		\$1,386,237.42
--	--	----------------

<u>OTHER INCOME--NET</u>		68,182.17
------------------------------------	--	-----------

\$1,454,419.59

<u>DEPLETION AND DEPRECIATION</u>		387,248.09
---	--	------------

Net income before Federal income tax		\$1,067,171.50
--	--	----------------

<u>PROVISION FOR FEDERAL INCOME TAX</u>		112,000.00
---	--	------------

Net income to surplus		\$ 955,171.50
---------------------------------	--	---------------

IDAHO MARYLAND MINES CORPORATION
 (A Nevada Corporation)

Statement of Earned Surplus,
Year Ended December 31, 1939

<u>BALANCE, JANUARY 1, 1939</u>	\$ 686,234.91
<u>REDUCTION IN PRIOR YEARS DEPLETION AND DEPRECIATION--</u>	
<u>INCOME TAX AND ADJUSTMENTS</u>	<u>75,709.21</u>
	\$ 761,944.12
<u>NET INCOME FOR 1939--See income Statement</u>	<u>955,171.50</u>
	\$1,717,115.62
<u>DIVIDENDS DECLARED AND PAID IN 1939--60 CENTS PER SHARE</u>	<u>1,066,285.80</u>
Earned surplus, December 31, 1939	<u>\$ 650,829.82</u>

INTER-OFFICE CORRESPONDENCE

IDAHO MARYLAND MINES CORPORATION

SAN FRANCISCO, March 14, 1940.

FORBESTOWN, _____

GRASS VALLEY, _____

TO Mr. J. T. McCarthy

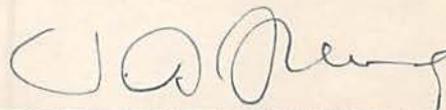
SUBJECT: Audit Report

Dear McCarthy:

We sent a copy to Mr. MacBoyle yesterday. The auditors ask to have a correction made. On last page, Surplus Adjustment, third line, cross out "and" between Income Tax and Adjustments. There are no adjustments other than Income Tax adjustments, so the "and" should be eliminated.

OK

Sincerely,



W. H. French, Secty.

F:M

IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

Balance Sheet--December 31, 1939

ASSETS

LIABILITIES AND CAPITAL

CURRENT ASSETS:

Cash on deposit and on hand	\$ 282,515.43
Bullion in transit--net proceeds received from mint	276,589.95
Gold specimen ore--at assay value	2,478.21
Accounts receivable--employees \$1,884.01; others \$20,920.36	22,804.37
Materials and supplies--at cost	<u>164,734.09</u>

Total current assets \$ 749,122.05

DEPOSITS:

Certificate of deposit--self-insurer's bond	50,000.00
---	-----------

ADVANCES AND INVESTMENTS:

Grass Valley Bullion Mines--Note 1:	
Notes receivable	\$ 673,000.00
Accrued interest on notes--contra	143,178.12
Judgment of Empire Star Mines Company, Ltd. against Grass Valley Bullion Mines purchased by Idaho Maryland Mines Corporation--balance	33,569.82
Grass Valley Bullion Mines--100,000 shares of Class B stock at nominal value	1.00
Treasury stock--513 shares at cost--held by Trustees to be used for contractual obligations payable in stock	<u>3,591.00</u>

Total advances and investments 853,539.94

PROPERTIES, PLANTS AND EQUIPMENT--LESS DEPLETION AND DEPRECIATION--Note 2:

Mining claims, development costs, plant and equipment	\$2,414,356.18
Mining claims--non-operating	63,386.22
Union Hill mining properties and plant	111,352.24
Airport and airplanes	89,510.49
Ranch properties, buildings and equipment	<u>52,532.24</u>

Properties, plants and equipment--net 2,731,137.37

DEFERRED EXPENSES:

Prepaid operating expenses	\$ 22,715.09
Prepaid insurance, etc.	<u>11,034.81</u>

Total deferred expenses 33,749.90

\$4,397,349.26

CURRENT LIABILITIES:

Accounts payable--trade and other creditors	\$ 48,917.51
Accrued pay rolls, insurance and taxes	127,668.27
Provision for 1939 Federal income tax	112,000.00
Other payables	<u>51,574.31</u>

Total current liabilities \$ 340,160.09

ACCRUED COMPENSATION PAYABLE IN STOCK:

Payable in unissued stock	\$ 9,375.02
Payable in treasury stock	<u>2,100.00</u>

Total accrued compensation payable in stock 11,475.02

RESERVE FOR COMPENSATION INSURANCE--SELF-INSURER

146,141.90

DEFERRED CREDIT:

Accrued interest on Grass Valley Bullion Mines notes--contra 143,178.12

CAPITAL AND SURPLUS:

Capital stock, \$1.00 par value--authorized 2,500,000 shares; issued 1,778,998 shares; held for conversion predecessor's stock 1,783 shares	\$1,780,781.00
Capital surplus--no change in 1939	1,324,783.31
Earned surplus--see surplus statement	<u>650,829.82</u>

Total capital and surplus 3,756,394.13

\$4,397,349.26

(See following page for notes)

NORMAN MFLAREN, C. P. A.
P. G. GOODE, C. P. A. A. C. A.
N. L. MFLAREN, C. P. A.
LEWIS LILLY, C. P. A.
SELDON M. WILSON, C. P. A.
D. J. W. PATRICK, C. P. A.
J. B. SCHOLEFIELD, C. P. A. A. C. A.
JAMES A. RUNSER, C. P. A.
ARTHUR A. WENDER, C. P. A.
GEORGE E. MILNER, C. P. A.

MCLAREN, GOODE & Co.

Certified Public Accountants

444 CALIFORNIA STREET
SAN FRANCISCO

March 18, 1940

OFFICES
LOS ANGELES
SANTA BARBARA

CORRESPONDENTS IN THE
PRINCIPAL CITIES OF UNITED STATES
AND ABROAD

The Board of Directors,
Idaho Maryland Mines Corporation,
San Francisco, California.

Dear Sirs:

We have examined the balance sheet of the

IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

as of December 31, 1939, and the statements of income and surplus for the year then ended, and submit herewith our report which consists of the following exhibits with supporting schedules and comments thereon:

Exhibit A--Balance sheet--December 31, 1939

Schedule A-1--Statement of changes in properties, plants and equipment, year ended December 31, 1939

Schedule A-2--Statement of earned surplus, year ended December 31, 1939

Exhibit B--Statement of income and profit and loss, year ended December 31, 1939

In this connection we have reviewed the system of internal control and accounting procedures of the company and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate.

COMMENTS ON OPERATIONS

Operations for the year ended December 31, 1939 resulted in a net income of \$955,171.50 as reflected in exhibit B, which was \$238,274.50 less than the net income of \$1,193,446.00 for the preceding year. Results of operations for the respective years, showing increases and decreases, are presented in comparative form in the

following summary:

Description	Year Ended December 31, 1939	1938	Increase Decrease
<u>OPERATING REVENUES:</u>			
Bullion--less mint charges	\$4,153,597.00	\$4,555,373.92	\$401,776.92
Custom ore and concentrates purchased-- less treatment charges	72,740.83	44,529.48	28,211.35
Total operating revenues	<u>\$4,080,856.17</u>	<u>\$4,510,844.44</u>	<u>\$429,988.27</u>
<u>OPERATING EXPENSES:</u>			
Mining, hoisting and preliminary crush- ing	\$1,771,439.38	\$1,757,670.01	\$ 13,769.37
Milling and ore treatment	266,881.55	342,485.05	75,603.50
Shipping expense on bullion	9,603.89	10,866.49	1,262.60
Taxes, insurance and royalties	295,552.94	315,440.07	19,887.13
Administrative and general expenses	351,140.99	419,219.71	68,078.72
Total operating expenses	<u>\$2,694,618.75</u>	<u>\$2,845,681.33</u>	<u>\$151,062.58</u>
Net income from operations--before depletion and depreciation	\$1,386,237.42	\$1,665,163.11	\$278,925.69
<u>OTHER INCOME--NET</u>	68,182.17	71,418.39	3,236.22
	<u>\$1,454,419.59</u>	<u>\$1,736,581.50</u>	<u>\$282,161.91</u>
<u>DEPLETION AND DEPRECIATION</u>	387,248.09	428,135.50	40,887.41
Net income before Federal income tax	\$1,067,171.50	\$1,308,446.00	\$241,274.50
<u>PROVISION FOR FEDERAL INCOME TAX</u>	112,000.00	115,000.00	3,000.00
Net income to surplus	<u>\$ 955,171.50</u>	<u>\$1,193,446.00</u>	<u>\$238,274.50</u>

In the above summary, the income and expenses for 1938 include the Forbestown operation, while the income and expenses for 1939 represent only Grass Valley operations as the Forbestown project was abandoned in the latter part of 1938. Forbestown operations for 1938 resulted in a loss of \$119,526.62 as summarized below:

Bullion--less mint charges	\$296,221.23
Operating expenses:	
Mining, hoisting and preliminary crushing	\$235,943.27
Milling and ore treatment	50,870.31
Taxes, insurance and royalties	53,219.03
Administrative and general expenses	42,122.70
Net loss before depletion and depreciation	<u>382,155.31</u>
Depletion and depreciation	\$ 85,934.08
	<u>33,592.54</u>
Net loss	<u>\$119,526.62</u>

If the Forbestown income and expenses for 1938 are excluded, the operating results for that year will be on a more comparable basis with 1939 operations. Accordingly, the comparative summary of operations on the preceding page is re-stated, excluding the Forbestown items from the several income and expense categories in 1938, in the statement that follows:

<u>Description</u>	<u>Year Ended December 31,</u>		<u>Increase Decrease</u>
	<u>1939</u>	<u>1938</u>	
<u>OPERATING REVENUES:</u>			
Bullion--less mint charges	\$4,153,597.00	\$4,259,152.69	\$105,555.69
Custom ore and concentrates purchased-- less treatment charges	72,740.83	44,529.48	28,211.35
Total operating revenues	\$4,080,856.17	\$4,214,623.21	\$133,767.04
<u>OPERATING EXPENSES:</u>			
Mining, hoisting and preliminary crushing	\$1,771,439.38	\$1,521,726.74	\$249,712.64
Milling and ore treatment	266,881.55	291,614.74	24,733.19
Shipping expense on bullion	9,603.89	10,866.49	1,262.60
Taxes, insurance and royalties	295,552.94	262,221.04	33,331.90
Administrative and general expense	351,140.99	377,097.01	25,956.02
Total operating expenses	\$2,694,618.75	\$2,463,526.02	\$231,092.73
Net income from operations--before depletion and depreciation	\$1,386,237.42	\$1,751,097.19	\$364,859.77
<u>OTHER INCOME--NET</u>	68,182.17	71,418.39	3,236.22
	\$1,454,419.59	\$1,822,515.58	\$368,095.99
<u>DEPLETION AND DEPRECIATION</u>	387,248.09	394,542.96	7,294.87
	\$1,067,171.50	\$1,427,972.62	\$360,801.12
<u>PROVISION FOR FEDERAL INCOME TAX</u>	112,000.00	115,000.00	3,000.00
Net income--Grass Valley operation.	\$ 955,171.50	\$1,312,972.62	\$357,801.12
<u>FORBESTOWN OPERATION (NET LOSS)</u> . . . . .	.....	119,526.62	119,526.62
Net income to surplus	\$ 955,171.50	\$1,193,446.00	\$238,274.50

Based on the foregoing statement the 1939 net income of \$955,171.50, resulting entirely from Grass Valley operations, is \$357,801.12 less than the 1938 income of \$1,312,972.62 before the Forbestown loss. This decline of \$357,801.12 is accounted for largely by the decrease of \$133,767.04 in operating revenues and the increase of \$249,712.64 in mining, hoisting and preliminary crushing, which together aggregate \$383,479.68 or somewhat more than the \$357,801.12 reduction in net income from Grass Valley operations.

The following comments are made respecting the principal variations in the several classifications of the foregoing statement:

(1) The decrease of \$133,767.04 in operating revenue resulted wholly from a decline in per ton realization as the tonnage of ore milled in 1939 was substantially greater than the 1938 tonnage. The per ton yield based on operating revenue for the respective years is set forth below:

<u>Description</u>	<u>1939</u>		<u>1938</u>	
	<u>Amount</u>	<u>Per Ton</u>	<u>Amount</u>	<u>Per Ton</u>
Tons of company ore milled		<u>410,411</u>		<u>331,406</u>
Bullion revenue	\$4,173,905.24	\$10.17	\$4,280,689.72	\$12.92
Custom ore and concentrates purchased	109,290.74	.27	92,516.22	.28
Net bullion revenue	<u>\$4,064,614.50</u>	<u>\$ 9.90</u>	<u>\$4,188,173.50</u>	<u>\$12.64</u>
Mint and smelter charges	20,308.24	.05	21,537.03	.07
Net revenue	<u>\$4,044,306.26</u>	<u>\$ 9.85</u>	<u>\$4,166,636.47</u>	<u>\$12.57</u>
Treatment charges on custom ore, etc.	<u>36,549.91</u>	<u>.09</u>	<u>47,986.74</u>	<u>.15</u>
Total operating revenues	<u>\$4,080,856.17</u>	<u>\$ 9.94</u>	<u>\$4,214,623.21</u>	<u>\$12.72</u>

This tabulation reveals a decrease of \$2.78 (from \$12.72 to \$9.94) in per ton yield and an increase of 79,005 (from 331,406 to 410,411) in tons milled. The effect of the lower yield and of the higher tonnage milled on the \$133,767.04 decrease in operating revenues follows:

Decrease due to decline in per ton yield--1938 production of 331,406 tons at decreased yield of \$2.774 per ton	\$919,340.63
Increase due to greater tonnage milled--79,005 tons at 1939 realization of \$9.943 per ton	<u>785,573.59</u>
Decrease in operating revenues	<u>\$133,767.04</u>

(2) Mining, hoisting and preliminary crushing costs were \$249,712.64 more in 1939 than in 1938 due to the greater tonnage of ore milled. A comparison of costs on a tonnage basis reflects a per ton cost of \$4.32 for 1939 or a decrease of \$.27 per ton when compared with the per ton cost of \$4.59 for 1938, as shown in the following tabulation:

<u>Description</u>	<u>1939</u>		<u>1938</u>	
	<u>Amount</u>	<u>Per Ton</u>	<u>Amount</u>	<u>Per Ton</u>
Tons of company ore milled		<u>410,411</u>		<u>331,406</u>
Mining--development	\$ 810,821.70	\$1.98	\$ 729,286.85	\$2.20
Mining--extraction	922,851.21	2.25	757,680.64	2.29
Total mining	<u>\$1,733,672.91</u>	<u>\$4.23</u>	<u>\$1,486,967.49</u>	<u>\$4.49</u>
Preliminary crushing	37,766.47	.09	34,759.25	.10
Total	<u>\$1,771,439.38</u>	<u>\$4.32</u>	<u>\$1,521,726.74</u>	<u>\$4.59</u>

(3) Milling and ore treatment costs decreased \$24,733.19 with an attendant reduction of \$.19 in the per ton cost, as indicated in the statement that follows:

<u>Classification</u>	<u>1939</u>	<u>1938</u>	<u>Increase Decrease</u>
Milling	\$138,430.51	\$132,336.85	\$ 6,093.66
Flotation	74,063.07	73,858.87	204.20
Cyaniding of concentrates . .	28,417.80	33,229.04	4,811.24
Cyanidation of flotation tails	8,908.60	9,980.52	1,071.92
General expenses	<u>17,061.57</u>	<u>42,209.46</u>	<u>25,147.89</u>
Total	<u>\$266,881.55</u>	<u>\$291,614.74</u>	<u>\$24,733.19</u>
Tons of ore milled (company and Grass Valley Bullion Mines)	<u>434,226</u>	<u>364,932</u>	<u>69,294</u>
Per ton cost	<u>\$.61</u>	<u>\$.80</u>	<u>\$.19</u>

The decrease of \$24,733.19 in milling and ore treatment is attributable principally to a reduction of \$25,147.89 in the item of general expenses, which were abnormal in 1938 due to large expenditures on mill roads and tailing's pond.

(4) Taxes, insurance and royalties increased \$33,331.90 as explained by the following comparative analysis:

<u>Classification</u>	<u>1939</u>	<u>1938</u>	<u>Increase Decrease</u>
Property taxes	\$ 27,397.23	\$ 19,120.87	\$ 8,276.36
Unemployment insurance tax . .	52,032.23	41,448.34	10,583.89
Old age benefits tax	15,818.09	13,448.17	2,369.92
Capital stock tax	16,500.00	16,500.00	.....
California state franchise tax	29,046.75	32,689.54	3,642.79
Compensation insurance	124,367.52	110,618.08	13,749.44
Group life insurance	8,280.00	7,832.33	447.67
Other insurance	11,754.60	10,861.97	892.63
Safety and first aid	<u>10,356.52</u>	<u>9,701.74</u>	<u>654.78</u>
Total	<u>\$295,552.94</u>	<u>\$262,221.04</u>	<u>\$33,331.90</u>

(5) The decrease of \$25,956.02 in general and administrative expenses is explained by a comparison of the principal items in this category, as follows:

<u>Description</u>	<u>1939</u>	<u>1938</u>	<u>Increase</u> <u>Decrease</u>
Grass Valley:			
Sluicing tailings	\$ 12,917.53	\$ 432.34	\$12,485.19
Management and superintendence	39,152.90	34,992.49	4,160.41
Watchmen	24,030.49	30,763.92	6,733.43
Additional compensation to employees	23,910.00	18,960.00	4,950.00
Mine office expense	36,428.79	35,339.07	1,089.72
Engineering expense	20,913.00	18,102.86	2,810.14
Automobile, truck and garage expense	31,018.09	32,159.55	1,141.46
Other expenses	64,509.38	53,283.81	11,225.57
Total Grass Valley	<u>\$252,880.18</u>	<u>\$224,034.04</u>	<u>\$28,846.14</u>
San Francisco:			
Administrative salaries	\$ 40,281.65	\$ 70,244.88	\$29,963.23
Office salaries	10,522.30	10,389.15	133.15
Legal expense	18,528.76	40,828.10	22,299.34
Other expenses	28,928.10	31,600.84	2,672.74
Total San Francisco	<u>\$ 98,260.81</u>	<u>\$153,062.97</u>	<u>\$54,802.16</u>
Total	<u>\$351,140.99</u>	<u>\$377,097.01</u>	<u>\$25,956.02</u>

Approximately \$11,000.00 of the \$28,846.14 increase in Grass Valley expenses is explained by a proration in 1938, which did not recur in 1939, of that amount of Grass Valley expenses to Forbestown. The decrease of \$29,963.23 in San Francisco administrative salaries is due principally to a decrease in compensation payable in stock which was based largely on the cost of treasury stock in 1938, and on the \$1.00 par value of unissued stock in 1939. Legal expense reflects a decrease of \$22,299.34 as there were expenses of \$22,500.00 in 1938 in connection with the National Labor Relations Board action.

(6) Other income declined \$3,236.22 as explained in the following comparative summary:

<u>Description</u>	<u>1939</u>	<u>1938</u>	<u>Increase</u> <u>Decrease</u>
Reduction in compensation insurance reserve provision	\$57,235.47	\$47,302.97	\$ 9,932.50
Reduction in silicosis insurance reserve provision	10,982.22	.....	10,892.22
Gain on sale of fixed assets	777.05	10,399.62	11,176.67
Cash discounts taken	3,413.25	3,407.18	6.07
Adjustment of prior years' Federal income taxes	8,753.93	4,508.05	13,261.98
Interest paid	1,058.22	2,291.39	1,233.17
Other items--net	7,140.43	8,091.96	951.53
Other income--net	<u>\$68,182.17</u>	<u>\$71,418.39</u>	<u>\$3,236.22</u>

The reductions in compensation and silicosis insurance reserve provisions represent 30 per cent of the current year's provision plus the balance remaining of the fourth preceding year, which basis was adopted by the company beginning in the year 1937. Gain on sale of fixed assets (\$10,399.62) for 1938 arose principally from the sale of an airplane. The adjustment of prior years' Federal income taxes (\$8,753.93) in 1939 represents for the most part additional assessments for interest on notes receivable of Grass Valley Bullion Mines for the years 1936 and 1937, and a reduction in depreciation for the year 1937 arising from a revision upward of the recoverable gold reserves as estimated at January 1, 1937.

(7) The decrease of \$7,294.87 in depletion and depreciation is small relatively and resulted from a combination of factors, such as the increase in the recoverable gold reserves as of January 1, 1937, the somewhat fewer ounces of gold produced in 1939; and the additions to mining properties and plants during the year. The first two factors had the effect of decreasing the amount of depletion and depreciation, which was offset to some extent by the depletion and depreciation taken on mining property and plant additions in 1939.

In general, the decrease in net income for 1939 may be attributed to the lower per ton yield on ore, as mining and milling costs reflect small decreases on a per ton basis, while other expense items did not vary enough to affect materially the net results of operations.

COMMENTS ON FINANCIAL CONDITION

The financial position of the company at December 31, 1939 is presented in detail in exhibit A, and is compared with the financial position at December 31, 1938 in the following comparative balance sheet summary:

<u>Description</u>	<u>December 31,</u>		<u>Increase Decrease</u>
	<u>1939</u>	<u>1938</u>	
<u>CURRENT ASSETS:</u>			
Cash on deposit and on hand	\$ 282,515.43	\$ 307,287.09	\$24,771.66
Bullion in transit	276,589.95	184,310.83	92,279.12
Gold specimen ore	2,478.21	2,478.21	.....
Accounts receivable*	22,804.37	20,113.47	2,690.90
Materials and supplies	164,734.09	136,295.74	28,438.35
Total current assets	<u>\$ 749,122.05</u>	<u>\$ 650,485.34</u>	<u>\$98,636.71</u>
<u>CURRENT LIABILITIES:</u>			
Accounts payable	\$ 48,917.51	\$ 53,318.35	\$ 4,400.84
Accrued pay rolls, insurance and taxes . .	127,668.27	113,217.27	14,451.00
Provision for Federal income tax	112,000.00	115,000.00	3,000.00
Other payables	51,574.31	26,193.39	25,380.92
Total current liabilities	<u>\$ 340,160.09</u>	<u>\$ 307,729.01</u>	<u>\$32,431.08</u>
Working capital	\$ 408,961.96	\$ 342,756.33	\$66,205.63
<u>DEPOSITS</u>	30,000.00	30,000.00	.....
<u>ADVANCES AND INVESTMENTS:</u>			
<u>Grass Valley Bullion Mines:</u>			
Notes receivable	673,000.00	673,000.00	.....
Accrued interest on notes	143,178.12	103,042.78	40,135.34
Balance due on judgment	33,569.82	.....	33,569.82
Grass Valley Bullion Mines Class B stock .	1.00	1.00	.....
Treasury stock--held by Trustees	3,591.00	77,225.03	73,634.03
<u>PROPERTIES, PLANTS AND EQUIPMENT--NET</u>	2,731,137.37	2,814,247.17	83,109.80
<u>DEFERRED EXPENSES</u>	33,749.90	51,764.61	18,014.71
	<u>\$4,057,189.17</u>	<u>\$4,092,036.92</u>	<u>\$34,847.75</u>
<u>DEDUCT:</u>			
Accrued compensation payable in stock . .	\$ 11,475.02	\$ 55,527.40	\$44,052.38
Reserve for compensation insurance	146,141.90	141,667.52	4,474.38
Deferred credit--accrued interest on Grass Valley Bullion Mines notes	143,178.12	103,042.78	40,135.34
	<u>\$ 300,795.04</u>	<u>\$ 300,237.70</u>	<u>\$ 557.34</u>
Net assets	<u>\$3,756,394.13</u>	<u>\$3,791,799.22</u>	<u>\$35,405.09</u>
<u>NET ASSETS ARE REPRESENTED BY:</u>			
Capital stock	\$1,780,781.00	\$1,780,781.00	\$
Capital surplus	1,324,783.31	1,324,783.31	.....
Earned surplus	650,829.82	686,234.91	35,405.09
Total capital and surplus	<u>\$3,756,394.13</u>	<u>\$3,791,799.22</u>	<u>\$35,405.09</u>

*In this comparative statement accounts receivable for 1938 have been increased to include advances to officer of \$9,323.35, formerly classified under "Advances and Investments."

Working capital increased \$66,205.63, as indicated by the foregoing summary, and is explained in the statement that follows:

ITEMS INCREASING WORKING CAPITAL:

Net income--exhibit B		\$ 955,171.50	
Add: Items charged to operations which do not affect working capital:			
Depletion and depreciation--schedule A-1 and exhibit B	\$ 387,248.09		
Compensation self-insurance provision (\$123,273.49 charged to operations, less \$68,217.69 credited to other income)		55,055.80	
Compensation for services payable in stock		29,581.65	
Sundry items		780.67	
Increase in working capital through operations			472,666.21
Decrease in deferred expenses			\$1,427,837.71
Proceeds from sale of equipment			18,014.71
Total items increasing working capital			<u>120.00</u>
			\$1,445,972.42

ITEMS DECREASING WORKING CAPITAL:

Dividends declared and paid--schedule A-2	\$1,066,285.80		
Additions to properties, plants and equipment--schedule A-1		229,329.75	
Disbursements under compensation self-insurance		50,581.42	
Purchase of judgment of Empire Star Mines, Company, Ltd. against Grass Valley Bullion Mines:			
Purchase price	\$61,569.82		
Less: Payments by Grass Valley Bullion Mines	<u>28,000.00</u>	<u>33,569.82</u>	
Total items decreasing working capital			<u>1,379,766.79</u>
Net increase in working capital			<u>\$ 66,205.63</u>

The following comments are made respecting the individual items appearing in the balance sheet, exhibit A:

CASH ON DEPOSIT AND ON HAND--\$282,515.43:

Cash consists of bank accounts and revolving funds which are classified as follows:

General accounts:

Wells Fargo Bank & Union Trust Co.--San Francisco	\$ 82,217.64	
American Trust Company--San Francisco	<u>111,410.28</u>	\$193,627.92
Dividend account:		
The Bank of California, N.A.--San Francisco		70,424.00
Compensation insurance fund:		
Bank of America, N.T. & S.A.--San Francisco		12,512.30
Bank revolving funds:		
Bank of America, N.T. & S.A.--Grass Valley:		
Revolving fund	\$3,987.55	
Pay roll account	<u>1,738.66</u>	5,726.21
Cash on hand--San Francisco		<u>225.00</u>
Total		<u>\$282,515.43</u>

Cash book balances were reconciled with certificates received from the depositaries and cash on hand was counted.

BULLION IN TRANSIT--\$276,589.95:

Bullion in transit represents proceeds received in January, 1940, from the Mint at San Francisco for bullion recovered from amalgam and precipitates allocated to 1939 operations. The mint settlements were traced as bank deposits in January 1940.

GOLD SPECIMEN ORE--\$2,478.21:

This is the assay value of \$17.57 per fine ounce of gold for three specimens of ore which were valued and set up in the accounts in prior years. Mr. Albert Crase, General Manager, confirmed that these specimens were at the Mine Office, Grass Valley, California.

ACCOUNTS RECEIVABLE--\$22,804.37:

Accounts receivable consisted of \$1,884.01 due from officers and employees, and \$20,920.36 due from others. The principal items in the latter amount are \$3,064.66 due from Oro Fino Consolidated Mines, which was paid in February, 1940, and \$15,534.36 advanced to purchase gold in connection with the campaign against high-grading. Full settlement of the \$15,534.36 was received in February, 1940, when the gold was delivered to the Mint.

MATERIALS AND SUPPLIES--\$164,734.09:

Materials and supplies are stated at cost and are based on quantities at December 31, 1939 as shown by the perpetual inventory records. The company took a physical inventory at November 30, 1939 at which time the perpetual records were adjusted to the physical inventory with a resultant reduction of \$12,452.75 in the inventories as shown by the books. Tests were made of prices, footings and extensions of the inventories to establish the clerical accuracy thereof.

The inventory at December 31, 1939 included \$7,077.30 of equipment not installed which has been transferred to properties, plants and equipment (see schedule A-1) in this report.

DEPOSITS--\$30,000.00:

This is a certificate of deposit issued by the Bank of America, N.T. & S.A., and is held by The Fidelity and Casualty Company of New York as surety on a self-insurer's bond for compensation insurance. The issuing bank and the holder of the certificate of deposit confirmed the amount and purpose of the deposit.

GRASS VALLEY BULLION MINES--\$849,747.94:

Changes during the year in the several items composing this account are set forth below:

<u>Description</u>	Balance December 31, 1938	<u>Additions</u>	<u>Payments</u>	Balance December 31, 1939
Notes receivable	\$673,000.00	\$	\$	\$673,000.00
Accrued interest	103,042.78	40,135.34	. . . . .	143,178.12
Judgment purchased . . . . .	. . . . .	61,569.82	28,000.00	33,569.82
Total	<u>\$776,042.78</u>	<u>\$101,705.16</u>	<u>\$28,000.00</u>	<u>\$849,747.94</u>

The notes bear interest at six per cent per annum and interest has been accrued to December 31, 1939 but interest has not been accrued on the unpaid interest. The interest of \$143,178.12 has not been taken into income and appears on the balance sheet as a contra item under "deferred credit."

During the year, three notes aggregating \$135,000.00, (representing a portion of the total note indebtedness of \$673,000.00) with accrued interest thereon of \$35,319.27 to December 30, 1939, were renewed by two notes dated December 30, 1939 and maturing on June 30, 1940. One new note is for the principal amount of \$135,000.00 and bears interest at 6 per cent per annum, while the other note is for the accrued interest of \$35,319.27 and is non-interest bearing.

All of the notes, except one for \$5,000.00 dated October 1, 1934, are secured by deeds of trust on the properties, including properties under purchase option

agreements, although a portion (120 acres of a total of 200 acres) of the Morandi option and the Belle Union option are not covered by the deeds of trust. In addition, Messrs. Errol MacBoyle and F.W. McNear, Vice Presidents and Directors of Idaho Maryland Mines Corporation, jointly and severally have guaranteed \$50,000.00 of these advances. Idaho Maryland Mines Corporation also holds options to acquire a controlling interest in the capital stock of Grass Valley Bullion Mines. The Grass Valley Bullion Mines advises that at December 31, 1939 there were unpaid balances of \$24,900.00 on properties under purchase option agreements, of which \$23,900.00 is payable in 1940.

The action brought by Empire Star Mines Company, Ltd. against Grass Valley Bullion Mines, in which Idaho Maryland Mines Corporation was joined as a defendant, was settled on March 21, 1939, and a money judgment of \$86,241.63 was rendered in favor of the plaintiff. Grass Valley Bullion Mines funds of \$24,671.81, which had been impounded previously, were applied on the judgment, and Idaho Maryland Mines Corporation purchased the balance of \$61,569.82 due on the judgment in order to protect its creditor position. Payments of \$28,000.00 were received during the year from Grass Valley Bullion Mines, leaving a balance of \$33,569.82 due on the judgment at December 31, 1939.

The ultimate realization on the notes and interest is not determinable pending further development of the properties.

There was a credit balance of \$15,073.00 in the Grass Valley Bullion Mines open account at December 31, 1939, which is included in the item "Other Payables" on the balance sheet.

GRASS VALLEY BULLION MINES, CLASS B STOCK--\$1.00:

This stock consists of 100,000 shares acquired without cost in 1934 as part consideration for the first advance of \$50,000.00 to Grass Valley Bullion Mines. The stock was confirmed as held in escrow by L.V. Edwards.

TREASURY STOCK--\$3,591.00:

Treasury stock is stated at cost and represents 513 shares bought by Messrs. Zook and French, as Trustees, for the company's account. The stock is held by the Trustees and is to be used for certain contractual obligations of the company which are payable in stock. Stock certificates aggregating 513 shares were examined on January 3, 1940.

During the year 12,500 shares of treasury stock were issued to Errol MacBoyle and 300 shares were issued to G. S. Borden in accordance with contractual obligations.

PROPERTIES, PLANTS AND EQUIPMENT--NET--\$2,731,137.37:

Changes during 1939 in the several classifications of properties, plants and equipment, and the related reserves for depletion and depreciation, are set forth in schedule A-1 of this report. Reference to this schedule will reveal the following pertinent information:

1. Additions of \$229,329.75 in 1939 to properties, plants and equipment.
2. Depletion and depreciation of \$387,248.09 charged to operations.
3. A reduction of \$66,009.21 in the reserves for depletion and depreciation, and an addition of \$9,700.00 in the asset accounts, in order to conform to the revised unit rates of depletion and depreciation as agreed to with the Treasury Department for income tax purposes. The total adjustment of \$75,709.21 was credited to earned surplus; see schedule A-2.

Mining claims, development costs, plants and equipment in operation at Grass Valley are stated at amounts (representing a portion of the aggregate costs) agreed to by the Treasury Department for depletion and depreciation purposes at December 31, 1931, with subsequent additions and acquisitions stated at cost, less depletion and depreciation on a unit of production basis.

The mining claims of \$63,386.22 are carried at cost and consist of Forbestown and other properties which are inoperative at present.

Union Hill mining properties and plant at Grass Valley are stated at the par value of capital stock issued therefor with subsequent additions at cost. The properties are inoperative and no provision has been made for depletion and depreciation.

Airport and airplane and ranch properties, buildings and equipment are stated at cost, less depreciation.

The first mortgage bonds of \$1,000,000.00 par value secured by the properties of Idaho Maryland Mines Company (the predecessor company) which were owned by Idaho Maryland Mines Corporation were delivered during the year to the American Trust Company for cremation and the deed of trust was released.

DEFERRED EXPENSES--\$33,749.90:

Deferred expenses consist of prepaid operating expenses of \$22,715.09 and \$11,034.81 of prepaid insurance, etc. Prepaid operating expenses represent the un-amortized portion of the cost of hoist cables, mill liners, ore cars, underground pumping system, etc. which are being written off over a period of months based on the estimated life of the items.

ACCOUNTS PAYABLE--TRADE AND OTHER CREDITORS--\$48,917.51:

Amounts due to creditors were checked in detail and reconciled with the general ledger control accounts. Precaution was taken to ascertain that all liabilities of consequence were included in accounts payable.

ACCRUED PAY ROLLS, INSURANCE AND TAXES--\$127,668.27:

These accruals at December 31, 1939 consisted of the following:

Pay rolls--second half of December	\$ 60,720.56
County and irrigation district taxes	12,325.84
Unemployment insurance--employer and employee	21,521.42
Old age benefits tax-- do.	7,995.82
Capital stock tax--payable in July 1940	16,500.00
Federal income tax assessments on prior years	8,584.93
Sundry accruals	19.70
Total	<u>\$127,668.27</u>

PROVISION FOR 1939 FEDERAL INCOME TAX--\$112,000.00:

This represents estimated Federal income tax computed at 19 per cent of taxable earnings for the current year less a credit of 2 1/2 per cent for dividends paid.

OTHER PAYABLES--\$51,574.31:

The items included in this category are as follows:

Industrial accident awards to:		
Allan Edwards	\$5,036.59	
Emma M. Hall	2,737.96	
Mirtie L. Hogg	3,762.28	
W. Rowett	<u>1,665.90</u>	\$13,202.73
Grass Valley Bullion Mines--open account . .		15,073.00
Purchase contract payable--for mining claims		15,000.00
Unclaimed dividends		2,874.58
Portion of group life insurance dividend designated for Employees Welfare Fund . .		<u>5,424.00</u>
Total		<u>\$51,574.31</u>

The industrial accident awards are paid in installments and approximately \$9,000.00 of the \$13,202.73 is payable subsequent to December 31, 1940. The purchase contract is payable to California Lands, Inc. in two installments of \$7,500.00 each on September 1, 1940 and September 1, 1941.

ACCRUED COMPENSATION PAYABLE IN STOCK--\$11,475.02:

This represents an accrual of \$9,375.02 based on the par value of \$1.00 per share of company's unissued stock payable to Errol MacBoyle, and an accrual of \$2,100.00 based on the cost of treasury stock to be issued to G.S. Borden. These obligations are payable in stock pursuant to agreements for services with Messrs. MacBoyle and Borden.

RESERVE FOR COMPENSATION INSURANCE--\$146,141.90:

The company is a self-insurer for compensation insurance covering its employees at Grass Valley and this is the reserve provision for accident and silicosis awards which may occur in the future. Changes in the reserve during the year are summarized as follows:

<u>Description</u>	<u>Accident Reserve</u>	<u>Silicosis Reserve</u>	<u>Total Reserve</u>
Balance, December 31, 1938	\$113,540.97	\$28,126.55	\$141,667.52
Provision for 1939--based on commercial rates	<u>116,775.76</u>	<u>6,497.73</u>	<u>123,273.49</u>
	\$230,316.73	\$34,624.28	\$264,941.01
Accident payments and expense costs in 1939 .	<u>49,497.99</u>	<u>1,083.43</u>	<u>50,581.42</u>
	\$180,818.74	\$33,540.85	\$214,359.59
Adjustment of reserve--transferred to current income*	<u>57,235.47</u>	<u>10,982.22</u>	<u>68,217.69</u>
Balance, December 31, 1939	<u>\$123,583.27</u>	<u>\$22,558.63</u>	<u>\$146,141.90</u>

*The adjustment of \$57,235.47 to the accident portion of the reserve is 30 per cent of the 1939 provision plus the balance remaining of the fourth preceding year, which basis was adopted by the company beginning in the year 1937. In the adjustment of \$10,982.22 to the silicosis portion, the reserve was reduced in 1939 by 30 per cent of the provision for each year since the creation of the reserve in 1936, as the management now believes that the reserve is sufficient in amount to warrant the same method of treatment as the compensation reserve.

DEFERRED CREDIT--\$143,178.12:

This is the accrued interest to December 31, 1939 on Grass Valley Bullion Mines notes which appears as a contra item on the balance sheet. Of this amount \$40,135.34 accrued in 1939 and was not included in current income, and the balance represents amounts accrued in prior years.

CAPITAL STOCK--\$1,780,781.00:

The capital stock is \$1.00 par value and consists of 2,500,000 authorized shares; of which 1,778,998 shares are issued and 1,783 shares are held for conversion of predecessor's stock, or a total of 1,780,781 shares. The 1,780,781 issued shares at December 31, 1939 consisted of 1,780,268 shares in the hands of the public and 513 shares of treasury stock held by Trustees to be used for contractual obligations payable in stock.

The American Trust Company, Registrar, confirmed that the equivalent of 1,780,781 shares of Idaho Maryland Mines Corporation stock was issued and outstanding at December 31, 1939. There was no change in the number of issued shares during the year.

CAPITAL SURPLUS--\$1,324,783.31:

Capital surplus does not require comment as there were no changes during the year.

EARNED SURPLUS--\$650,829.82:

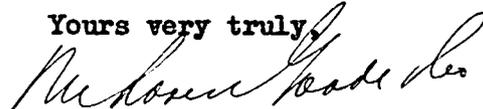
The changes in earned surplus during the year ended December 31, 1939 are set forth in schedule A-2. The credit of \$75,709.21 to earned surplus for "reduction in prior years depletion and depreciation" arose out of income tax adjustments as explained on page 13 and schedule A-1 of this report.

GENERAL COMMENTS

Federal income tax returns have been examined through the calendar year 1937, and any additional assessments have been paid or provision made therefor in the books of account.

The accounts and financial records of the company at December 31, 1939 were in agreement with the statements and figures contained in this report.

Yours very truly,



IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

Statement of Earned Surplus
Year Ended December 31, 1939

Balance, January 1, 1939	\$ 686,234.91
Reduction in prior years' depletion and depreciation-- income tax adjustments	<u>75,709.21</u>
	\$ 761,944.12
Net income for 1939--Exhibit B	<u>955,171.50</u>
	\$1,717,115.62
Dividends declared and paid in 1939--60 cents per share	<u>1,066,285.80</u>
Earned surplus, December 31, 1939	<u>\$ 650,829.82</u>

IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

Statement of Income and Profit and Loss
Year Ended December 31, 1939OPERATING REVENUES:

Bullion--less mint charges	\$4,153,597.00	
Custom ore and concentrates purchased--less treatment charges		<u>72,740.83</u>
Total operating revenues		\$4,080,856.17

OPERATING EXPENSES:

Mining, hoisting and preliminary crushing	\$1,771,439.38	
Milling and ore treatment	266,881.55	
Shipping expense on bullion	9,603.89	
Taxes, insurance and royalties	295,552.94	
Administrative and general expenses	<u>351,140.99</u>	
Total operating expenses		<u>2,694,618.75</u>
Net income from operations--before depletion and depreciation		\$1,386,237.42

<u>OTHER INCOME--NET</u>		<u>68,182.17</u>
------------------------------------	--	------------------

\$1,454,419.59

<u>DEPLETION AND DEPRECIATION</u>		<u>387,248.09</u>
---	--	-------------------

Net income before Federal income tax		\$1,067,171.50
--	--	----------------

<u>PROVISION FOR FEDERAL INCOME TAX</u>		<u>112,000.00</u>
---	--	-------------------

Net income to surplus		<u>\$ 955,171.50</u>
---------------------------------	--	----------------------

IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

Balance Sheet--December 31, 1939

ASSETS

LIABILITIES AND CAPITAL

CURRENT ASSETS:

Cash on deposit and on hand	\$ 282,515.43
Bullion in transit--net proceeds received from mint	276,589.95
Gold specimen ore--at assay value	2,478.21
Accounts receivable--employees \$1,884.01; others \$20,920.36	22,804.37
Materials and supplies--at cost	164,734.09
Total current assets	\$ 749,122.05

DEPOSITS:

Certificate of deposit--self-insurer's bond	30,000.00
---	-----------

ADVANCES AND INVESTMENTS:

Grass Valley Bullion Mines:	
Notes receivable	\$ 673,000.00
Accrued interest on notes--contra	143,178.12
Judgment of Empire Star Mines Company, Ltd. against Grass Valley Bullion Mines purchased by Idaho Maryland Mines Corporation--balance	33,569.82
Grass Valley Bullion Mines--100,000 shares of Class B stock at nominal value	1.00
Treasury stock--513 shares at cost--held by Trustees to be used for contractual obligations payable in stock	3,591.00
Total advances and investments	853,339.94

PROPERTIES, PLANTS AND EQUIPMENT--LESS DEPLETION AND DEPRECIATION--Schedule A-1:

Mining claims, development costs, plant and equipment	\$2,414,356.18
Mining claims--non-operating	63,386.22
Union Hill mining properties and plant	111,352.24
Airport and airplanes	89,510.49
Ranch properties, buildings and equipment	52,532.24
Properties, plants and equipment--net	2,731,137.37

DEFERRED EXPENSES:

Prepaid operating expenses	\$ 22,715.09
Prepaid insurance, etc.	11,034.81
Total deferred expenses	33,749.90

Total assets \$4,397,349.26

CURRENT LIABILITIES:

Accounts payable--trade and other creditors	\$ 48,917.51
Accrued payrolls, insurance and taxes	127,668.27
Provision for 1939 Federal income tax	112,000.00
Other payables	51,574.31
Total current liabilities	\$ 340,160.09

ACCRUED COMPENSATION PAYABLE IN STOCK:

Payable in unissued stock	\$ 9,375.02
Payable in treasury stock	2,100.00
Total accrued compensation payable in stock	11,475.02

RESERVE FOR COMPENSATION INSURANCE--SELF-INSURER

146,141.90

DEFERRED CREDIT:

Accrued interest on Grass Valley Bullion Mines notes--contra	143,178.12
--	------------

CAPITAL AND SURPLUS:

Capital stock--\$1.00 par value--authorized 2,500,000 shares; issued 1,778,998 shares; held for conversion predecessor's stock 1,783 shares	\$1,780,781.00
Capital surplus--no change in 1939	1,324,783.31
Earned surplus--Schedule A-2	650,829.82
Total capital and surplus	3,756,394.13

Total liabilities and capital \$4,397,349.26

IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

Statement of Changes in Properties, Plants and Equipment
Year Ended December 31, 1939

Description	Asset Accounts				Reserves for Depletion and Depreciation					Net After Reserves December 31, 1939	
	Balance December 31, 1938	Additions	Sales, Abandonments and Transfers	Adjustments Applicable to Prior Years (a)	Balance December 31, 1939	Balance December 31, 1938	Depletion and Depreciation Taken in 1939	Accumulated Depreciation on Sales and Abandonments	Adjustments Applicable to Prior Years (a)		Balance December 31, 1939
MINING CLAIMS, DEVELOPMENT COSTS, PLANT AND EQUIPMENT:											
Mining claims and properties	\$ 774,823.26	\$ 23,971.26	\$ 2,500.00	\$	\$ 801,294.52	\$ 299,478.61	\$ 67,110.99	\$	\$ 13,242.55	\$ 353,347.05	\$ 447,947.47
Mining claims--payments on options	3,250.00	3,200.85	2,500.00	. . . . .	3,950.85	. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	3,950.85
Development costs prior to operating period	1,875,128.56	. . . . .	. . . . .	. . . . .	1,875,128.56	838,052.68	139,043.47	. . . . .	30,044.71	947,051.44	928,077.12
Development costs after commencement of operating period	191,611.93	100,395.74	1,397.30	. . . . .	293,404.97	66,900.08	29,971.12	. . . . .	3,515.28	93,355.92	200,049.05
Underground equipment installed prior to operating period	243,484.38	. . . . .	. . . . .	. . . . .	243,484.38	108,820.71	18,054.72	. . . . .	3,901.37	122,974.06	120,510.32
Plant, buildings and equipment	1,089,846.25	53,459.97	309.77	. . . . .	1,142,996.45	385,987.25	101,053.39	90.64	18,457.30	468,492.70	674,503.75
Automobiles, trucks and tractors	47,445.54	3,074.49	. . . . .	. . . . .	50,520.03	19,487.23	8,870.99	. . . . .	. . . . .	28,358.22	22,161.81
Office furniture, equipment, etc.	14,942.61	. . . . .	. . . . .	. . . . .	14,942.61	3,743.42	1,120.68	. . . . .	. . . . .	4,864.10	10,078.51
Equipment not installed	8,474.60	. . . . .	1,397.30	. . . . .	7,077.30	. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	7,077.30
Total mining claims, development costs, plant and equipment	\$4,249,007.13	\$184,102.31	\$ 309.77	\$	\$4,432,799.67	\$1,722,469.98	\$365,225.36	\$ 90.64	\$69,161.21	\$2,018,443.49	\$2,414,356.18
MINING CLAIMS--NON-OPERATING:											
Forbestown	\$ 18,978.09	\$	\$	\$	\$ 18,978.09	\$ 288.78	\$	\$	\$	\$ 288.78	\$ 18,689.31
Norambagua . . . . .	. . . . .	35,000.00	. . . . .	. . . . .	35,000.00	. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	35,000.00
Other (Maltman, etc.) . . . . .	. . . . .	9,696.91	. . . . .	. . . . .	9,696.91	. . . . .	. . . . .	. . . . .	. . . . .	. . . . .	9,696.91
Total mining claims--non-operating	\$ 18,978.09	\$ 44,696.91	\$	\$	\$ 63,675.00	\$ 288.78	\$	\$	\$	\$ 288.78	\$ 63,386.22
UNION HILL MINING PROPERTIES AND PLANT	\$ 111,352.24	\$	\$	\$	\$ 111,352.24	\$	\$	\$	\$	\$	\$ 111,352.24
AIRPORT AND AIRPLANE:											
Airport--runways, hangars and equipment	\$ 54,964.09	\$ 523.58	\$	\$	\$ 55,487.67	\$ 7,173.50	\$ 2,424.12	\$	\$	\$ 9,597.62	\$ 45,890.05
Airplane	64,715.69	6.95	. . . . .	. . . . .	64,722.64	4,921.97	16,180.23	. . . . .	. . . . .	21,102.20	43,620.44
Total airport and airplane	\$ 119,679.78	\$ 530.53	\$	\$	\$ 120,210.31	\$ 12,095.47	\$ 18,604.35	\$	\$	\$ 30,699.82	\$ 89,510.49
RANCH PROPERTIES, BUILDINGS AND EQUIPMENT:											
Land	\$ 20,204.80	\$	\$	\$	\$ 20,204.80	\$	\$	\$	\$	\$	\$ 20,204.80
Buildings and equipment	45,541.05	. . . . .	1,088.29	9,700.00	54,152.76	15,661.69	3,418.38	406.75	3,152.00	21,825.32	32,327.44
Total ranch properties, buildings and equipment	\$ 65,745.85	\$	\$1,088.29	\$9,700.00	\$ 74,357.56	\$ 15,661.69	\$ 3,418.38	\$406.75	\$ 3,152.00	\$ 21,825.32	\$ 52,532.24
Total properties, plants and equipment	\$4,564,763.09	\$229,329.75	\$1,398.06	\$9,700.00	\$4,802,394.78	\$1,750,515.92	\$387,248.09	\$497.39	\$66,009.21	\$2,071,257.41	\$2,731,137.37

(a) Reduction in prior years' depletion and depreciation resulting from income tax adjustments: i.e. \$9,700.00 plus \$66,009.21, or \$75,709.21 which was credited to earned surplus (see Schedule A-2).

NORMAN MCLAREN, C. P. A.
P. G. GOODE, C. P. A., C. A.
N. L. MCLAREN, C. P. A.
LEWIS LILLY, C. P. A.
SELDON H. WILSON, C. P. A.
D. J. W. PATRICK, C. P. A.
J. B. SCHOLEFIELD, C. P. A., C. A.
JAMES A. RUNSER, C. P. A.
ARTHUR A. WENDER, C. P. A.
GEO. E. MILNER, C. P. A.
C. N. WHITEHEAD, C. P. A.

MCLAREN, GOODE & Co.

Certified Public Accountants

444 CALIFORNIA STREET
SAN FRANCISCO
March 12, 1942

OFFICES
LOS ANGELES
SANTA BARBARA

CORRESPONDENTS IN THE
PRINCIPAL CITIES OF UNITED STATES
AND ABROAD

The Board of Directors,
Idaho Maryland Mines Corporation,
San Francisco, California.

Dear Sirs:

We have examined the balance sheet of Idaho Maryland Mines Corporation as of December 31, 1941, and the statements of income and surplus for the year then ended. In this connection, we reviewed the system of internal control and the accounting procedures of the company and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related statements of income and surplus present fairly the position of Idaho Maryland Mines Corporation at December 31, 1941, and the results of operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



CERTIFIED PUBLIC ACCOUNTANTS.

IDAHO MARYLAND MINES CORPORATIONStatement of Income and Profit and Loss,
Year Ended December 31, 1941OPERATING REVENUES:

Bullion—less mint charges	\$4,086,084.27	
Custom ore and concentrates purchased—less treatment charges	<u>47,255.22</u>	
Total operating revenues		\$4,038,829.05

OPERATING EXPENSES:

Mining, hoisting and preliminary crushing	\$1,788,682.58	
Milling and ore treatment	212,659.72	
Shipping expense on bullion	7,611.86	
Taxes, insurance, safety and first aid	308,597.03	
Administrative and general expenses	<u>327,741.08</u>	
Total operating expenses		<u>2,645,292.27</u>
Net income from operations—before depletion and depreciation		\$1,393,536.78

<u>OTHER INCOME—NET</u>		<u>99,841.95</u>
		\$1,493,378.73

<u>DEPLETION AND DEPRECIATION</u>		<u>349,663.25</u>
---	--	-------------------

Net income before Federal income tax		\$1,143,715.48
--	--	----------------

<u>PROVISION FOR FEDERAL INCOME TAX</u>		<u>135,400.00</u>
---	--	-------------------

Net income to surplus		<u>\$1,008,315.48</u>
---------------------------------	--	-----------------------

IDAHO MARYLAND MINES CORPORATION

Statement of Earned Surplus,
Year Ended December 31, 1941

Balance, January 1, 1941	\$ 760,738.44
Surplus adjustments:	
Reduction in prior years' depletion and depreciation— income tax adjustments	\$143,445.05
Accrued interest on Grass Valley Bullion Mines notes—previously carried as a deferred credit	<u>195,092.64</u>
	\$338,537.69
Loss on advances to and investment in Grass Valley Bullion Mines—see footnote	<u>323,258.81</u>
Net surplus adjustments	<u>15,278.88</u>
	\$ 776,017.32
Net income for 1941—see income statement	<u>1,008,315.48</u>
	\$1,784,332.80
Dividends declared and paid in 1941—60 cents per share	<u>1,074,020.80</u>
Earned surplus, December 31, 1941	<u>\$ 710,312.00</u>

NOTE:

In 1941, Idaho Maryland Mines Corporation by agreement with Grass Valley Bullion Mines purchased all of the property, plant and equipment of the latter for \$554,059.18, which represented the cash cost to Grass Valley Bullion Mines less depletion and depreciation taken during the period the property was operated by Grass Valley Bullion Mines. The amount thus established for the property was applied on the indebtedness due from Grass Valley Bullion Mines. Since the debtor had no other assets and became a defunct corporation, Idaho Maryland Mines Corporation incurred a loss of \$323,258.81 on its \$877,317.99 of advances to and investment in Grass Valley Bullion Mines.

IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

Balance Sheet--December 31, 1941

ASSETS

CURRENT ASSETS:

Cash on deposit and on hand	\$ 468,815.09
Bullion in transit--net proceeds received from mint	171,595.52
Gold specimen ore--at assay value	2,478.21
Accounts receivable--employees \$318.29; others \$4,878.37	5,196.66
Materials and supplies--at cost	<u>320,964.14</u>

Total current assets \$ 969,049.62

COLLATERAL DEPOSITED UNDER SELF-INSURER'S BOND:

Time certificate of deposit	30,000.00
---------------------------------------	-----------

PROPERTIES, PLANTS AND EQUIPMENT--LESS DEPLETION AND DEPRECIATION--See footnote:

Mining claims, development costs, plant and equipment	\$2,218,655.63
Mining property, plant and equipment--acquired from Grass Valley Bullion Mines	558,232.69
Other mining claims--non-operating	167,616.58
Option payments on mining properties	153,477.09
Airport and airplanes	47,945.79
Ranch properties, buildings and equipment	<u>42,325.70</u>

Properties, plants and equipment--net 3,188,253.48

DEFERRED EXPENSES:

Deferred operating expenses	\$ 14,971.79
Prepaid insurance, etc.	<u>21,911.51</u>

Total deferred expenses 36,883.30

\$4,224,186.40

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:

Accounts payable--trade and other creditors	\$ 32,900.78
Accrued payroll and taxes	102,348.00
Provision for 1941 Federal income tax	135,400.00
Other payables	<u>17,711.16</u>

Total current liabilities \$ 288,359.94

RESERVE FOR COMPENSATION INSURANCE--SELF-INSURER

125,436.71

CAPITAL AND SURPLUS:

Capital stock--\$1.00 par value--authorized 2,500,000 shares; issued 1,791,990 shares; held for conversion predecessor's stock 1,291 shares	\$1,793,281.00
Capital surplus--no change in 1941	1,324,783.31
Earned surplus--see surplus statement	<u>710,312.00</u>
	\$3,828,376.31
Less: Treasury stock--3,513 shares, at cost	<u>17,986.56</u>

Total capital and surplus 3,810,389.75

\$4,224,186.40

NOTE:

Mining claims, development costs, plant and equipment of \$2,218,655.63 represent operating properties at Grass Valley and are stated at amounts (representing a portion of the aggregate costs) agreed to by the Treasury Department for depletion and depreciation purposes at December 31, 1931, with subsequent additions and acquisitions stated at cost, less depletion and depreciation on a unit of production basis.

Mining property, plant and equipment, \$558,232.69, were acquired in 1941 from Grass Valley Bullion Mines. Of this amount, \$554,059.18 is the cash cost of the property to Grass Valley Bullion Mines less depletion and depreciation taken during the period that the property was operated by Grass Valley Bullion Mines, and \$4,173.51 represents expenditures made subsequent to acquisition. See footnote on Statement of Surplus for further details and explanation.

Other mining claims, \$167,616.58, consist of the Union Hill, Forbestown and other properties which are inoperative at present. The Union Hill properties are stated at the par value of capital stock issued therefor with subsequent additions at cost, and all of the other claims are carried at cost. Since this group of properties is inoperative, no provision has been made for depletion or depreciation.

Option payments on mining properties of \$153,477.09 represent amounts paid and expenses incurred for options. The company is not under any obligation to continue payments and if payments were discontinued the amounts previously paid would be forfeited.

Airport and airplanes and ranch properties, buildings and equipment are stated at cost, less depreciation.

NORMAN McLAREN, C. P. A.
P. G. GOODE, C. P. A., A. C. A.
LEWIS LILLY, C. P. A.
SELDON M. WILSON, C. P. A.
D. J. W. PATRICK, C. P. A.
JAMES A. RUNBER, C. P. A.
ARTHUR A. WENDER, C. P. A.
GEO. E. MILNER, C. P. A.
C. N. WHITEHEAD, C. P. A.
N. L. McLAREN, C. P. A.
IN ACTIVE SERVICE U. S. N.

MCLAREN, GOODE & CO.

Certified Public Accountants

444 CALIFORNIA STREET
SAN FRANCISCO

(4)

LOS ANGELES OFFICE
210 WEST SEVENTH STREET

CORRESPONDENTS IN THE
PRINCIPAL CITIES OF UNITED STATES
AND ABROAD

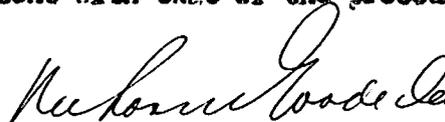
March 15, 1944

The Board of Directors,
Idaho Maryland Mines Corporation,
San Francisco, California.

Dear Sirs:

We have examined the balance sheet of Idaho Maryland Mines Corporation as of December 31, 1943, and the statement of income and surplus for the year then ended. In this connection, we reviewed the system of internal control and the accounting procedures of the company and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related statement of income and profit and loss and earned surplus present fairly the position of Idaho Maryland Mines Corporation at December 31, 1943, and the net loss for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



CERTIFIED PUBLIC ACCOUNTANTS

IDAHO MARYLAND MINES CORPORATIONStatement of Income and Profit and Loss and Earned Surplus
Year ended December 31, 1945NON-OPERATING INCOME:

Reduction in prior years' compensation		
insurance reserve provision	\$ 35,887.68	
royalties	9,555.00	
Other income	<u>12,443.03</u>	
 Total income		\$ 57,885.71

EXPENSES:

Expense of maintaining property during shut down . . .	\$198,403.72	
Taxes, insurance, safety and first aid	66,662.21	
Salaries, traveling, legal, watchman and general expenses	116,667.12	
Depreciation—see footnote	10,542.91	
Other expenses	<u>6,657.31</u>	
 Total expenses		<u>398,913.27</u>
 Net loss to surplus		\$341,027.56
 <u>SURPLUS, DECEMBER 31, 1942</u>		<u>679,310.11</u>
 Earned surplus, December 31, 1945		<u>\$338,282.55</u>

NOTE:

Depletion and depreciation on mining claims, development costs and plant and equipment are provided on a unit of production basis for all items except automotive equipment and office furniture and fixtures. In 1945, depletion and depreciation on the unit of production basis were not provided as the mine was shut down and no bullion was produced.

IDAHO MARYLAND MINES CORPORATION
(A Nevada Corporation)
Balance Sheet--December 31, 1943

<u>ASSETS</u>	
<u>CURRENT ASSETS:</u>	
Cash on deposit and on hand	\$ 100,165.31
Accounts receivable.	17,983.22
Materials and supplies--at cost	<u>277,857.93</u>
Total current assets	\$ 396,006.56
<u>COLLATERAL DEPOSITED UNDER SELF-INSURER'S BOND:</u>	
United States Government securities--at cost	37,500.00
<u>PROPERTIES, PLANTS AND EQUIPMENT--LESS DEPLETION AND DEPRECIATION--See footnote:</u>	
Mining claims, development costs, plant and equipment	\$2,089,897.47
Mining property--acquired from Grass Valley Bullion Mines.	\$25,402.94
Other mining claims--non-operating	178,769.78
Option payments on mining properties	181,101.57
Airport.	37,697.62
Ranch properties, buildings and equipment.	<u>38,608.03</u>
Properties, plants and equipment--net	3,051,477.41
<u>DEFERRED EXPENSES AND OTHER ASSETS:</u>	
Prepaid insurance, etc.	\$ 8,267.45
Development costs--magnesium processes and patents	51,344.74
Investment in mining company stock	<u>8,888.99</u>
Total deferred expenses and other assets	68,501.18
	<u>\$3,553,483.15</u>

<u>LIABILITIES AND CAPITAL</u>	
<u>CURRENT LIABILITIES:</u>	
Accounts payable	\$ 1,945.77
Accrued payroll and taxes	19,779.74
Other payables	<u>11,869.09</u>
Total current liabilities	\$ 32,994.60
RESERVE FOR COMPENSATION INSURANCE--SELF-INSURER	75,019.20
<u>CAPITAL AND SURPLUS:</u>	
Capital stock--\$1.00 par value--authorized 2,500,000 shares; issued 1,791,990 shares; held for conversion predecessor's stock 1,291 shares	\$1,793,281.00
Capital surplus--no change in 1942	1,324,783.31
Earned surplus--See statement of Income and Profit and Loss.	<u>338,282.55</u>
	\$3,456,346.86
Less: Treasury stock--5,393 shares, at cost	<u>10,877.51</u>
Total capital and surplus	3,445,469.35
	<u>\$3,553,483.15</u>

NOTE: Mining claims, development costs and plant and equipment of \$2,089,897.47, represent operating properties at Grass Valley and are stated at amounts (representing a portion of the aggregate costs) agreed to by the Treasury Department for depletion and depreciation purposes at December 31, 1931, with subsequent additions and acquisitions stated at cost, less depletion and depreciation. Depletion and depreciation are provided on a unit of production basis for all items except automotive equipment and office furniture and fixtures. In 1943, depletion and depreciation on the unit of production basis were not provided as the mine was shut down and no bullion was produced.

Mining property acquired from Grass Valley Bullion Mines, \$25,402.94, represents the cash cost of this property to Grass Valley Bullion Mines less depletion taken during the period that this property was operated by that company. The property has not been operated since its acquisition by Idaho Maryland and no provision has been made for depletion.

Other mining claims, \$178,769.78, consist of the Union Hill, Forbestown and other inoperative properties. The Union Hill properties are stated at the par value of capital stock issued therefor with subsequent additions at cost, and all the other claims are carried at cost. No provision has been made for depletion or depreciation on these inoperative properties.

Option payments on mining properties, \$181,101.57, represent amounts paid and expenses incurred for options. Payments on most of these properties have been discontinued for the duration under moratorium agreements between Idaho Maryland and the owners of the properties. The company is not under any obligation to continue payments when the moratorium agreements expire, but if payments are not resumed at that time the amounts already paid will be forfeited.

Airport and ranch properties, buildings and equipment are stated at cost, less depreciation.

NORMAN McLAREN, C. P. A.
P. G. GOODE, C. P. A., A. C. A.
LEWIS LILLY, C. P. A.
SELDON M. WILSON, C. P. A.
D. J. W. PATRICK, C. P. A.
JAMES A. RUNSER, C. P. A.
ARTHUR A. WENDER, C. P. A.
GEO. E. MILNER, C. P. A.
C. N. WHITEHEAD, C. P. A.
N. L. McLAREN, C. P. A.
IN ACTIVE SERVICE U. S. N.

McLAREN, GOODE & Co.

Certified Public Accountants

444 CALIFORNIA STREET
SAN FRANCISCO

(4)

LOS ANGELES OFFICE
210 WEST SEVENTH STREET

CORRESPONDENTS IN THE
PRINCIPAL CITIES OF UNITED STATES
AND ABROAD

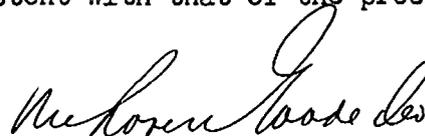
March 15, 1944

The Board of Directors,
Idaho Maryland Mines Corporation,
San Francisco, California.

Dear Sirs:

We have examined the balance sheet of Idaho Maryland Mines Corporation as of December 31, 1943, and the statement of income and surplus for the year then ended. In this connection, we reviewed the system of internal control and the accounting procedures of the company and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related statement of income and profit and loss and earned surplus present fairly the position of Idaho Maryland Mines Corporation at December 31, 1943, and the net loss for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



CERTIFIED PUBLIC ACCOUNTANTS

IDAHO MARYLAND MINES CORPORATION

Statement of Income and Profit and Loss and Earned Surplus
Year Ended December 31, 1943

NON-OPERATING INCOME:

Reduction in prior years' compensation insurance reserve provision	\$ 35,887.68	
Royalties	9,555.00	
Other income	<u>12,443.03</u>	
Total income		\$ 57,885.71

EXPENSES:

Expense of maintaining property during shut down . . .	\$198,403.72	
Taxes, insurance, safety and first aid	66,662.21	
Salaries, traveling, legal, watchmen and general expenses	116,667.12	
Depreciation—see footnote	10,542.91	
Other expenses	<u>6,637.31</u>	
Total expenses		<u>398,913.27</u>
Net loss to surplus		\$341,027.56
<u>SURPLUS, DECEMBER 31, 1942</u>		<u>679,310.11</u>
Earned surplus, December 31, 1943		<u>\$338,282.55</u>

NOTE:

Depletion and depreciation on mining claims, development costs and plant and equipment are provided on a unit of production basis for all items except automotive equipment and office furniture and fixtures. In 1943, depletion and depreciation on the unit of production basis were not provided as the mine was shut down and no bullion was produced.

IDAHO MARYLAND MINES CORPORATION
(A Nevada Corporation)
Balance Sheet--December 31, 1943

<u>ASSETS</u>	
<u>CURRENT ASSETS:</u>	
Cash on deposit and on hand	\$ 100,165.31
Accounts receivable	17,982.22
Materials and supplies--at cost	<u>277,857.03</u>
Total current assets	\$ 396,004.56
<u>COLLATERAL DEPOSITED UNDER SELF-INSURER'S BOND:</u>	
United States Government securities--at cost	37,500.00
<u>PROPERTIES, PLANTS AND EQUIPMENT--LESS DEPLETION AND DEPRECIATION--See footnote:</u>	
Mining claims, development costs, plant and equipment	\$2,089,897.47
Mining property--acquired from Grass Valley	
Bullion Mines	525,402.94
Other mining claims--non-operating	178,769.78
Option payments on mining properties	181,101.57
Airport	37,697.62
Ranch properties, buildings and equipment	<u>38,608.03</u>
Properties, plants and equipment--net	3,051,477.41
<u>DEFERRED EXPENSES AND OTHER ASSETS:</u>	
Prepaid insurance, etc.	\$ 8,267.45
Development costs--magnesium processes and patents	51,344.74
Investment in mining company stock	<u>8,888.99</u>
Total deferred expenses and other assets	68,501.18
	<u>\$3,553,483.15</u>

<u>LIABILITIES AND CAPITAL</u>	
<u>CURRENT LIABILITIES:</u>	
Accounts payable	\$ 1,345.77
Accrued payroll and taxes	19,779.74
Other payables	<u>11,869.09</u>
Total current liabilities	\$ 32,994.60
<u>RESERVE FOR COMPENSATION INSURANCE--SELF-INSURER</u>	75,019.20
<u>CAPITAL AND SURPLUS:</u>	
Capital stock--\$1.00 par value--authorized 2,500,000 shares; issued 1,791,990 shares; held for conversion predecessor's stock 1,291 shares	\$1,793,281.00
Capital surplus--no change in 1942	1,324,783.31
Earned surplus--See statement of Income and Profit and Loss	<u>338,282.55</u>
	\$3,456,346.86
Less: Treasury stock--5,393 shares, at cost	<u>10,877.51</u>
Total capital and surplus	3,445,469.35
	<u>\$3,553,483.15</u>

NOTE: Mining claims, development costs and plant and equipment of \$2,089,897.47, represent operating properties at Grass Valley and are stated at amounts (representing a portion of the aggregate costs) agreed to by the Treasury Department for depletion and depreciation purposes at December 31, 1931, with subsequent additions and acquisitions stated at cost, less depletion and depreciation. Depletion and depreciation are provided on a unit of production basis for all items except automotive equipment and office furniture and fixtures. In 1943, depletion and depreciation on the unit of production basis were not provided as the mine was shut down and no bullion was produced.

Mining property acquired from Grass Valley Bullion Mines, \$525,402.94, represents the cash cost of this property to Grass Valley Bullion Mines less depletion taken during the period that this property was operated by that company. The property has not been operated since its acquisition by Idaho Maryland and no provision has been made for depletion.

Other mining claims, \$178,769.78, consist of the Union Hill, Forbestown and other inoperative properties. The Union Hill properties are stated at the par value of capital stock issued therefor with subsequent additions at cost, and all the other claims are carried at cost. No provision has been made for depletion or depreciation on these inoperative properties.

Option payments on mining properties, \$181,101.57, represent amounts paid and expenses incurred for options. Payments on most of these properties have been discontinued for the duration under moratorium agreements between Idaho Maryland and the owners of the properties. The company is not under any obligation to continue payments when the moratorium agreements expire, but if payments are not resumed at that time the amounts already paid will be forfeited.

Airport and ranch properties, buildings and equipment are stated at cost, less depreciation.

N. L. McLAREN, C. P. A.
LEWIS LILLY, C. P. A.
SELDON M. WILSON, C. P. A.
D. J. W. PATRICK, C. P. A.
JAMES A. RUNSER, C. P. A.
ARTHUR A. WENDER, C. P. A.
C. N. WHITEHEAD, C. P. A.
J. E. TANNAHILL, C. P. A.
R. D. WHITE, C. P. A.
NORMAN McLAREN, C. P. A.
(SPECIAL PARTNER)
P. G. GOODE (1902-1944)

McLAREN, GOODE & Co.

Certified Public Accountants

444 CALIFORNIA STREET
SAN FRANCISCO

(4)

March 22, 1949

LOS ANGELES OFFICE
210 WEST SEVENTH STREET

SEATTLE OFFICE
WHITE BUILDING

CORRESPONDENTS IN THE
PRINCIPAL CITIES OF UNITED STATES
AND ABROAD

The Board of Directors,
Idaho Maryland Mines Corporation,
San Francisco, California.

Dear Sirs:

We have examined the balance sheet of

IDAHO MARYLAND MINES CORPORATION
(A Nevada Corporation)

as of December 31, 1948 and the statement of income and profit and loss for the year then ended, and submit herewith our report which consists of the following exhibits with supporting schedules and comments thereon:

Exhibit A--Balance sheet--December 31, 1948

Schedule A-1--Statement of changes in properties, plants and equipment, year ended December 31, 1948

Schedule A-2--Option payments on mining properties--
December 31, 1948

Exhibit B--Statement of income and profit and loss, year ended
December 31, 1948

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 and related statement of income and profit and loss, with explanatory notes, present fairly the financial position of Idaho Maryland Mines Corporation at December 31, 1948, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Yours very truly,



COMMENTS ON OPERATIONS

Operations for 1948 resulted in a loss of \$243,307.40, as detailed in Exhibit B, which compares with a loss of \$144,648.69 for the prior year as shown in the following comparative summary of operations:

	<u>1948</u>	<u>1947</u>	<u>Increase Decrease</u>
<u>REVENUE:</u>			
Bullion--less mint charges.	\$1,687,484.37	\$1,720,268.87	\$ 32,784.50
Lumber sales and settlements.	161,792.36	448,840.97	287,048.61
Total revenue.	<u>\$1,849,276.73</u>	<u>\$2,169,109.84</u>	<u>\$319,833.11</u>
<u>EXPENSES:</u>			
Mining and hoisting	\$1,188,609.73	\$1,171,707.92	\$ 16,901.81
Milling and ore treatment	231,019.49	226,226.47	4,793.02
Production cost, depreciation and expenses of lumber operations	227,855.79	465,352.24	237,496.45
Taxes and insurance	148,705.92	156,345.28	7,639.36
Administrative and general expenses	163,602.69	165,591.93	1,989.24
Total expenses	<u>\$1,959,793.62</u>	<u>\$2,185,223.84</u>	<u>\$225,430.22</u>
Net loss from operations before depletion and depreciation	<u>\$ 110,516.89</u>	<u>\$ 16,114.00</u>	<u>\$ 94,402.89</u>
<u>OTHER INCOME--NET</u>	<u>\$ 26,694.01</u>	<u>\$ 30,684.13</u>	<u>\$ 3,990.12</u>
Net profit or loss before depletion and depreciation	<u>\$ 83,822.88</u>	<u>\$ 14,570.13</u>	<u>\$ 98,393.01</u>
<u>DEPLETION AND DEPRECIATION--MINE OPERATION</u>			
	<u>159,484.52</u>	<u>159,218.82</u>	<u>265.70</u>
Net loss to surplus.	<u>\$ 243,307.40</u>	<u>\$ 144,648.69</u>	<u>\$ 98,658.71</u>

An analysis of the foregoing summary reveals that the increase in net loss of \$98,658.71 is due primarily to a rise of 6.5% in the ratio of operating costs to revenues, which ratio increased from 108.1% in 1947 to 114.6% in 1948.

The most significant change occurred in the lumber operation where a decrease in revenues of 63.95% was accompanied by a reduction in costs of only 51.04%. Lumber operations are analyzed more fully later in this report.

The ratio of mining costs, including depletion and depreciation, to bullion income rose from 109.23% in 1947 to 112.09% in 1948.

No provision has been made for Federal income taxes since operations for the year resulted in a loss.

The major changes revealed by the foregoing comparative statement are discussed in the comments which follow:

(1) The decrease in bullion revenue of \$32,784.50 is analyzed below:

<u>Source</u>	<u>1948</u>	<u>1947</u>	<u>Decrease</u>
Tons of ore milled	192,058 tons	213,605 tons	21,547 tons
Mine production.	\$1,666,356.38	\$1,692,387.16	\$26,030.78
Surface clean-up	17,783.11	19,469.35	1,686.24
Specimen ore	3,344.88	8,005.36	4,660.48
Custom work. . . . .	.....	407.00	407.00
Total revenue	\$1,687,484.37	\$1,720,268.87	\$32,784.50

In 1948, 192,058 tons of ore were milled, realizing \$8.68 per ton, as compared with a production of 213,605 tons and a yield of \$7.92 per ton in 1947.

Revenue from specimen ore, which represented the net return from high grade specimens on hand from prior years, decreased from \$8,005.36 in 1947 to \$3,344.88 in 1948.

(2) The decrease of \$287,048.61 in lumber sales and settlements is analyzed below:

	<u>1948</u>	<u>1947</u>	<u>Decrease</u>
Board feet of lumber sold	2,452,152	10,246,582	7,794,430
Amounts realized (1948 includes 1947 final settlements)	\$161,792.36	\$448,840.97	\$287,048.61
Average realization per 1,000 board feet. .	65.98	43.80	

The principal reason for the decrease in the quantity of lumber sold was stated to have been the Company's inability to obtain logs.

The major portion of the 1947 and 1948 lumber production was sold to the Grass Valley Lumber Company under contracts which provided for an initial advance as the lumber was delivered to the dry yard adjacent to the vendor's sawmill, at which time title passed to the vendee. The final settlement was to be made on the basis of grades and measurements to be determined upon receipt of the dry lumber at the vendee's mill. Thus the amount realized in 1948 includes final settlements on some sales made in 1947, but it does not include all of the settlements expected on 1948

sales. Final settlements remain to be made on approximately 1,300,000 board feet of lumber sold in 1948, on which only the advance of \$48.00 per 1,000 board feet has been taken into lumber sales, since there is no accurate basis for determining the revenue yet to be received.

(3) Mining and hoisting expenses increased \$16,901.81 compared with 1947 as detailed below:

<u>Description</u>	<u>1948</u>	<u>1947</u>	<u>Increase Decrease</u>
Stoping	\$ 436,945.30	\$ 420,659.11	\$16,286.19
Development	208,875.57	212,456.03	3,580.46
Underground repairs	114,888.12	135,845.68	20,957.56
Exploration	14,685.18	3,214.65	11,470.53
General	413,215.56	399,532.45	13,683.11
Total mining and hoisting.	<u>\$1,188,609.73</u>	<u>\$1,171,707.92</u>	<u>\$16,901.81</u>

These expenses for the two years are compared on the basis of cost per ton of ore milled as follows:

	<u>1948</u>	<u>1947</u>	<u>Increase Decrease</u>
Tons of ore milled.	<u>192,058</u>	<u>213,605</u>	<u>21,547</u>
Stoping	\$2.27	\$1.97	\$.30
Development	1.09	.99	.10
Underground repairs . . . . .	.60	.64	.04
Exploration . . . . .	.08	.02	.06
General	<u>2.15</u>	<u>1.87</u>	<u>.28</u>
Total.	<u>\$6.19</u>	<u>\$5.49</u>	<u>\$.70</u>

The increase of \$0.70 per ton of ore milled was stated to have been due to a change in mining methods which is expected to result in lower extraction costs in future periods.

(4) Milling and ore treatment expenses increased \$4,793.02, or \$0.14 per ton of ore milled, as detailed in the tabulation which follows:

<u>Classification</u>	<u>1948</u>	<u>1947</u>	<u>Increase Decrease</u>
Milling.	\$116,817.59	\$105,580.65	\$11,236.94
Flotation.	61,058.83	60,064.41	994.42
Cyanidation of concentrates.	29,427.15	32,412.24	2,985.09
General expenses	23,715.92	28,169.17	4,453.25
Total milling and ore treatment	\$231,019.49	\$226,226.47	\$ 4,793.02
Tons of ore milled	192,058	213,605	21,547
Per ton cost.	\$1.20	\$1.06	\$0.14

(5) Production cost, depreciation and expenses of the lumber operation totaling \$227,855.79 are analyzed and unit costs are compared with those of 1947 in the statement below:

<u>Description</u>	<u>1948</u>		<u>1947</u>	
	<u>Amount</u>	<u>Feet</u>	<u>Per Ft</u>	<u>Per Ft</u>
Cost of logs.	\$125,225.84	3,710,962	\$33.74	\$26.76
Sawing expense.	45,487.60	do.	12.26	8.76
Maintenance and repairs	5,859.80	do.	1.58	.84
Depreciation.	33,138.68	do.	8.93	2.49
General expenses:				
Piling expense.	16,998.64	do.	4.58	.11
Unrecoverable advances on logs.	15,048.25	do.	4.06	.....
Loss on lumber resulting from 1947 cut.	8,184.44	do.	2.20	.....
Special allowance for handling.	6,411.81	do.	1.73	.....
General	29,127.68	do.	7.85	3.86
Total lumber costs and expenses.	\$285,482.74	3,710,962	\$76.93	\$42.82
Less:				
Lumber transferred to mine stock (at approximate production cost).	\$ 24,311.80	562,560	\$43.22	\$39.88
Inventory--December 31, 1948--at cost	34,717.00	696,250	49.86	.....
Cost before selling expenses	\$226,453.94	2,452,152	\$92.35	\$43.33
Commissions and selling expenses.	1,401.85	do.	.57	2.03
Lumber costs and expenses--net	\$227,855.79	2,452,152	\$92.92	\$45.36

The increase in cost of logs was due primarily to higher prices paid for logs and hauling.

Higher contract sawing prices paid by the Company account for the rise in sawing expense.

The unit cost of depreciation increased substantially whereas the actual depreciation expense rose only from \$30,275.11 in 1947 to \$33,138.68 in 1948. The principal reason for the increased unit cost was the reduction in the board footage

of lumber cut, which decreased from 12,174,764 board feet in 1947 to 3,710,962 in 1948, due in large part to the Company's inability to obtain logs.

Piling expenses amounted to \$4.58 per 1,000 board feet as against \$0.11 in 1947. These expenses arose mainly in connection with the dry yard which had been leased to the Grass Valley Lumber Company. Under the terms of the contract with Grass Valley Lumber Company in effect in 1947, the lessee paid the piling expenses and deducted them from the final settlements covering lumber purchased from the lessor, while under the 1948 contract the piling expenses are paid directly by the lessor, thus causing the increase indicated in the foregoing comparison.

Unrecoverable advances on logs charged off in the amount of \$15,048.25 represented payments for stumpage made in prior years which were to have been deducted from the purchase price of the delivered logs. The management decided to write off this amount since the expected deliveries were not forthcoming.

The Company agreed, under the 1948 contract with the Grass Valley Lumber Company, to reacquire from the latter certain lumber sold to it previously. The resale of the lumber thus reacquired resulted in a loss of \$8,184.44, as shown on the foregoing page.

The Company further agreed to grant the Grass Valley Lumber Company a special allowance of \$6,411.81 for expenses incurred in piling lumber and operating the dry yard.

The increase in the unit cost of general expenses is due primarily to the decrease in board footage of lumber cut, as commented on in connection with depreciation expense.

Commissions and selling expenses decreased in 1948 as compared with 1947, since in 1948 virtually all lumber sold went to the Grass Valley Lumber Company. No commissions or selling expenses were incurred on such sales.

A summary comparison of lumber operations for the two years follows:

	<u>1948</u>	<u>1947</u>	<u>Increase</u> <u>Decrease</u>
Lumber sales and settlements.	\$161,792.36	\$448,840.97	\$287,048.61
Production cost, depreciation and expenses.	227,855.79	465,352.24	237,496.45
Net loss from operations	\$ 66,063.43	\$ 16,511.27	\$ 49,552.16
Sundry income	6,443.56	2,772.93	3,670.63
Net loss	<u>\$ 59,619.87</u>	<u>\$ 13,738.34</u>	<u>\$ 45,881.53</u>

(6) Taxes and insurance decreased \$7,639.36, as detailed in the statement

which follows:

<u>Description</u>	<u>1948</u>	<u>1947</u>	<u>Increase</u> <u>Decrease</u>
Property taxes	\$ 41,602.36	\$ 40,860.07	\$ 742.29
Social security taxes.	12,284.19	22,397.61	10,113.42
Compensation insurance	74,211.87	70,904.11	3,307.76
Group life insurance	5,156.43	6,895.59	1,739.16
Other insurance.	15,369.04	13,712.01	1,657.03
State franchise tax and sundry	82.03	1,575.89	1,493.86
Total taxes and insurance	<u>\$148,705.92</u>	<u>\$156,345.28</u>	<u>\$ 7,639.36</u>

The decrease in social security tax expense is due mainly to a reduction in the Company's State unemployment tax rate.

(7) General and administrative expenses, which showed a decrease of \$1,989.24, are analyzed below:

<u>Classification</u>	<u>1948</u>	<u>1947</u>	<u>Increase</u> <u>Decrease</u>
Grass Valley:			
Management and superintendence.	\$ 36,770.81	\$ 39,314.59	\$2,543.78
Mine office expense	31,517.42	30,910.39	607.03
General office expense.	27,060.42	23,599.41	3,461.01
Watchmen.	16,840.20	19,547.90	2,707.70
Maintenance of residences	7,583.40	11,880.70	4,297.30
Additional compensation to employees.	4,699.92	6,733.42	2,033.50
Safety and first aid.	4,572.10	2,254.79	2,317.31
Fire protection	4,260.37	2,754.71	1,505.66
Other expenses.	7,742.97	8,006.67	263.70
Total Grass Valley	<u>\$141,047.61</u>	<u>\$145,002.58</u>	<u>\$3,954.97</u>
San Francisco:			
Office salaries	\$ 8,346.00	\$ 7,720.00	\$ 626.00
Legal	3,984.86	1,424.18	2,560.68
Rent, traveling, etc.	11,224.22	11,445.17	1,220.95
Total San Francisco.	<u>\$ 22,555.08</u>	<u>\$ 20,589.35</u>	<u>\$1,965.73</u>
Total general and administrative expenses	<u>\$163,602.69</u>	<u>\$165,591.93</u>	<u>\$1,989.24</u>

(8) Other income, net of other expense, was \$26,694.01 in 1948 as compared with \$30,684.13 in 1947. The decrease of \$3,990.12 is explained as follows:

<u>Description</u>	<u>1948</u>	<u>1947</u>	<u>Increase Decrease</u>
Other income:			
Reduction in compensation insurance reserve provision	\$22,431.10	\$21,146.71	\$1,284.39
Dividend on group life insurance policy . . .	3,377.00	10,282.00	6,905.00
Sundry income:			
Mine	24,336.73	26,451.74	2,115.01
Sawmill	6,443.56	2,772.93	3,670.63
Total other income	\$56,588.39	\$60,653.38	\$4,064.99
Other expense:			
Amortization of patents	\$ 8,108.76	\$ 8,058.67	\$ 50.09
Surveys and appraisals	7,858.16	5,768.87	2,089.29
Sundry expense	13,927.46	16,141.71	2,214.25
Total other expense	\$29,894.38	\$29,969.25	\$ 74.87
Other income--net.	\$26,694.01	\$30,684.13	\$3,990.12

The principal change occurred in dividend received on group life insurance policy which decreased from \$10,282.00 to \$3,377.00 in 1948. The amount received in 1948 covered one premium year only, while the 1947 payment comprised several years.

(9) Depletion and depreciation expense of the mine operation remained substantially unchanged. Depletion and depreciation were computed on a unit of production basis for all properties, plants and equipment, with the exception of automotive equipment, office furniture and equipment, and ranch and airport buildings and equipment.

BALTIMORE PATENT INVESTMENT

COMMENTS ON FINANCIAL POSITION

The financial position of the Company is presented in Exhibit A and compared with the financial position at December 31, 1947 as follows:

<u>Description</u>	<u>1948</u>	<u>1947</u>	<u>Increase Decrease</u>
<u>CURRENT ASSETS:</u>			
Cash on deposit and on hand	\$ 26,842.27	\$ 75,730.38	\$ 48,888.11
Bullion in transit.	88,265.04	137,421.41	49,156.37
Accounts receivable	23,494.43	36,038.63	12,544.20
Inventories	238,658.34	241,439.37	2,781.03
Total current assets	<u>\$ 377,260.08</u>	<u>\$ 490,629.79</u>	<u>\$113,369.71</u>
<u>CURRENT LIABILITIES:</u>			
Notes payable to bank--unsecured.	\$ 150,000.00	\$ 145,000.00	\$ 5,000.00
Note payable to other creditors-- unsecured	50,000.00	.....	50,000.00
Accounts payable.	69,008.98	41,508.11	27,500.87
Accrued taxes and pay roll.	66,247.80	70,381.21	4,133.41
Other payables.	33,786.59	41,594.12	7,807.53
Total current liabilities.	<u>\$ 369,043.37</u>	<u>\$ 298,483.44</u>	<u>\$ 70,559.93</u>
Working capital.	\$ 8,216.71	\$ 192,146.35	<u>\$183,929.64</u>
<u>COLLATERAL DEPOSITED UNDER SELF- INSURER'S BOND.</u>			
	37,500.00	37,500.00	.....
<u>PROPERTIES, PLANTS AND EQUIPMENT--NET</u>	2,737,798.84	2,851,817.88	114,019.04
<u>DEFERRED EXPENSES AND OTHER ASSETS.</u>	237,503.70	180,389.26	57,114.44
	<u>\$3,021,019.25</u>	<u>\$3,261,853.49</u>	<u>\$240,834.24</u>
<u>LESS: RESERVE FOR COMPENSATION INSURANCE</u>			
	44,915.54	42,442.38	2,473.16
Net assets	<u>\$2,976,103.71</u>	<u>\$3,219,411.11</u>	<u>\$243,307.40</u>
<u>REPRESENTED BY:</u>			
Capital stock	\$1,793,781.00	\$1,793,781.00	\$
Capital surplus	1,326,533.31	1,326,533.31	.....
Earned surplus or deficit	<u>144,210.60</u>	<u>99,096.80</u>	<u>243,307.40</u>
Capital and surplus--net	<u>\$2,976,103.71</u>	<u>\$3,219,411.11</u>	<u>\$243,307.40</u>

Important changes disclosed by the foregoing comparative balance sheet summary

include:

- (1) A decrease of \$183,929.64 in working capital.
- (2) A decrease of \$114,019.04 in properties, plants and equipment, representing the amount by which depletion and depreciation taken and disposals during the year exceeded additions to fixed asset accounts.
- (3) An increase of \$57,114.44 in deferred expenses and other assets, principally advances on logs in woods.
- (4) A deficit of \$144,210.60.

The decrease in working capital of \$183,929.64 is explained below:

ITEMS DECREASING WORKING CAPITAL:

Additions to properties, plants and equipment.	\$ 89,697.66	
Net increase in deferred expenses.	53,471.85	
Disbursements under compensation self-insurance.	47,559.30	
Expenditures for development of magnesium processes and patents.	<u>11,751.35</u>	
Total items decreasing working capital		\$202,480.16

ITEMS INCREASING WORKING CAPITAL:

Net loss for the year--Exhibit B		\$243,307.40
Adjustment for items which do not affect working capital:		
Depletion and depreciation.	\$192,623.20	
Compensation self-insurance (\$72,463.56 charged to operations less \$22,431.10 credited to other income)	50,032.46	
Amortization of patents.	8,108.76	
Loss on disposal of fixed assets	<u>563.19</u>	<u>251,327.61</u>
Increase in working capital from operations.		\$ 8,020.21
Proceeds from sale of fixed assets		<u>10,530.31</u>
Total items increasing working capital.		<u>18,550.52</u>
Net decrease in working capital		<u>\$183,929.64</u>

Individual items appearing in the balance sheet, Exhibit A, are commented upon as follows:

CASH ON DEPOSIT AND ON HAND--\$26,842.27:

This caption included the following bank accounts and cash funds:

General account:		
Capital National Bank, Sacramento		\$ 1,573.21
Compensation insurance fund:		
Bank of America, N.T. & S.A., San Francisco		440.73
Bank revolving funds:		
Bank of America, N.T. & S.A., Grass Valley:		
Revolving fund	\$ 4,975.52	
Pay roll account	<u>1,185.70</u>	
		6,161.22
Cash on hand and in transit:		
San Francisco--office fund	\$ 50.00	
Grass Valley--office fund	50.00	
Cash in transit	<u>18,567.11</u>	<u>18,667.11</u>
Total		<u>\$26,842.27</u>

Balances on deposit were reconciled with certificates received from the depositories and petty cash on hand was counted. Cash in transit was traced to the bank statement as January, 1949 deposits.

BULLION IN TRANSIT--\$88,265.04:

This item represented amounts received from the Mint in 1949 for bullion recovered from amalgam and precipitates in the refinery at December 31, 1948 and from amalgam produced in 1948 and recovered in a mill cleanup in January, 1949. All proceeds included in bullion in transit at December 31, 1948 were traced to the bank statement as January, 1949 deposits.

ACCOUNTS RECEIVABLE--\$23,494.43:

Included in accounts receivable were the following:

A.J. Anderson--sale of logging equipment	\$ 9,233.30
Grass Valley Lumber Co.--lumber sales	7,216.22
Roy Hiatt--lumber sales (mine stock)	5,723.12
Sundry debtors	<u>1,321.79</u>
Total	<u>\$23,494.43</u>

No reserve for doubtful accounts has been set up although the balance due from Roy Hiatt has been outstanding since November, 1947 and may not prove fully collectible.

Losses from bad debts charged off in 1948 totalled \$1,609.22.

Confirmation requests were sent to all major debtors, but replies were not received on the Anderson and Hiatt accounts.

INVENTORIES--\$238,658.34:

The above consisted of the following items:

Mining operation:

Materials and supplies	\$184,216.68	
Processed lumber and timber	<u>15,893.66</u>	\$200,110.34

Lumber operation:

Processed lumber and timber	\$34,717.00	
Logs in pond	<u>3,831.00</u>	<u>38,548.00</u>

Total		<u>\$238,658.34</u>
-----------------	--	---------------------

Mining operation inventories were stated at cost and were based on quantities reflected by the perpetual inventory records at December 31, 1948. A physical count of all items was made by employees of the Company extending over several weeks prior to October 31, 1948, and the inventory cards were adjusted to reflect the count. Extensive tests were made of prices, extensions and footings to establish the clerical accuracy of the inventory.

The lumber operation inventory of processed lumber and timber was priced at average cost, which exceeded current market values by \$3,691.27. No physical count was made and the quantities used were based on an estimate prepared for insurance purposes by Company employees as at December 31, 1948.

The inventory of logs in pond was priced at average cost and was based on lumber sawn during the period January 1 to 8, 1949. As this cutting exhausted all the logs in the pond, the footage sawn was taken as the December 31, 1948 log inventory.

COLLATERAL DEPOSITED UNDER SELF-INSURER'S BOND--\$37,500.00:

This was the cost of United States Savings Bonds, Defense Series G, which were deposited with the Fidelity and Casualty Company of New York as surety on a self-insurer's bond for compensation insurance. The Fidelity and Casualty Company confirmed that the bonds were held as collateral.

PROPERTIES, PLANT AND EQUIPMENT--NET--\$2,737,798.84:

Changes during the year in the various classifications of properties, plants and equipment and in related reserves for depletion and depreciation are set forth in Schedule A-1. The principal additions were in mine and sawmill buildings and equipment, totalling \$40,024.78. The addition in 1948 of \$32,546.24 to the development costs after commencement of the operating period relates to the crosscut at the 3,280 feet level in the Brunswick Mine. Mining equipment, at an aggregate cost of \$7,721.78, was sold or abandoned in 1948. Changes in other fixed assets were nominal.

Payments on option agreements in 1948 totalled \$14,318.72. This amount included \$2,400.00 payments on the Michael McGuire option, which had been resumed in 1948.

Depletion and depreciation of \$192,623.20 was charged to operations for the year.

The footnotes on the balance sheet, Exhibit A, set forth the bases for determining the amounts at which the assets were stated.

PREPAID INSURANCE AND OTHER DEFERRED ITEMS--\$124,092.06:

Items included in this caption were as follows:

Advances on logs in woods	\$ 77,083.76
Prepaid insurance	32,715.66
Deferred operating expenses	9,527.66
Deferred vacation pay	4,745.48
United States savings bonds and stamps	19.50
Total	<u>\$124,092.06</u>

Advances on logs in woods represented payments for stumpage. No cruise or physical inventory of logs in woods was taken at the year end. Advances on logs in woods of \$15,048.25 made in prior years could not be recovered and were charged off in 1948.

Prepaid insurance covered unexpired premiums on policies in force at December 31, 1948.

Deferred operating expenses comprised the unamortized costs of mine equipment and repair work which are being charged to operations over periods ranging from six to fourteen months.

Deferred vacation pay represented the unamortized portion of vacation pay for the twelve month period starting July 1, 1948 which the Company was required to pay under its union agreement. The amount will have been charged off to operations by June 30, 1949.

PATENTS ON MAGNESIUM PROCESSES--LESS AMORTIZATION--\$104,522.65:

This item represented the cost to date of patents and processes for extracting magnesium from serpentine rock. The amount of \$104,522.65 was the net of costs of \$128,709.19 less \$24,186.54 for three years' amortization. Basis for amortization was the cost to date plus payments of \$9,000.00 yet to be made to the inventor, H. R. Brandenburg. The total cost is being amortized over seventeen years, the legal life of the patents.

INVESTMENT IN MINING COMPANY STOCK--\$8,888.99:

This was the consideration paid for 335,595 1/2 shares of Jupiter Consolidated Gold Mining Company stock, less a liquidating dividend of \$671.19 received in 1943. The stock certificates were inspected in the course of the audit.

NOTES PAYABLE TO BANK--UNSECURED--\$150,000.00:

The above consisted of three 90 day notes payable to the Capital National Bank, Sacramento, as follows:

<u>Date</u>	<u>Rate of Interest</u>	<u>Amount</u>
November 15, 1948	4%	\$ 25,000.00
November 19, 1948	4%	50,000.00
December 10, 1948	4%	<u>75,000.00</u>
Total		<u>\$150,000.00</u>

The bank advised that this amount was outstanding at the year end.

NOTE PAYABLE TO OTHER CREDITORS--UNSECURED--\$50,000.00:

This item consisted of a 30 day note dated December 17, 1948 for \$50,000.00, which bore interest at the rate of 6 per cent, payable to Edwin Letts Oliver, Inc. An independent confirmation was received from the payee.

ACCOUNTS PAYABLE--\$69,008.98:

Amounts due creditors were substantiated by reference to invoices and other supporting data. All known liabilities of consequence were recorded in the accounts at December 31, 1948.

ACCRUED TAXES AND PAY ROLL--\$66,247.80:

This caption included the following accruals:

Pay roll--second half of December, 1948	\$33,468.66
Real estate taxes	19,563.06
Social security taxes	7,330.11
Federal income tax withheld	5,530.80
Other	<u>355.17</u>
Total	<u>\$66,247.80</u>

OTHER PAYABLES--\$33,786.59:

Items included in other payables were as follows:

Industrial Accident Commission awards	\$17,142.95
Insurance premiums payable	13,746.60
Unclaimed dividends	<u>2,897.04</u>
Total	<u>\$33,786.59</u>

Industrial Accident Commission awards are payable in installments, \$4,700.80 being due in 1949.

In 1947 the Company purchased insurance coverage under a plan whereby the premiums on the three-year policies are payable in installments. The balance of \$13,746.60 at December 31, 1948 represented the sum of the remaining nine installments of \$1,527.40 which are payable monthly to September 21, 1949.

RESERVE FOR COMPENSATION INSURANCE--\$44,915.54:

The Company carries its own compensation insurance as a self-insurer. At December 31, 1948 there was a reserve of \$44,915.54 to provide for future accident and silicosis awards. Changes in the reserve during the year are summarized as follows:

<u>Description</u>	<u>Total Reserve</u>	<u>Accident Reserve</u>	<u>Silicosis Reserve</u>
Balance, December 31, 1947	\$ 42,442.38	\$ 36,779.05	\$ 5,663.33
Provision for 1948--based on commercial rates	72,463.56	67,713.57	4,749.99
	<u>\$114,905.94</u>	<u>\$104,492.62</u>	<u>\$10,413.32</u>
Payments and expenses in 1948	47,559.30	47,559.30	.....
	<u>\$ 67,346.64</u>	<u>\$ 56,933.32</u>	<u>\$10,413.32</u>
Adjustment of reserve--transferred to current income	22,431.10	20,552.37	1,878.73
Balance, December 31, 1948	<u>\$ 44,915.54</u>	<u>\$ 36,380.95</u>	<u>\$ 8,534.59</u>

The adjustment of the reserve normally is based on 30 per cent of the current provision plus the remaining balance of the provision for the fourth preceding year.

In 1948 it was computed as follows:

<u>Description</u>	<u>Total Adjustment</u>	<u>Accident Reserve</u>	<u>Silicosis Reserve</u>
Remaining balance--1944 provision	\$ 851.83	\$ 398.10	\$ 453.73
30% of 1948 provision	1,425.00	.....	1,425.00
Remaining balance of 1948 provision	<u>20,154.27*</u>	<u>20,154.27</u>	.....
Total	<u>\$22,431.10</u>	<u>\$20,552.37</u>	<u>\$1,878.73</u>

* The remaining balance of the 1948 provision (\$67,713.57 provision less \$47,559.30 payment) was used in this case since 30% of the 1948 provision would have been larger than the remaining balance of the current provision.

CAPITAL STOCK--\$1,793,781.00:

Capital stock consisted of 2,500,000 authorized shares of \$1.00 par value, of which 1,792,890 shares had been issued and 891 shares were held for conversion

of predecessors' stock, or a total of 1,793,761 shares outstanding. The American Trust Company, as Registrar, confirmed the number of shares outstanding.

CAPITAL SURPLUS--\$1,326,533.31:

There was no change in capital surplus during the year.

DEFICIT--\$144,210.60:

Exhibit B shows how the above deficit balance resulted.

IDAHO MARYLAND MINES CORPORATION

Option Payments on Mining Properties
December 31, 1948

<u>Description</u>	<u>Purchase Price</u>	<u>Payments to December 31, 1948</u>	<u>Unpaid Balance at December 31, 1948</u>
<u>NEW YORK AND GRASS VALLEY SYNDICATE:</u>			
Alderman, E. A.	\$ 4,900.00	\$ 1,890.00	\$ 3,010.00
Alderman, W. E.	18,300.00	6,280.00	12,020.00
Allison, Ford	35,000.00	5,658.01	29,341.99
Allison, Franklin	21,304.04	6,632.95	14,671.09
Baldwin Ranch	5,000.00	1,870.00	3,130.00
Butler Ranch	16,000.00	2,890.00	13,110.00
Desmond, M.	13,200.00	2,410.00	10,790.00
Grass Valley Consolidated Gold Mine .	50,000.00	23,500.00	26,500.00
Grover Cleveland	20,000.00	5,100.16	14,899.84
Hamill Ranch	10,000.00	3,290.00	6,710.00
Howe, Ellen Hurley	12,000.00	3,300.00	8,700.00
Hurley, Phoenix	17,200.00	1,720.00	15,480.00
Jupiter Consolidated Gold Mining Co.	100,000.00	13,825.00	86,175.00
Looney Ranch	25,000.00	6,349.00	18,651.00
McCabe, Josephine	1,500.00	1,170.00	330.00
Phoenix Park	40,000.00	5,870.00	34,130.00
Roach Family	14,784.53	9,181.46	5,603.07
Robinson, Edna M. (Lady Jane Ranch) .	10,000.00	2,450.00	7,550.00
Roddy, Mabel E.	4,500.00	1,905.00	2,595.00
Rood, Gudrun	2,400.00	2,000.00	400.00
S. P. lands (160 acres)	1,160.00	928.00	232.00
S. P. lands (510 acres)	3,060.00	2,448.00	612.00
Spion Kop (Donovan 2/3 interest) . .	2,000.00	1,616.50	383.50
Stokes Ranch	16,600.00	3,160.00	13,440.00
Sunrise (Dent and Gould)	47,500.00	3,350.00	44,150.00
Tippett Ranch	18,500.00	3,350.00	15,150.00
Walker Ranch	6,200.00	3,700.00	2,500.00
Total New York and Grass Valley Syndicate	\$516,108.57	\$125,844.08	\$390,264.49
<u>MICHAEL MCGUIRE</u>	75,000.00	37,400.00	37,600.00
<u>BARRY, MARY L. AND RICHARD S.</u>	2,000.00	100.00	1,900.00
	<u>\$593,108.57</u>	<u>\$163,344.08</u>	<u>\$429,764.49</u>
<u>EXPENSES INCURRED IN CONNECTION WITH NEW YORK AND GRASS VALLEY SYNDICATE OPTIONS</u>		31,256.75	
<u>EXPENSES INCURRED IN CONNECTION WITH MICHAEL MCGUIRE OPTION</u>		446.55	
Total option payments on mining properties		<u>\$195,047.38</u>	

IDAHO MARYLAND MINES CORPORATION

Statement of Income and Profit and Loss
Year Ended December 31, 1948

REVENUE:

Bullion--less mint charges	\$1,687,484.37	
Lumber sales and settlements	<u>161,792.36</u>	
Total revenue		\$1,849,276.73

EXPENSES:

Mining and hoisting	\$1,188,609.73	
Milling and ore treatment	231,019.49	
Production cost, depreciation and expenses of lumber operation	227,855.79	
Taxes and insurance	148,705.92	
Administrative and general expenses	<u>163,602.69</u>	
Total expenses		<u>1,959,793.62</u>

Net loss from operations before depletion and depreciation		\$ 110,516.89
---	--	---------------

OTHER INCOME:

Reduction in compensation insurance provision	\$ 22,431.10	
Sundry income--mining	27,713.73	
Sundry income--sawmill	<u>6,443.56</u>	
Total other income		<u>56,588.39</u>
		\$ 53,928.50

OTHER EXPENSE:

Amortization of patents	\$ 8,108.76	
Sundry expense	<u>21,785.62</u>	
Total other expense		<u>29,894.38</u>

Net loss before depletion and depreciation		\$ 83,822.88
--	--	--------------

DEPLETION AND DEPRECIATION--MINE OPERATION

Net loss to surplus		<u>\$ 243,307.40</u>
-------------------------------	--	----------------------

DEFICIT:

Earned surplus, December 31, 1947		\$ 99,096.80
Net loss for the year--as above		<u>243,307.40</u>
Deficit, December 31, 1948		<u>\$ 144,210.60</u>

NOTE:

Final settlements remain to be made on approximately 1,300,000 board feet of lumber sold in 1948, on which only the advance of \$48.00 per 1,000 board feet has been taken into lumber sales, since there is no accurate basis for determining the revenue yet to be received.

IDAHO MARYLAND MINES CORPORATION

(A Nevada Corporation)

Balance Sheet--December 31, 1948

<u>ASSETS</u>		<u>LIABILITIES AND CAPITAL</u>	
<u>CURRENT ASSETS:</u>			
Cash on deposit and on hand	\$ 26,842.27	Notes payable to bank--unsecured	\$ 150,000.00
Bullion in transit--net proceeds received from mint	88,265.04	Note payable to other creditors--unsecured	50,000.00
Accounts receivable	23,494.43	Accounts payable	69,008.98
Inventories--at cost	<u>238,658.34</u>	Accrued taxes and pay roll	66,247.80
		Other payables	<u>33,786.59</u>
Total current assets	\$ 377,260.08	Total current liabilities	\$ 369,043.37
<u>COLLATERAL DEPOSITED UNDER SELF-INSURER'S BOND:</u>			
United States Government securities--at cost	37,000.00	<u>RESERVE FOR COMPENSATION INSURANCE--SELF-INSURER</u>	44,915.54
<u>PROPERTIES, PLANTS AND EQUIPMENT--LESS DEPLETION AND DEPRECIATION--See footnotes and Schedule A-1:</u>			
Mining claims, development costs, plant and equipment	\$1,711,106.73	<u>CAPITAL AND SURPLUS:</u>	
Mining property--acquired from Grass Valley Bullion Mines	521,252.94	Capital stock, \$1.00 par value--authorized 2,500,000 shares; issued 1,792,890 shares; held for conversion of predecessors' stock 891 shares	\$1,793,781.00
Other mining claims--nonoperating	193,391.14	Capital surplus	<u>1,326,533.31</u>
Option payments on mining properties--Schedule A-2	195,047.38		\$3,120,314.31
Sawmill buildings and equipment, ranch properties, etc.	<u>117,000.65</u>	Less: Deficit--Exhibit B	<u>144,210.60</u>
Properties, plants and equipment--net	2,737,798.84	Capital and surplus--net	2,976,103.71
<u>DEFERRED EXPENSES AND OTHER ASSETS:</u>			
Prepaid insurance and other deferred items	\$ 124,092.06		
Patents on magnesium processes--less amortization	104,322.65		
Investment in mining company stock	<u>8,888.99</u>		
Total deferred expenses and other assets	237,503.70		
	<u>\$3,390,062.62</u>		<u>\$3,390,062.62</u>

NOTE: Mining claims, development costs and plant and equipment of \$1,711,106.73 represent operating properties at Grass Valley and are stated at amounts (representing a portion of the aggregate costs) agreed to by the Treasury Department for depletion and depreciation purposes at December 31, 1931, with subsequent additions and acquisitions stated at cost. Depletion and depreciation have been provided on a unit of production basis.

Mining property acquired from Grass Valley Bullion Mines, \$521,252.94, represents the cash cost of this property to Grass Valley Bullion Mines less depletion taken during the period that this property was operated by that Company. The property has not been operated since its acquisition by Idaho Maryland and no provision has been made for depletion.

Other mining claims, \$193,391.14, consist of the Union Hill, Forbestown and other inoperative properties. The Union Hill properties are stated at the par value of capital stock issued therefor with subsequent additions at cost, and all other claims are carried at cost. No provision has been made for depletion or depreciation on these inoperative properties.

Option payments on mining properties, \$195,047.38, represent amounts paid and expenses incurred for options.

Sawmill buildings and equipment, ranch properties, etc. are stated at cost less depreciation.

IDAHO MARYLAND MINES CORPORATION

Statement of Changes in Properties, Plants and Equipment
Year Ended December 31, 1948

Description	Asset Accounts			Reserve for Depletion and Depreciation			Net After Reserve December 31, 1948		
	Balance December 31, 1947	Additions	Sales or Abandonments	Balance December 31, 1948	Balance December 31, 1947	Accumulated Depreciation on Sales or Abandonments		Balance December 31, 1948	
MINING CLAIMS, DEVELOPMENT COSTS, PLANTS AND EQUIPMENT:									
Mining claims and properties	\$ 807,047.22	\$	\$ 2,884.57	\$ 804,162.65	\$ 537,201.23	\$ 22,271.93	\$	\$ 559,473.16	\$ 244,689.49
Development costs prior to operating period	1,875,128.56	.....	.....	1,875,128.56	1,325,049.65	45,895.16	.....	1,370,944.81	504,183.75
Development costs after commencement of operating period	459,790.91	32,546.24 (1)	.....	492,337.15	228,655.12	21,999.99	.....	250,655.11	241,682.04
Underground equipment installed prior to operating period	243,484.38	.....	.....	243,484.38	172,056.95	5,959.46	.....	178,016.41	65,467.97
Plant, buildings and equipment	1,553,666.44	19,235.89	7,721.78	1,565,180.55	870,175.90	58,363.04	4,508.81	924,030.13	641,150.42
Automobiles, trucks and tractors	48,185.17	1,308.19	.....	49,493.36	42,873.96	1,214.08	.....	44,088.04	5,405.32
Office furniture, equipment, etc.	18,875.87	1,499.73	502.05	19,873.55	14,040.96	1,169.18	239.33	14,970.81	4,902.74
Equipment not installed	3,625.00	.....	.....	3,625.00	.....	.....	.....	.....	3,625.00
Total mining claims, development costs, plants and equipment	\$5,009,803.55	\$54,590.05	\$11,108.40	\$5,053,285.20	\$3,190,053.77	\$156,872.84	\$4,748.14	\$3,342,178.47	\$1,711,106.73
MINING PROPERTY--ACQUIRED FROM GRASS VALLEY BULLION MINES	\$ 525,402.94	\$	\$ 4,150.00	\$ 521,252.94	\$	\$	\$	\$	\$ 521,252.94
OTHER MINING CLAIMS--NONOPERATING:									
Union Hill	\$ 111,352.24	\$	\$	\$ 111,352.24	\$	\$	\$	\$	\$ 111,352.24
Forbestown	8,943.09	.....	.....	8,943.09	288.78	.....	.....	288.78	8,654.31
Norambagua	36,090.98	.....	193.00	35,897.98	.....	.....	.....	.....	35,897.98
Other claims	37,486.61	.....	.....	37,486.61	.....	.....	.....	.....	37,486.61
Total mining claims--nonoperating	\$ 193,872.92	\$	\$ 193.00	\$ 193,679.92	\$ 288.78	\$	\$	\$ 288.78	\$ 193,391.14
OPTION PAYMENTS ON MINING PROPERTIES--Schedule A-2	\$ 180,728.66	\$14,318.72	\$	\$ 195,047.38	\$	\$	\$	\$	\$ 195,047.38
SAWMILL BUILDINGS AND EQUIPMENT, RANCH PROPERTIES, ETC.:									
Sawmill buildings and equipment	\$ 131,082.15	\$20,788.89	\$ 390.24	\$ 151,480.80	\$ 31,076.86	\$ 33,138.68	\$	\$ 64,215.54	\$ 87,265.26
Ranch lands	20,204.80	.....	.....	20,204.80	.....	.....	.....	.....	20,204.80
Ranch buildings and equipment	50,933.49	.....	.....	50,933.49	39,278.97	2,437.20	.....	41,716.17	9,217.32
Airport hangars and equipment	24,189.52	.....	1,980.00	22,209.52	23,701.77	174.48	1,980.00	21,896.25	313.27
Total sawmill buildings and equipment, ranch properties, etc.	\$ 226,409.96	\$20,788.89	\$ 2,370.24	\$ 244,828.61	\$ 94,057.60	\$ 35,750.36	\$1,980.00	\$ 127,827.96	\$ 117,000.65
Total properties, plants and equipment	\$6,136,218.03	\$89,697.66	\$17,821.64	\$6,208,094.05	\$3,284,400.15	\$192,623.20	\$6,728.14	\$3,470,295.21	\$2,737,798.84

(1) This represents the 1948 additions to the crosscut at the 3,280 foot level of the Brunswick.

EXHIBIT 136

Idaho-Maryland Is Largest Producer

Idaho-Maryland Mining Co. of Grass Valley is rated as the largest ore producer in the Grass Valley district and the largest gold producer in California, the reports for 1938 operations seem to indicate. The company exceeded the production of the Empire-Star Mines Co.

Idaho-Maryland reported 331,046 tons of ore taken out, the recovery averaging \$12.46 per ton. Production was 26,000 tons greater than in the preceding year.

Empire-Star tonnage was 231,126, which was a slight decrease from the preceding year, the gold content averaging 0.411 ounces per ton.

The Browns Valley mines of the Empire-Star produced 25,416 tons of ore that yielded an average of \$8.11 to the ton in gold.

EXHIBIT 137

Idaho Maryland air photo - 1938

Emperor Gold Photo Collection

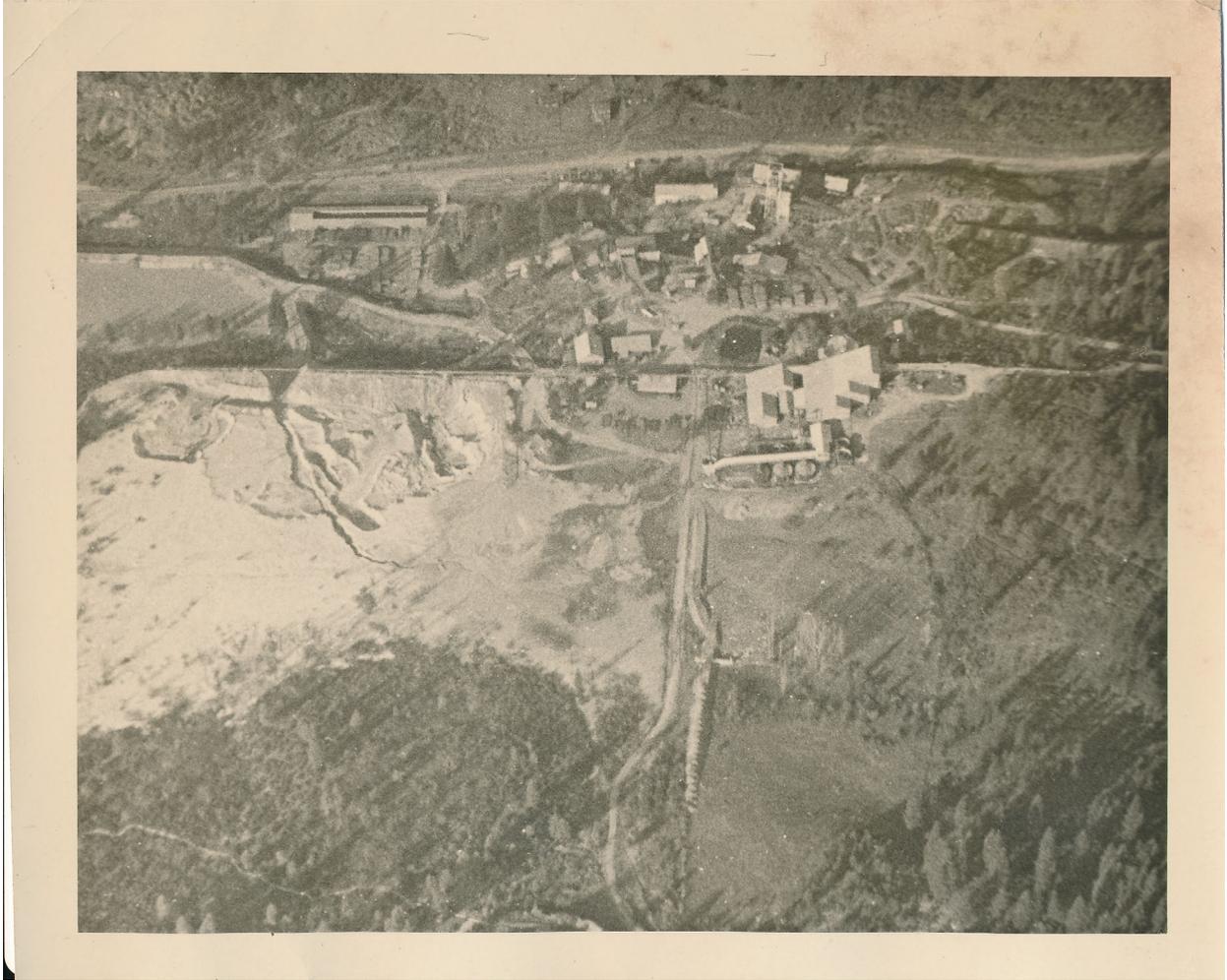


EXHIBIT 138

Idaho Maryland Profit Higher

The report of Idaho Maryland Mines Corp. for 1938 shows a net profit of \$1,193,446 after all charges, including depreciation and depletion aggregating \$428,135. Net profit is equal to 67 cents a share on 1,778,573 shares of capital stock and compares with 1937 net profit of \$1,124,805 or 64 cents a share on 1,765,779 shares then outstanding.

The company abandoned its mining operations at Forbestown late in 1938 and relinquished its leases, a resulting loss of \$213,046 on this project being charged against earned surplus in 1938.

The company ended the year with current assets of \$641,162, including \$491,598 cash and due on bullion sales, and current liabilities totaled \$307,729. At the end of 1937, current assets totaled \$395,571, cash and bullion receipts \$248,189, and current liabilities totaled \$465,731, including \$100,000 notes due banks.

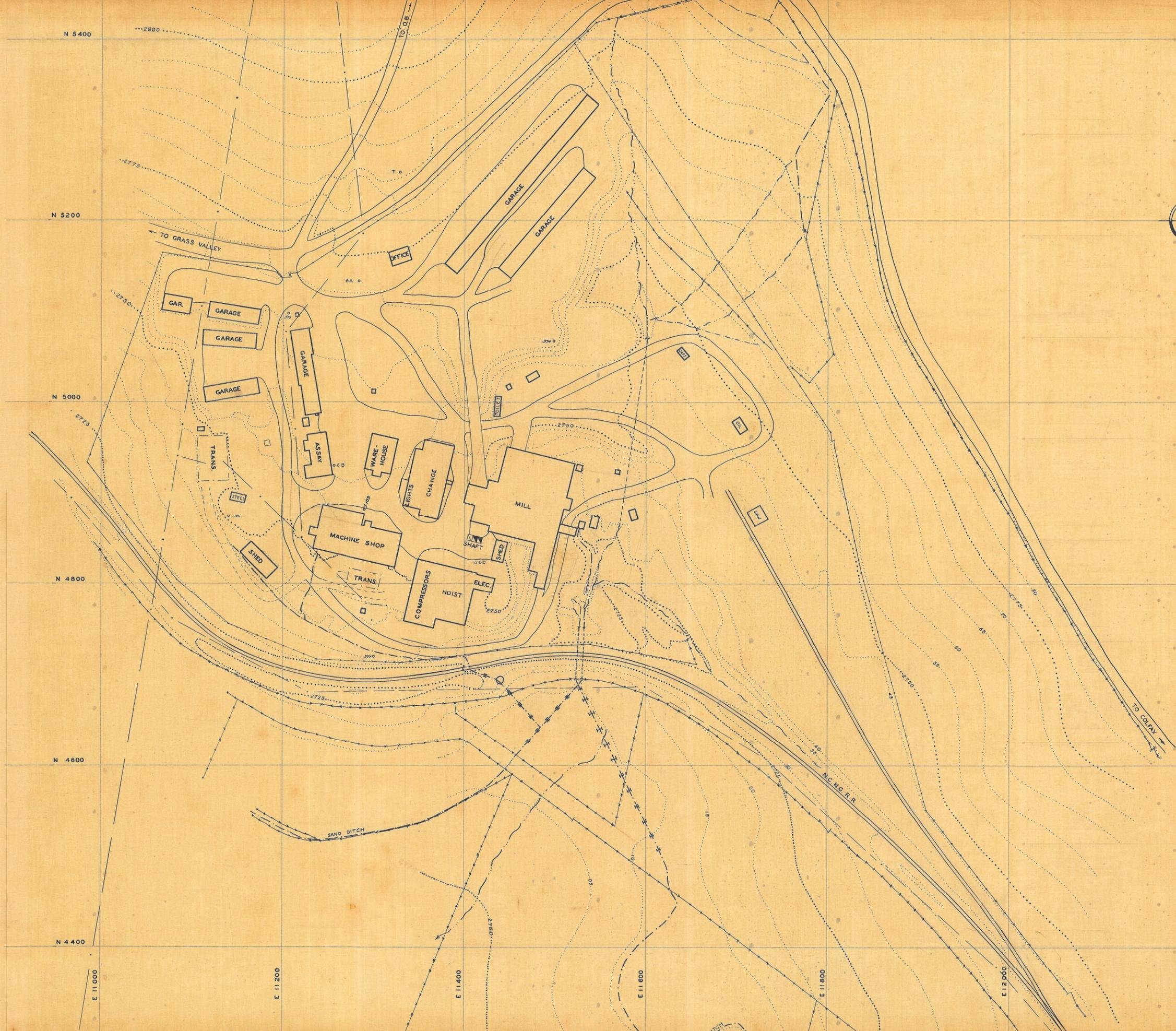
Profit set a new high record in 1938; dividends of 60 cents a share paid also set a new high; all debts were paid, and progress was made in strengthening the company's cash position.

During 1938, the company mined 331,406 tons of ore at its Grass Valley mine against 305,107 tons in 1937, recovery averaging \$12.46 a ton against \$12.17 a ton in the preceding year. In addition, the company mined 70,446 tons at its Forbestown property, recovery from this ore averaging \$4.22 a ton.

Value of the company's ore milled in 1938 was \$4,616,647 of which it recovered \$4,445,820, the tailing loss of \$170,827 averaging 41 cents a ton against 51 cents a ton in 1937.

Errol MacBoyle, executive vice president, says that development work in 1938 created more than 400,000 tons of ore reserves which, after mining 331,406 tons during the year, left a net gain in underground reserves of more than 70,000 tons.

EXHIBIT 139



N 5400
N 5200
N 5000
N 4800
N 4600
N 4400

E 11 000
E 11 200
E 11 400
E 11 600
E 11 800
E 12 000

1M-503-E

old

NEW BRUNSWICK
SURFACE PLANT
IDAHO MARYLAND MINES CORP.
BY: D.B. SCALE: 1"=50' DATE: NOV. '38

EXHIBIT 140

September 13, 1938

GEOLOGIC SUMMARY OF MINE DEVELOPMENT DURING AUGUST, 1938

GRASS VALLEY BULLION UNIT:

During August, development in the "disputed territory" was at a minimum, as was extraction. The work was confined to 1420L where a stope-raise was extended upward on a spur vein which dips about 25 degrees and which may be the spur which was developed by the old miners on 1100L near the shaft. The spur has passed thru the "crossing" without being seriously interrupted and without only a 3-foot fault displacement.

On 800L the 2D has been resumed in undisputed territory and has been extended 40 feet into La Bruja ground. The continued good showing on this vein is very encouraging and we may yet find a structure which will lead us upward toward the Lone ore shoot.

A small amount of development was done at the south end of the 1700L where a winze has been extended downward in the ore shoot along the corner of the Gold Run and Sunrise claims.

Important new work has been done during the month via the main winze under the Sunrise claim. On 1950L the drifting has shown that the ore shoot lies east of the winze and is at least 50 feet long. On the 2200L a raise and subsequent short drift has shown that the highgrade ore shoot has raked north across the winze and carries down to the 2200 level at the north end of the drift. In driving 2200D northward an ore shoot is being encountered which may prove to be our main highgrade ore shoot.

It is of interest that in the lower part of the mine, where the new ore has been found, there is a granodiorite footwall and a porphyrite hanging wall.

R.F.

RF/t.

GEOLOGIC SUMMARY OF MINE DEVELOPMENT:

August 11, 1938

IDAHO UNIT:

The unsuccessful development of 3 vein by 500 level, 603 drift, was stopped and a drift eastward from the tributary raise has been extended about 100 feet without finding important ore indications.

Stoping on 600 level--613 drift, and on 700 level--20 drift, has extended the upward edge of ore shoot some distance above the last levels developed. The quartz in the stopes is irregular in width but of excellent grade and careful following of the ore may carry us through the difficult, barren zone encountered by the 600 level drifting.

An important development in the stoping is the 850 level, 3 drift, 3 stope which continues to follow a lobe of ore upward and to the east, well above the old stopes. The ore in this stope is of excellent grade and good width.

900 level, 603 drift, is the most outstanding development in the mine this month, as it has been extended 150 feet west of the 1 raise in good ore of excellent width, adjacent to "L" fault. A portion of this ore shoot lies in the footwall of "L" fault and will be watched carefully during extraction to learn the exact offset of the fault. From this drift we will have another opportunity to learn what became of the 3 vein on its upward course.

900 level, 614 drift, following 14 vein which was developed on 930 level, has failed thus far to find the good width of quartz that was found below.

1200 level, 622 drift, has been driven from the mineralized diabase mass and has followed a quartz vein adjacent to "K" fault.

The quartz has been of low grade and of only moderate width and is tapering in the face exposed today. From this drift we hope to be able to locate the Dorsey vein for subsequent development.

A small vein of highgrade ore has been developed by the 1500 level, 2 crosscut, and drift has been extended a short distance both ways upon the vein. This vein is within a short distance of the main 3 raise and it may prove to be the hanging wall branch of vein which was developed on 1400 level as well as that on 1600 and 1700 levels.

Stoping of 5 vein on the 9 raise above 1800 level and on the 1940 level has given much additional information about the upper margin of the highgrade ore shoot and the work is continually putting more ore in sight. In the stope above 1940 level we have a very good opportunity to measure the displacement of "L" fault.

2000 level, 5 drift has been extended only a short distance during the last month during the excavation in the 10 raise. The 5 drift is following a structure parallel to the 5 vein and parallel to "L" fault, and has had irregular quartz of fair grade.

2000 level, 1 drift, was extended through barren structure most of the month and was suspended at the latter part to permit diamond drilling of the hanging wall in an effort to pick up the Brunswick 28 vein. A small band of quartz and gouge was found at 388 feet and more quartz is reported today at 403 feet. These may represent the vein we have looked for. During the drilling a raise has been started from the 2000 level, 1 drift, on the ore shoot developed in the preceding months.

2140 level, 2 crosscut, has been driven behind the Dorsey vein and is approaching the vein that was cut by the Diamond Drill, possibly the 3 vein. The ground encountered in the crosscut is strongly

ankeritized and may cause trouble due to weight.

Pockets and station construction on 2400 level are nearly complete and we will soon be able to start drifting on this level. Installation of new pockets on the Idaho Main Shaft, 2000 level, is being pressed and will be completed in a few months. The waste dump pocket, cut on the 1100 level of the i winze, is practically completed. The station and run-around for the 2000 level, 10 raise are nearly completed.

GEOLOGIC SUMMARY OF MINE DEVELOPMENT

August 11, 1938

BRUNSWICK UNIT:

Development of 16 vein. Three raises have been extended above 900 level on 16 vein. #1 to the 700 level, #2 to the 640 level and #3 to the 750 level. From the #1 raise an 800 level drift has been established and driven 40 feet each way from the raise. Good ore is found in the 616 drift. Based on the showings in the other two raises the ore shoot will extend to the West with excellent grade and a good width for about the same length that has been found on 900 level. Development of 16 vein on 1000 level shows a normal sort of vein base ore shoot is now being explored in the footwall of the 16 vein and probably represents the 5 vein. Development of 16 vein on 1200 level is progressing normally with the 616 drift now farther west than the drift on 1300 level. The east drift is showing heavy free gold. On 1450 level the west end of the ore shoot has been reached and prospecting beyond it will be deferred for a time. The eastward extension of the drift has met a narrow zone in the vein but probably will be extended prior to the time that operations can be carried on via the main shaft. The 1 raise from 1450 level, 16 drift, has connected thru to the 1300 level and a second raise is well under way.

The development of 32 vein on the 1450 level continued in barren ground and was disappointing. The drift has been interrupted by work in cutting the Main shaft station for the level. The 32 vein has been cut on 1600 level by the crosscut to the station of the vertical shaft, and appeared to be rather narrow and probably is in the same barren zone that was seen on 1450 level. The hanging wall crosscut on

the 1600 level out the 5 vein and found it well mineralized and of good width. It is accompanied by a south-striking vein (No.29) which is now being followed in preference to driving a barren crosscut. The 16 vein now lies about 200 feet ahead on the 1600 level.

From the development of a stringer-zone on 6 vein, 1200 level, we have encountered the 2 vein in its usual, vertical attitude and are now developing it toward the west. Free gold has been seen frequently in the stringers linking between 6 vein and 2 vein. A considerable tonnage of this type of stringer ore is indicated.

628 drift has been stopped after a diamond drill crosscut was excavated in which much free gold was seen. Diamond drilling of the footwall of the vein and later of the hanging wall to a possible position of 4 vein is now in progress, as well as a raise on the 28 vein to delineate its position on 1100 level. The raise will encounter 11 vein at approximately the 1200 elevation; it will be of great interest to find what happens at the junction of the two veins. The drift to the east on 28 vein is continuing in 4 to 6 feet of quartz of good grade. Several branching structures have left the drift going eastward. There is still sufficient distance between the face of the 28 drift and the 3 structure so that the branching veins may have some importance.

Development of 27 vein is progressing westward toward the Union Hill Mine and the alignment would indicate that the 27 is the Union Hill vein proper. At the east end of the drift the #1 raise followed the west edge of the ore shoot to the point where it pinched out about 140 feet above the level. A #2 raise has been started at the east edge of the ore shoot and has followed quartz of good grade but rather narrow width for a short distance. Thus far the raises have not improved the appearance of the ore shoot on the 27 vein.

A crosscut to explore the eastern portion of the property

has been started from the face of the 1100 level, 32 drift. This heading will serve a two-fold purpose - it will explore the block of ground east of the shaft and also will provide waste to fill the large open stopes on 32 vein which are fairly close to the vertical shaft.

GRASS VALLEY BULLION UNIT:

Mining operations in the "disputed territory" of the Bullion ownership have been reduced to the extraction of a few pillars and corners of ore left in the main 6 stope area and to the driving of the drift from the 1400 winze along the "crossing." There is not much more work that can be done within our restricted path of extralateral right without sinking below the 1500 level.

In the raise above the 2200 level, south of the operating winze, we have reached the 1900 level and a drift has been extended at about the 1950 elevation in both directions on the vein. Only the north drift approaching the winze has showed ore. A raise has been started on the north side of the winze in an ore shoot which was incorrectly assayed earlier when we thought no commercial ore was developed. The ore in this raise has been narrow but of fair grade thus far.

The plan to raise the winze through to 1500 level and thus avoid the auxiliary winze from 1500 to 1700 level has been completed and work on it will be started soon.

EXHIBIT 141

Nevada County Gold Source Is Second Largest

GRASS VALLEY (Nevada Co.), April 16.—The Idaho-Maryland Mines Corporation, which operates the Idaho-Maryland and New Brunswick Mine at Grass Valley, is exceeded in gold production only by the Homestake Mine of South Dakota. This is claimed by leaders of the industry here.

The Idaho-Maryland Corporation forged into the lead as California's leading gold producer during the year 1939. Previously, the Empire-Star Company, Ltd., which controls the Empire, North Star and Pennsylvania Mines in Grass Valley, the Murchie in Nevada City and the Zeibright in Bear Valley, Nevada County, was the state's high producer.

In 1939 the Idaho-Maryland paid dividends totaling \$1,066,285 at the rate of 5 cents per share per month.

EXHIBIT 142

AT IDAHO-MARYLAND

The Idaho-Maryland, with approximately 510 men employed, has more men at work than any other single mine in the county.

The Empire-Star Company, Ltd., which operates the Empire, North Star and Pennsylvania mines here, the Murchie Mine in Nevada City and the Zeibrigh Mine in Bear Valley, is the leading employer of men, however. More than 400 are at work at the Empire, 266 at the North Star, 111 at the Pennsylvania, 150 at the Zelbright and 115 at the Murchie.

The Idaho-Maryland Corporation in addition to the 510 men at the Idaho-Maryland Mine, has 316 men employed at its New Brunswick property.

EXHIBIT 143

Idaho-Maryland Mines Boost 30-Day Output

Production at the Idaho-Maryland Mines Corporation's New Brunswick and Idaho-Maryland mines at Grass Valley is now up to 1250 tons per day on a 30-day basis, according to a report from Grass Valley.

In August, 3907 feet of development work was done and a new dry house and blacksmith shop placed in use. The milling plant at the Idaho-Maryland and New Brunswick mines is equipped for flotation, amalgamation and cyanide leaching.

EXHIBIT 144

Mining Payroll Shows Increase

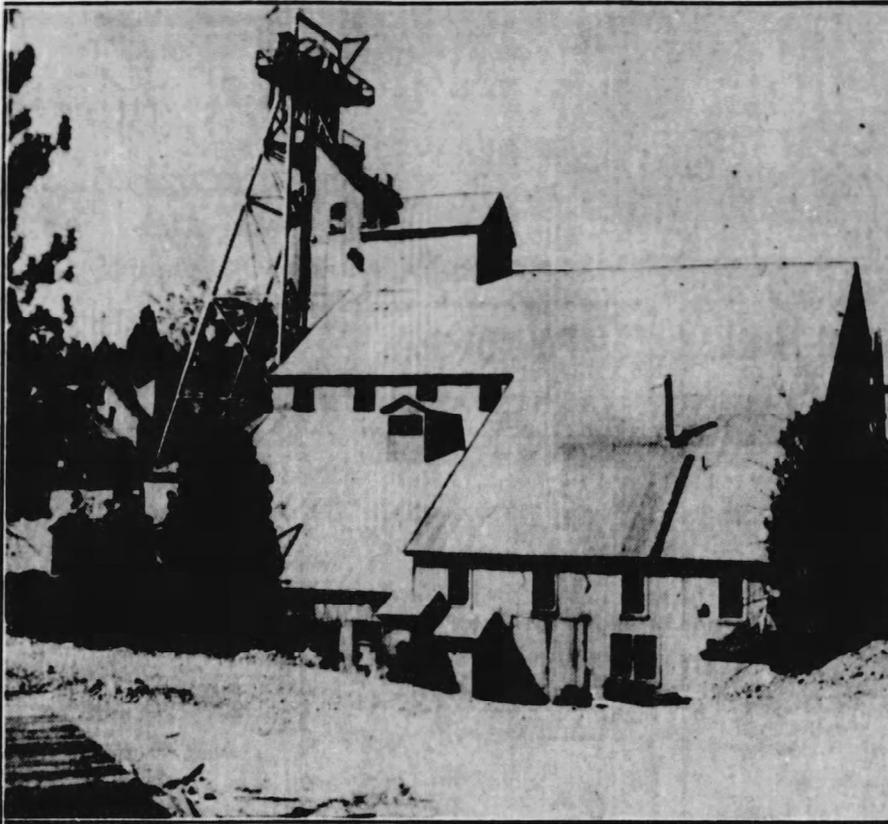
GRASS VALLEY (Nevada Co.), Sept. 24.—The Idaho-Maryland Mines Corporation, which operate the Idaho-Maryland, New Brunswick and Bullion Mines here, shows an increase in the number of men employed for both the surface and underground at the Idaho and Brunswick properties, with employment at the Bullion remaining the same.

At the New Brunswick, ten men were added during the last month underground. At the Idaho-Maryland four men were added. The figures show an increase of fourteen on the surface at the Idaho-Maryland.

The payroll is divided as follows: Idaho—underground, 300; surface, 139; mill 32; New Brunswick—underground, 314; surface, 56; mill, 13; Bullion—underground and surface, 42. The private operating payroll is forty five, making a grand total of 942 men employed at the company's Grass Valley properties.

EXHIBIT 145

Big Producer Gets Equipment



The largest hoist in the Grass Valley-Nevada City district is being installed at the New Brunswick Mine, pictured above, by the Idaho-Maryland Mines Corporation. Bee Photo

Huge Hoists Are Being Installed At Brunswick

GRASS VALLEY (Nevada Co.), Oct. 22.—The task of installing the double drum hoists at the New Brunswick Mine, largest tonnage producer in Nevada County, is proceeding steadily. The hoisting equipment has been placed on foundations of cement.

The present shaft will be replaced by a new one, which will rise approximately 145 feet in the air. The Brunswick Mine produces more than 1,000 tons per day, even surpassing in production her more noted sister mine, the Idaho-Maryland.

The Idaho-Maryland Mines Corporation, which operates the New Brunswick, Idaho-Maryland and Bullion Mines here, is the largest gold producer in Nevada County, which is the banner gold producing county of the state.

Mining Expert Uses Own Plane

NEVADA CITY (Nevada Co.), Oct. 22.—R. J. Hendricks, general manager of the Murchie, Zeibright and Pennsylvania Mines, will travel by air when the Newmont Mining Corporation wants him to inspect a mining property in any part of the United States or Canada.

Hendricks has done a lot of traveling in the interests of the Newmont Corporation. Much of it was over rough mountain roads and required days to reach his

EXHIBIT 146

Surface Plant Is To Be Built For Brunswick Mine

**Property Is Said To Be
State's Largest Tonnage
Producer**

GRASS VALLEY (Nevada Co.), May 28.—The New Brunswick Mine, property of the Idaho-Maryland Mines Corporation, will have a new surface plant, which is expected to take care of the mine's needs arising from a tremendously increased production.

Machinery for installation at the mine began arriving last week from Banning. The machinery had been used in the Metropolitan Water Company project in Southern California.

600 Horsepower Hoist

The machinery to be placed into operation includes two hoists, one a 600 horsepower Ottumwa double drum hoist for heavy use and a 480 horsepower Norberg single drum hoist for the dolley shaft.

Other surface improvements include the erection of a headframe and the building of a new compressor house.

General Manager Albert Crase of the Idaho-Maryland Mines Corporation does not expect the work to force the suspension of operations at the New Brunswick.

1,000 Tons Daily

The New Brunswick mill has been treating approximately 1,000 tons of ore per day. Since the suspension of milling operations at the Zeibrigt, the Brunswick property is now the largest tonnage producer in the gold mining industry in California.

EXHIBIT 147

Mining Pushed at Grass Valley

**Idaho-Maryland Equips
New Brunswick Mine
for Deep Operations**

GRASS VALLEY, Sept. 15. (Exclusive)—Erection of a steel headframe containing multiple crushers and ore bins at its New Brunswick mine has been authorized by the Idaho-Maryland Mines. The surface plant is being changed and improved to facilitate deeper operations, a powerful double-drum electric hoist is to be installed at once and sinking of the main 2350-foot shaft to the 4000-foot level is proceeding.

INCREASING RESERVES

Development of important ore bodies in the lower levels is materially increasing reserves. One of the foremost gold producers of California, Idaho-Maryland Mines is milling more than 1000 tons of ore daily at its Idaho-Maryland and New Brunswick properties and running its old plant steadily on the product of its recently acquired Bullion mine. The three properties provide employment for about 900 men.

EXHIBIT 148

California Lands Inc.,

-to-

Idaho Maryland Mines Corporation)

U.S.I.R. STAMP

CANCELLED BY

DATE

#25.00

R. J.

4-25-40

California Mountain Fruit
Nev. 203 SLD

GRANT DEED

California Lands Inc., a California corporation, for valuable consideration, receipt whereof is hereby acknowledged, hereby grants to Idaho Maryland Mines Corporation, a Nevada corporation, all oil, gas and minerals in and under and lying one hundred (100) feet, or more below the surface of the following described tracts of land, in the County of Nevada, State of California, to-wit:

Parcel No. 1. The north half ($N\frac{1}{2}$) of Lots 7 and 8, and Lots 9 and 10, of Section 6, Township 15 North, Range 9 East, Mount Diablo Base and Meridian.

Parcel No. 2. The east half ($E\frac{1}{2}$) of the southeast quarter ($SE\frac{1}{4}$) of Section 36, Township 16 North Range 8 East, Mount Diablo Base and Meridian.

Together with all rights of the said California Lands Inc. to enter on the surface of the said lands, and to take all the usual, necessary or convenient means to bore wells, make excavations and remove all oil, gas and minerals found thereon, subject to the conditions regarding protection and compensation for damage to growing crops and improvements as described and set forth in a certain deed from the said California Lands Inc. to Bank of America, National Trust and Savings Association, a national banking association, dated June 8, 1935, and recorded in the office of the County Recorder of the said County of Nevada, on October 21, 1935 in Book 28 of Official Records, at page 168; and subject also to the condition that the Grantee, its successors and assigns, shall not sink any shaft for mining purposes from the surface within a radius of four hundred (400) feet of that portion of the said north half ($N\frac{1}{2}$) of the said Lot 7, particularly described as follows:

Parcel A. Beginning at a point on the south line of the County Road running through said Lot 7, said point being north 550 feet, more or less, and east 370 feet, more or less, from the southwest corner of the north half of said Lot 7; and running thence southwesterly 190 feet more or less, thence southeasterly 640 feet, more or less; thence northeasterly 230 feet, more or less, to a point on the south side of the County Road; thence northeasterly along the south line of the County Road to the point of beginning.

Parcel B. Beginning at a point bearing north 1,115 feet, more or less, and east 1,250 feet, more or less, from the southwest corner of the north half ($N\frac{1}{2}$) of Lot 7 of the northwest quarter ($NW\frac{1}{4}$) of Section 6, T. 15 N., R. 9 E., M.D.B.&M., and running thence in a southeasterly direction 360 feet, more or less, thence at right angles southwesterly 50 feet, more or less; thence at right angles southeasterly 300 feet, more or less; thence at right angles northeasterly 580 feet, more or less; thence at right angles northwesterly 660 feet, more or less, thence at right angles southwesterly 530 feet, more or less, to the point of beginning.

Plat designating said Parcels "A" and "B" is attached hereto and made a part hereof.

Subject, also, to the lien of all taxes and governmental charges not now due and payable.

And subject, also, to the reservation of a certain interest in a portion of the gold, silver, minerals and other precious metals in the said lands as set forth in that certain agreement between the parties hereto, dated September 1, 1938, which grantee by the acceptance of this deed, agrees to pay and deliver to grantor at the times and in the manner provided in said agreement.

Dated this 16th day of April, 1940.

(Corporate Seal)

Checked ---
Property Desc. D
O.G.M. Res. D
Terms Ni on D
Typed By B
Originated by D

California Lands Inc.
By E. M. Marston, Vice President
By A. P. Carter, Asst. Secretary

STATE OF CALIFORNIA

SS.

City and County of San Francisco

. On this 16th day of April in the year one thousand nine hundred and forty, before me, Sam B. Fugazi, a Notary Public in and for the City and County of San Francisco, State of California, personally appeared E. M. Marston and A. P. Carter, known to me to be the Vice President and Assistant Secretary, respectively of the corporation described in and that executed the within instrument and also known to me to be the persons who executed it on behalf of the corporation therein named and they acknowledged to me that such corporation executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal at my office in the City and County of San Francisco, the day and year in this certificate first above written.

SBE
NI

in and for the City
State of California
2nd, 1942

S-1060

Recorded at the request Inter County Title Co. Apr 25 1940 at 50 min. past 3 o'clock P.M.

John E. Nettell

Recorder.

EXHIBIT 149

Activity High in Grass Valley

**Idaho-Maryland and
Other Mines Reported
Working Good Ore**

GRASS VALLEY, Oct. 5. (Exclusive)—Producing about 1200 tons of gold ore daily and employing 777 men, the Idaho-Maryland Mines Corp. reports that activities are at the highest point since settlement of the strike by miners last May. Many skilled workers have gone to industrial plants, shipyards and cities where high wages prevail, and the number of men on the pay roll is still 200 less than early this year.

HOISTS IN OPERATION

The corporation has placed two giant double drum hoists in operation at its New Brunswick mine, where surface and shaft work has been practically completed. Excellent ore is reported under development in the lower workings of the Brunswick and Idaho-Maryland properties, two mills are running steadily and a small crew is working the Bulion mine.

EXHIBIT 150

GEOLOGIC SUMMARY OF MINE DEVELOPMENT

April 1941

IDAHO UNIT

In view of the shut-down of our mining operations on the 1st of May as a result of a labor walkout, this report will be made more detailed than customary.

At the close of the month preparations were underway to start the drive from 450 level westward on "L" fault. No advance was made on this heading.

650L-113D was a short heading to make available a small lens of ore for stoping. This lens is definitely limited by excavations above and below.

800L-3D-6R lies 150 feet west of the 3D-1R and has been extended to 700 level elevation. "L" fault and 3 vein are not developed elsewhere at the 700 level but have been developed above, at 600 level. This raise started from a short stope on quartz lying behind "L" fault and was extended upward along the fault beyond the quartz showing. Mineralized diabase in the hanging wall of the fault was developed at the first but diminishing mineralization made it seem no longer attractive. The ground has been explored on 600 level so no more work seems to be warranted.

1300L-16D and 616D have been important developments. Summarizing this 1300 level on the Morehouse vein: To the southwest about 75 feet of good although narrow ore was developed, and from that point onward the quartz width diminished progressively and its assay value dropped off

(2)

sharply throughout the latter part of the drive. The northwest drive from the operating raise was along narrow quartz of good assay value. Several short gaps were occasioned by the quartz being faulted and separated, or possibly by pinching out between lenses. The last 100 feet of this drive has been better than the first and free gold has been present consistently. The face at time of shut-down has 12 to 18 inches of quartz with heavy free gold showing. The ore shoot developed between 1400 level and 1300 level on the Warehouse vein is clearly of stoping grade although care will be needed to prevent dilution of the ore. It now seems desirable to extend the #1 raise 80 feet to connect the 1300 level, to serve as a main transfer raise. The #2 raise should be extended above 1300 level so that one may be used for ore and the other as a waste pass.

1400L-3D-5R has been extended to the 1300 level. This completes a raise on 3 vein from 1500 to 1300 level. A short length of quartz is faulted out around 1400 level. As a result of this raise we find there is only a small post-quartz movement along "K" fault, and we are able to predict the position of the 3 vein quite satisfactorily elsewhere. Most of the 3 vein from 1500 to 1300 level is of good width, three or four feet. Unfortunately, however, most of this quartz is a very low grade ore and only in the latter part of the raise was a fair grade attained. Recapture work has proceeded on 1400L-3D, east of the 3 raise, where a body of good ore is to be stoped. About half of the drift was

(3)

recaptured by May 1.

1570L-24D-2R was started and extended upward 31 feet above the level. Most of the quartz developed is narrow but of good grade. The raise is pointed toward a portion of the 1500 level which has excellent ore of fair width. The purpose of this raise is to block out ore for stoping.

1940L-604D was completed, being driven to the point where 4 vein is cut off by "H" fault. The 4 vein made a very pronounced curve to the south as it approached the fault and some question remains as to the cause of this curve. I favor the hypothesis that it is post-quartz deformation resulting from fault drag. The ore remained of markedly low grade until the very last round, when the assay value picked up somewhat in the fault zone. Apparently none of the good ore that was underhand mined along this zone below 1900 level will extend down to 1940 level.

In recent months a raise was extended from 2000L-623D to a point 120 feet up the slope of the vein, where the 1970 level station has been cut this month. In addition to the station, short opposite drifts have been extended along the 23 vein. The 23 drift to the southeast shows persistent quartz and stringers, aggregating about 12 to 15 inches of quartz, in which free gold has been seen consistently. Free gold also is seen in the talcose serpentine country rock. The same general type of mineral-

(4)

ization is found in the 623 drift and in the station for the 1970 level, where the irregular quartz leaving the station rolled into the footwall. The last round in 623D reached a new structure which probably marks the footwall of the parallel belt of minor fractures along which the quartz of the 23 vein weaves its way. Free gold shows at the face of 623 drift and at many points along the 1970 station. On 2000 level the 23 drift is being extended toward the quartz reached by a diamond drill hole earlier. Because of the poor mineralization and wavy character of the fractures we were following, it was decided to drive the heading as a crosscut to the quartz and ignore the rolls of the vein. Several barren strands of vein have been encountered and one is now in the face. 120 feet remain to be driven to reach the diamond drill hole.

Recapture of the Canyon winze at 1800 level has been nearly completed. This will give facilities for driving 1800 level west of the Canyon winze if we should desire and for further operation along the small ore shoot developed by the 4 raise to the East. A westward drive from this station to the Morehouse vein now seems desirable in view of the ore shoot developed from the 1500 level upward. This drive probably should be geared to the development of the Morehouse vein on the levels below 2000 from the new 45 winze where we have nearly completed the sinking for the 2400-level pocket.

2070L-3D has been recaptured during the month and an advance of 13 feet has exposed the 3 vein and its junction

(5)

with a hanging-wall branch of the vein. Mineralized diabase, in which colors have been seen, accompanies the quartz on the hanging wall. A short distance ahead lies the good width of quartz and mineralized diabase which was drilled from 2000 level several years ago. It is unfortunate that a shut-down occurred at this time because this heading was just getting interesting.

2140L-5D has curved into the hanging wall, following a twelve-inch ribboned vein which has swung away from "L" fault. A minor fault transverse to the vein appeared and threw the vein back nearer to "L" fault. The vein remains in a position that projects in the hanging wall of the path taken by the 5-1 raise from 2400 level. This raise will be driven from 2400 level to 2000 level and its path lies about 50 feet ahead of the present 2140 face. It is now about 80 feet below the level, and "L" fault has cut out the ore above 2200 level. 2400L-3D is following "H" fault and although stringers have been present in most of the drive the quartz which we anticipate as a result of the diamond drill holes ahead has not yet been found.

2700L-4XC is approaching the 2 vein at a point near its intersection with 3 vein. 2700L-602D followed a full face of erratic ore of stock-work type, in which sulphides are sprinkled throughout the face, both in the quartz and in the altered country rock. The assay value of this material has greatly improved and the last face assayed \$16 and showed free gold. The south strike of this drift has been anomalous. #1 vein has failed to appear although its projected position has been passed. This is one of the most encouraging of recent developments in

(6)

the Idaho mine. The peculiar strike of the vein furnishes an excellent path for drifting toward the Brunswick Shaft. 2700L-602D-1R has been extended about 1/3 of the way to 2400 level. Since the first 40 feet there has been very little quartz and only low grade mineralization. It now is evident that the 2700L-602D is near the top of a new ore shoot which has not extended through to the 2400 level.

Diamond drilling has continued to explore the mineralized zone in the footwall of 5 drift on 2400 level. As this belt of mineralization lies in the direction of the 23 vein, it may encourage us to reach a position from which a drive to the 23 vein would be feasible. Drilling from 850L-603D has developed a mineralized diabase dike. The surface drill has been prospecting the ground in the footwall of the Morehouse vein where some vein material has been cored but it has yielded only low grade assays.

BRUNSWICK UNIT:

490L-1XC was extended through barren porphyrite and failed to encounter flat-dipping vein structure which would represent a continuation of ore above the 580L stopes on 16 vein. About 65 feet remains to be crosscut to reach the steep-dipping, hanging-wall branch of the 16 vein. When this has been reached, a raise to connect the 580L to 490L will be driven. Subsequently, the flat-lying ore in 1XC termed 34 vein, will be developed.

580L-4XC has been extended into the footwall of the old stopes on 1 vein and is now pointed toward the northeast end of the stopes, where the 36 vein will be picked up. From this point we can drive to our workings above 900L on the 36 vein.

900L-7XC has been driven toward the bottom of the

(7)

Independence shaft from the 28 drift. It is being driven on lines in order to avoid the heavy ground that would be encountered in drifting along the serpentine-porphyrite contact. 825 feet remain to be driven to reach the downward projection of the Independence shaft, which should be connected for ventilation and for waste entry to the mine. The drive has prospecting value and is in position for diamond drilling virgin ground. Waste from this drive is being used to fill the big stopes on 30 vein and 28 vein which may cave if not supported soon.

10001-7D was started as sideswipe from the 4D and it picked up a zone of stringers of good grade. The vein consists of a belt of stringers and is a poorly defined unit, but the material is of good grade and undoubtedly will lead to the more confined 7 vein. The junction of 7 against the 4 vein is typical of the "blind" junctions sometimes found.

1100-8XC, east of the 6-3 structure, was advanced through barren meta-andesite. Formerly the crosscut was in black argillaceous slate and the contact between these two rocks is marked by a strong fault zone which is parallel and fairly well aligned with "H" fault. The intervening 3 fault would make such a correlation questionable. If this heading is continued as a pilot exploratory crosscut it may be driven about a mile farther on its present bearing within the property. A short distance from the end of the 1100-8XC a siding was driven on a structure along a diabase dike in argillite. Only low-grade vein matter of narrow width was encountered.

Most of the recent development work of the Brunswick mine has been either on the 16 vein system on the hanging wall or on

(8)

the 30, 31 and 28 veins in the footwall belt. These will be described separately. Between them lie miscellaneous veins in which occasional work has been done which will be described next.

1200L-604D was extended along a stringer zone in the footwall of 28 vein. It has not discovered a typical 4 vein but certainly is a prospect of merit since several branches of vein are known to exist in this belt and the flat stringer zone may develop importantly. 1250L-4D has traced the 4 vein from the 128 vein to and beyond the 38 vein. This work has developed 140 feet of 4 vein on the 1250L, which is longer than was anticipated. At this elevation the 4 vein seems to branch outward from the 28 vein quartz and similarly the 38 vein seems to rise directly out of the 4 vein quartz. 38 vein does not extend into the footwall of the 4 vein.

1300L-4D has been extended as a crosscut into the zone where the 4 vein would project to the level near the 128D. It was barren at the start, but a stringer zone has been encountered which may link into the 4 vein. Far more quartz is exposed in the last face than showed formerly.

1300-5XC has been extended in the direction of the 2XC and encountered a small vein late in the month which may prove to be 7 vein or 12 vein. Only about 50 feet remain to be driven to connect this heading with the old workings. 8D and -608D are being extended laterally from the 5XC. The 8D has failed to develop stoping ore this month. The 608D, however, has been in low-grade stoping ore and a considerable length of similar material has been developed between the two headings.

The 1300L-3XC encountered a new vein about 300 feet east of 6-3 structure. This vein is approximately parallel to the Morehouse vein. It follows a fair fracture and shows irregular quartz. One quartz lens of which swells to 18 inches, but is sliced by the post-quartz faulting and is offset 3 or 4 feet. Fair assays have been taken from this quartz and a wholly new terrain is open for prospecting.

1450L-6XC has been extended into the footwall of 40 vein to pick up a zone of stringers encountered by the diamond drill. These were reached and 641D along the zone shows free gold and is low-grade ore.

1450L-1XC encountered 19 vein and drifts were started in both directions on the 19 vein. Unusually heavy free gold was found in the 19 Drift, although the width of vein is narrow.

1600L-606D has been following very erratic vein structure for the last several hundred feet. Occasional quartz stringers have accompanied the vein, some of which showed free gold. A short distance from the face a "crossing" was encountered and several elements of vein structure extend from this point. As a result of the intersection of the "crossing" the vein has been crowded nearly underneath the 1450L on the 6 vein and steep dips necessarily will obtain. The 1450 and the 1600L on 6 vein have been of very different character than higher levels and will be watched carefully in the future in hope of finding an answer to this structural problem.

16 Vein Development

In brief resume of the development of 16 vein on the successive levels the following is given:

(10)

580L appears to be completely developed, or nearly so. The ore shoot is about 1500 feet long.

700L is incompletely developed and more ore should be developed at both ends. 816D now shows 1 foot of good quartz to follow. At the east end of the level the present faces are barren. A raise from the east end of 900L will be the best means of developing this ore.

At 800L the ore shoot is about 1250 feet long and the east end appears to be incompletely developed. Although we do not see how to reach the ore at present, the aforementioned raise may remedy this situation.

At 900L the ore shoot is 1700 feet long and appears to be completely developed. We have not explored the west end beyond the proved ore, however, and drifting should be done sometime in this region. The possibility of getting increased water from the Union Hill mine is a deterrent to this development.

At 1000 elevation, westward development recently has traced a branching vein structure; one branch carrying far into the footwall on "crossing" strike. The other branch has been nearly barren. The west end of 1100L-16 vein is incompletely developed and the drift has been suspended only while a stope is being started. Ore shows at the face and branching vein structure may give additional headings when desired.

The west end of 1200L-16 vein is barren but is incompletely developed. It may prove better to wait until raises from the 1300L-416D have proved the position of the main branch of vein ahead. Extension of the 1300-416 and the -616 drifts this month have carried this level far beyond the 1200 level to a position

about as far west as the 1100 level. A northward curve in the strike of the 416 structure united it with the 616 branch and they are continuing in the normal position for the 616. 1450-416D is still pointing the way westward and is the farthest west of the lower levels. The present face is barren.

1600L-416D has reached the wide quartz of the 416 ore shoot. It contains the same, unusually abundant angular inclusions and the same high carbonate content that marked the 416D of 1450L. 1600L-416D probably has three or four hundred feet farther to go before reaching the end of the ore shoot.

2300L-616D contained only narrow quartz. The last portion of the drift swung to a more westerly strike, making a fair projection to the 416 vein of the 1600 and 1450 levels. The 16D, to the southeast, shows no great amount of quartz; only strong structure, alteration and some mineralization. We can drill this vein several hundred feet to the east from the parallel 1D.

The 2300-1D has been the best showing of ore on the 2300 level. Nearly all of the 484 feet from the crosscut has contained narrow ore of good grade. The present face shows 23 inches of quartz and visible free gold. 2300-632D has developed several lengths of quartz but only low assays have been obtained from this and it is doubtful if any of this quartz will support stoping. At the close of the month, our development program on 2300L comprised the 616 heading, the 1D and a crosscut from 33D into the footwall to pick up the 28 vein. This latter crosscut has not been started.

Development of 28, 30 and 31 veins

Since the recent resumption of the 1100L-628D, about 150 feet of additional ore has been developed. Much of this ore has

been of low grade and none too wide, but it has added another lobe to the already long ore shoot at the west end of the 30 vein. 1000 and 1300 levels may also show this new ore if they are extended. 1300L-328D has been advanced into the footwall along a zone of stringers and may be expected to pick up the footwall branch of the vein that has been seen on 1450L.

1450-630D has followed a wide vein of good stoping ore which is sliced into several segments that are slightly separated by a fault that is practically along the plane of the vein. The present face is nearly straight down-dip from the end of the ore on 1300L but lacks 250 feet of reaching the position straight up-dip from the west end of the vein on 1600L. 1600-631D, on the same ore shoot, is far in advance of the other heading and continues in good ore almost to the face where the ore is faulted or has pinched out. Further extension of this face is imperative to test for fault separation. The present position of the 1600-631 face indicates a right-hand rake in the downward continuation of this ore shoot. This unusual circumstance will place the ore in a position farther west on the 2300 level than our earlier drilling has tested. The site for a diamond drill hole to test this new position has been selected.

Development of the east end of the 28 vein is not complete on 1300, 1450, nor on 1600 levels although all of these levels have reached the 6-3 belt on some branch of the vein. At each level, additional branches of vein remain to be developed. Since an ore shoot of excellent grade is found along 28 vein on every level in the panel adjoining 6-3 structure, we have recommended development of 28 vein on the 2300L for early scheduling.

Diamond drilling in recent months at the Brunswick has had two objectives: First, the exploration of the 1300-27D and the panel of ground on both sides of it. This exploration has been unproductive to date. Second, is the drilling in extension of the hanging wall crosscut of the 2300L and this likewise has proved unproductive except for a vein encountered in the first 12 feet of the hole.

GRASS VALLEY BULLION UNIT

1500L-3XC was advanced in granodiorite throughout the month. It cut a flat, wavy vein in which an inch or two of calcite and a chloritic mud was found. Beyond this structure the granodiorite was somewhat altered to a waxy appearing, chloritized rock for the remainder of the distance to the face.

Stopping at the side of the winze at 2300 level established a level station on ore of excellent grade that now is exposed for a length of 25 feet. No drifting had yet been started so development advance was not recorded for this working place. The ore at the face is ten inches wide, shows good sulphides, and free gold.

2400L-603D was advanced about 60 feet from the old face and reached the downward continuation of the ore shoot on #1 vein which might be termed the Sunrise ore shoot. A little mineralization was present at first and it gradually increased to a good showing at the face, where a hanging wall branch of vein 3 to 6 inches of quartz runs \$7.35 and a footwall branch of vein 2 inches to 4 inches wide shows along the footwall gouge of the 1 vein. Between these two structures lies a six foot stringer-zone.

Stopping above the 2400 level has been prosecuted both

east and west of the operating winze. The stope to the east of the winze is within ten feet of the side of the winze and shows excellent ore of good width which probably will connect both to the 2300 stope and to the adjoining stope from 2400 level. West of the winze the 2400 north stope contains about 6 to 10 inches of excellent ore showing especially abundant sulphides. This ore probably will extend to the highgrade shoot on 2200 level.

The stopes on 2500 level show only very poor ore above the hanging wall "dropper" which appears near the 2500 level. Below this dropper the good ore probably will extend downward to the new 2600 level, where ore of excellent grade is seen. It is possible, however, that this 2600 level is on a footwall branch of vein which will not align directly with the ore of 2500 level. The 2600 level has been established by a winze branching to the right from the main winze. The new level has perhaps twenty feet to go to the northwest to connect into the main winze. This face shows 18 inches of mineralized quartz containing free gold. In the opposite face, to the southeast, the quartz is narrower but is of good grade and shows free gold.

On April 29, labor trouble caused the management to close the Bullion mine. Pumps were pulled from the 2700 level, the hoist was removed from the 2200 winze, and the pumps at the bottom of the 1700 winze were pulled. These levels all are now filling with water and this part of the mine has been abandoned.

Engineering Department
May 12, 1941

EXHIBIT 151

Corporation of America)
-to-)
Edward Meyers et ux)

DEED OF RECONVEYANCE

Know All Men By These Presents:

Whereas, Bank of America National Trust and Savings Association, the Beneficiary and holder of the Deed of Trust made, executed and delivered on August 24, 1939, by Edward Meyers, also known as Edward E. Meyers, and Nettie M. Meyers, his wife, to Corporation of America as Trustee for Bank of America National Trust & Savings Association, as Beneficiary which Deed of Trust was recorded on August 29, 1939, in the office of the County Recorder of County of Nevada, State of California, in Book 55 of Official Records, at page 255 et seq., has requested the Trustee under said Deed of Trust to reconvey the premises therein described; and

Whereas, Corporation of America, is now the Trustee under said Deed of Trust;

Now, therefore, the Corporation of America, a corporation, as said Trustee, does hereby grant, remise, release and reconvey to the person or persons legally entitled thereto, all the estate and interest derived to it, by or through said Deed of Trust, in the lands therein described, together with the appurtenances; special reference being hereby made to said Deed of Trust and the record thereof, for a particular description of said lands.

InWitness Whereof, said Corporation of America, as such Trustee, has caused these presents to be executed by an officer, to wit: L. A. Prisk, Assistant Cashier of the Bank of America National Trust and Savings Association and ex-officio agent of said Corporation of America, by virtue of a resolution of the Board of Directors of said Corporation heretofore recorded in the aforesaid County.

Dated: July 26, 1941

Corporation of America, a Corporation
Trustee
By L. A. Prisk, Its Agent

STATE OF CALIFORNIA
ss.
COUNTY OF NEVADA

On this 26th day of July in the year one thousand nine hundred and forty-one, before me, B. F. Weaver, a Notary Public in and for the said County and State, and residing therein, duly commissioned and sworn, personally appeared L. A. Prisk, an officer, to-wit: Assistant Cashier of the Bank of America National Trust and Savings Association and ex-officio agent of Corporation of America, a corporation, known to me to be the person who executed the within instrument on behalf of Corporation of America, a corporation, therein named, and acknowledged to me that said Corporation of America, a corporation, executed the same.

InWitness Whereof, I have hereunto set my hand and affixed my official seal, the day and year first hereinabove written.

(Notarial Seal)
S-2267

B.F. Weaver, Notary Public in and for the
County of Nevada, State of California

Recorded at the Request Nettie M. Meyers Jul 29 1941 at 5 min. past 11 o'clock A.M.
Fee \$1.00

John E. Nettie Recorder.

Lawrence A. Mazzanti et ux)
-to-)
Idaho Maryland Mines Corporation)

GRANT DEED
\$330
G. E. W.
7-29-41

Lawrence A. Mazzanti and Vivian Mazzanti, his wife, hereby grant to Idaho Maryland Mines Corporation, a Nevada Corporation, that certain lot of land, situate in the County of Nevada,

State of California, particularly described as follows:

The south half of the Southwest quarter ($S\frac{1}{2}$ of $SW\frac{1}{4}$) of Section Twenty-nine (29) and the Southeast quarter of the Southeast quarter ($SE\frac{1}{4}$ of $SE\frac{1}{4}$) of Section Thirty (30), all in Township Sixteen (16) North, Range Nine (9) East, Mount Diablo Base and Meridian;

Together with all water rights, mineral and other rights appertaining to the said land, and all such water rights, mineral and other rights as may have been reserved by the Grantors, or either of them, in the deeds hereinafter referred to.

Excepting Therefrom the surface rights to those three certain tracts of land, containing 0.50 acres, 0.413 acres and 0.271 acres, respectively, particularly described in that certain deed, dated the 27th day of February, 1936, from the said Lawrence A. Mazzanti to Chester E. Andrews, as Grantee, which said deed was recorded in the office of the County Recorder of the said County of Nevada, on the 10th day of March, 1936, in Book 31 of Official Records, at page 21;

Excepting, also, the surface rights to that certain tract of land, containing 5.36 acres, particularly described in that certain deed, dated November 30, 1936, executed by the said Lawrence A. Mazzanti to E. E. Kerbey and Bessie E. Kerbey, which said deed was recorded in the office of the said County Recorder on the 6th day of August, 1937, in Book "39" of Official Records, at page 193;

Excepting, also, the surface rights to that certain tract of land, containing 2.30 acres, particularly described in that certain deed, dated July 14, 1936, executed by Lawrence A. Mazzanti, to Pearl Andrews, which said deed was recorded in the office of the said County Recorder on the 25th day of January, 1937, in Book "35" of Official Records, at page 358;

Excepting, also, the surface rights to that certain tract of land, containing 3.88 acres, particularly described in that certain deed, dated June 14, 1937, executed by Lawrence A. Mazzanti, to O. J. Williams and Elsie M. Williams, his wife, which said deed was recorded in the office of the said County Recorder on the 15th day of June, 1937, in Book "37" of Official Records, at page 187 et seq.;

Excepting, also, the surface rights to that certain tract of land, containing 3.114 acres, particularly described in that certain deed, dated July 13, 1937, executed by Lawrence A. Mazzanti to C. E. Andrews, which said deed was recorded in the office of the said County Recorder on the 12th day of August, 1937, in Book "37" of Official Records, at page 279;

Excepting, also, the surface rights to that certain tract of land, containing 1.683 acres, particularly described in that certain deed, dated August 11, 1939, executed by Lawrence Mazzanti to David Golding, which said deed was recorded in the office of the said County Recorder on the 19th day of March, 1940, in Book "60" of Official Records at page 170;

Excepting, also, the surface rights to that certain tract of land, containing 19.22 acres, particularly described in that certain deed dated March 12, 1940, executed by Lawrence A. Mazzanti to O. J. Williams, which said deed was recorded in the office of the said County Recorder on the 8th day of April, 1940, in Book "60" of Official Records, at page 206; and

Excepting, also, the surface rights to that certain tract of land, containing 1.174 acres, particularly described in that certain deed dated June 24, 1941, executed by Lawrence A. Mazzanti, to David Golding, which said deed was recorded in the office of the said County Recorder on the 1st day of July, 1941, in Book "72" of Official Records, at page 106.

Dated this 25th day of July, 1941.

Lawrence A. Mazzanti

Vivian Mazzanti

STATE OF CALIFORNIA

ss

COUNTY OF NEVADA

On this 25th day of July, 1941, before me, J. T. McCarthy a Notary Public in and for the

County of Nevada, State of California personally appeared Lawrence A. Mazzanti and Vivian Mazzanti, his wife, known to me to be the persons who executed the foregoing grant deed, and acknowledged to me that they executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

(Notarial Seal)

J. T. McCarthy, Notary Public in and for the
County of Nevada, State of California

S-2275

Recorded at the Request Inter County Title Co. Jul 29 1941 at 40 min. past 2 o'clock P.M.
Fee \$1.70

John E. Mitchell Recorder.

Lewis Bevilacqua et al)

-to-)

Rose Zorman)

This Indenture, made the 19th day of July A.D. 1941, between Lewis Bevilacqua, Alice Bevilacqua, his wife, Richard T. B. Clemence and Bessie Clemence, his wife, all of the County of Nevada, State of California, the parties of the first part, and Rose Zorman, of the same place, the party of the second part,

WITNESSETH

That the said parties of the first part, for and in consideration of the sum of Ten dollars, in lawful money of the United States of America, to them in hand paid by said party of the second part, the receipt whereof is hereby acknowledged, have remised, released and forever quitclaimed, and by these presents do remise, release and forever quitclaim unto the said party of the second part, her heirs and assigns forever, all that certain real property situate in the City of Grass Valley, county of Nevada, State of California, and more particularly described as follows, to-wit:

All that certain portion of Lot numbered 10, in Block numbered 14, of the Townsite of South Grass Valley, as said block is designated upon the official map of the Townsite of South Grass Valley made by D. B. Merry and Palmer Smith in the year 1876, and bounded and particularly described as follows, viz:

Beginning at the most southerly corner on the easterly line of Auburn Street and on the northerly line of private driveway, from which the intersection of the said easterly line of Auburn Street with the northerly line of unnamed alley, identical with a corner of said Block numbered 14, bears South 2° 03' West 298.67 feet distant; thence, with true bearings, along the northwesterly line of said private driveway, North 56° 38' East 145.26 feet to fence corner; thence North 62° 14' 25" East 209.69 feet to fence post on the southwesterly line of unnamed alley; thence North 35° 31' 30" West 75.72 feet to the most northerly corner of Lot numbered 10, Block numbered 14; thence, along fence, South 68° 12' 30" West 104.39 feet to fence corner; thence South 7° 24' East 47.84 feet to fence corner; thence South 67° 21' 15" West 84.80 feet to angle in fence; thence South 69° 16' West 113.33 feet to end of concrete wall on the easterly line of Auburn Street; thence South 8° 36' East 81.16 feet to the place of beginning.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

To have and to hold, all and singular the said premises, together with the appurtenances, unto the said party of the second part, and to her heirs and assigns forever.

In Witness Whereof, the said parties of the first part have hereunto set their hands and

EXHIBIT 152

Idaho Maryland Mine Profit Off To \$1,008,315

Idaho Maryland Mines Corporation reports for 1941 net profit of \$1,008,315 after all charges equal to 56 cents a share compared with \$1,183,159, or 66 cents a share in 1940.

Operations during the year were affected by the lack of mine personnel which, according to E. L. Oliver, president, necessitated the concentration of operations in higher grade ore to offset decline in production. As a result of this change, ore values for the year increased nearly 36 per cent notwithstanding a 35 per cent decline in production. Ore value last year was \$15.20 per ton compared with \$11.19 in 1940 and \$9.87 in 1939.

Development work during the year was successful, Oliver stated, and included discovery of new ore shoots and veins in both the upper and lower levels. **"Tonnage and grade of new ore developed are very satisfactory and there apparently is more ore in sight than at the start of the year,"** Oliver said.

The report reveals the company is now equipped to mine its properties to a vertical 5,000 foot level, although the lowest point in the Brunswick shaft is about 3,400, the lowest development level is 2,300 feet and current operations are above the 1,600 foot level.

Year end balance sheet shows total current assets of \$969,050, including \$468,815 cash and \$320,964 materials and supplies. Current liabilities totaled \$288,360. At the end of 1940, current assets were \$1,039,391, cash \$500,572, inventory \$192,240, and current liabilities \$402,540.

EXHIBIT 153

Grass Valley Mine Report

Idaho Maryland Pays Large Dividends

Total income from sales of bullion of Idaho Maryland Mines Corporation operating at Grass Valley, Calif., was \$4,104,154 in 1941, according to the annual report to stockholders by President E. L. Oliver and Executive Vice President Errol MacBoyle, published in the Mining and Industrial News.

Total operating expense was \$2,645,292, net earnings were \$1,008,315, plant improvements made during the year amounted to \$206,320 and dividends paid to stockholders totaled \$1,074,020.

In reviewing the operations of the company, President Oliver reported as follows:

"Results of operations for the year 1941 were satisfactory, considering the many adverse conditions encountered. During May, 1941, the mine was practically shut down, due to a strike which had its origin in a jurisdictional dispute between members of two different unions. During the strike, which lasted nineteen days, many men left town and it was several months before a large enough force could be assembled to mine sufficient ore to keep our mills operating at full capacity.

"In 1940, in accordance with our long range planning, we bought two hoists and auxiliary equipment and ordered the necessary material for a new head-frame and ore bins for the Brunswick vertical shaft. The head-frame and bins were erected and the hoists and auxiliary equipment completely installed during 1941, so we

are now equipped to mine our properties to a vertical five thousand-foot level and beyond. Although our present lowest point in this shaft is about 3400 feet below the collar and we have cut a station at 3280 feet, the lowest development level is only 2300 feet and we have not stoped below the thousand-foot level. In the ground tributary to the Idaho Maryland incline shaft we have not stoped below the two thousand level and the lowest development level is 2700 feet, which corresponds to the three thousand-foot level of the New Brunswick shaft.

"During the period when underground men were scarce, we took the opportunity to install the new hoists, head-frame and ore bins and to make major alterations in three compartments of the shaft to permit the use of the larger skips and cages. Of necessity, the Brunswick mill was closed down during this period of about six months, although considerable Brunswick ore was hauled to the mill near the Idaho Maryland shaft from the old Brunswick inclined shaft. Delivery of steel for the head-frame was delayed somewhat so the work took longer than contemplated. Full operation was resumed in December.

In order partially to offset the loss of production through the decrease in tonnage, we concentrated many operations in the higher grade zones and curtailed some of our development work. The results of this program are strikingly shown by the following figures:

Tonnage mined: 263,768 tons against 406,707 tons in 1940, a reduction of thirty-five per cent. Average grade of ore was increased to \$15.20 from \$11.19, a thirty-six per cent gain. Ounces of gold recovered, 113,973 compared to 129,309 in 1940, or a drop of only eleven per cent. In addition, 30,000 ounces of silver, which is alloyed with the gold, were recovered. Total mint returns of precious metals aggregated \$4,009,869.78.

EXHIBIT 154

Idaho Maryland Finds New Ores For Future Uses

GRASS VALLEY (Nevada Co.), May 11.—The Idaho Maryland Mines Corporation's report for 1942 reveals that during that year 12,430 feet of diamond core drilling was completed and that three new and important ore bodies were developed, which will be opened when operations are resumed again. New headings driven amounted to 11,583 feet.

Net earnings dropped from \$1,008,315 in 1941 to \$147,974.91 in 1942. Dividends were suspended after February, 1942. The report, however, stresses the fact that three new ore bodies developed by diamond core drilling assures the mine of stopping ground for years of future operations.

War Closed Operations

Two factors are noted by both Edwin Letts Oliver, president of the corporation, and Errol MacBoyle, vice president and general manager, which account for the 100 per cent drop in earnings. The first was the loss of technical manpower to the war industries, and the second was the War Production Board closing order of October 8th, under which all gold mines suspended production, except those which also produced strategic minerals.

The report reveals that though these factors sharply limited operations, the ore reserves are excellent both as regards tonnage and grade, and the resumption of ore extraction can be resumed quickly whenever the government permits it.

Attempts have been made to include the mining of strategic metal ores, according to the report, and diligent search for tungsten in the Union Hill veins was prosecuted, but no deposits warranting mining were discovered. The corporation also took a lease on a cinnabar property but the deposit proved shallow and operations were abandoned.

Tonnage Dropped

The Idaho Maryland's tonnage production in 1942 was 144,639 tons, as compared with 263,768 in 1941. Average recovery in 1942 was \$12.98 per ton as against \$15.20 per ton in the previous year. In addition 14,700 ounces of silver were recovered to bring the total value of precious metals in 1941 to \$1,939,623.84.

The report states that completion of the New Brunswick's steel head frame, crusher plant, hoist and compressor buildings at a cost of \$135,000, gives the Idaho Maryland one of the finest and most efficient gold mining plants in the United States. This equipment will take care of 2,000 tons of ore daily from depths as low as 5,000 feet.

EXHIBIT 155

Grass Valley Mine Cuts Roll

GRASS VALLEY (Nevada Co.), July 6.—The Idaho-Maryland Mines Company is reducing its payroll listing from approximately 100 men to about 50 men.

The reason for reducing the crew is attributed to the fact the War Production Board has ruled against any proposal to permit sufficient extraction and milling of ore to pay maintenance costs.

The Idaho Maryland will retain only enough miners and timbermen to keep their shafts in repair, to do essential timbering and to keep the mine free from water. In many of the stopes and crosscuts even timbering will be discontinued.

The appeal of western gold producers and western congressmen to the WPB for permission to employ men between 60 and 65 years of age and 4F selectees to maintain gold mines on a low production basis so as to offset maintenance costs, was refused.

The Idaho-Maryland maintenance cost is estimated at \$40,000 monthly.

EXHIBIT 156

Idaho-Maryland Mine Gets Permit To Produce Gold

By The Associated Press

San Francisco, March 22.—Per-
mission for the re-opening of two
of the nation's largest gold pro-
ducers—the Idaho-Maryland and
Empire Star mines at Grass Val-
ley, Calif.—was announced by
the war production board today.

The board said manpower and
critical materials were being
made available under a joint
agreement of the WPB and the
WMC. Workers non-essential to
higher urgency war production
will be obtained through the U.
S. employment service.

The WPB said the action was
“to provide relief from unwar-
ranted hardship in California's
gold mining industry” and to
preserve “valuable sections” of
that industry from “severe dam-
age or loss.”

EXHIBIT 157

Idaho Maryland Mines

Idaho Maryland Mines Corporation reported 1944 net loss of \$127,270 after all charges, compared with loss of \$341,027 in 1943.

The company said that since September sufficient ore has been milled to meet current cash outlay but it has not attained the maximum WPB allowable of 7,800 tons of ore monthly.

EXHIBIT 158

Idaho-Maryland Reports Setback

GRASS VALLEY, April 15. (Exclusive) — Neal O'Donnell, general manager of Idaho-Maryland Mines Corp., has informed stockholders that full-scale operations under the W.P.B. limited maintenance permit are prevented by a shortage of miners and caved-in workings.

Portions of the deep Idaho mine have caved so seriously that it will require six months to a year of retimbering and repair work before production can be resumed. At the Brunswick mine work has been carried on with a small crew since last August.

Three new and important veins disclosed by diamond core drilling in 1942 will be developed and mined when conditions become favorable. Extensive reserves of profitable ore have been blocked out in the Brunswick and Idaho-Maryland groups.

EXHIBIT 159

November 9th, 1946

Mr. Frank Kincaid,
c/o United States Mine,
Lark, Utah.

Dear Frank:-

Your friend Mr. R. D. Harden has called on me on several occasions while visiting this area and he told me how you were getting along over in Utah. During the course of the conversation I promised to write to you but with the press of many things around here I haven't had the time to get down to the bottom of my letter basket until today.

Mr. Harden advises me that you have not been feeling very well and I am very sorry to hear it, but I guess we are getting a little bit on the ancient side, although it seems only a few years ago since we were tramping around the hills of Virginia together. I have been very busy over here trying to open up two mines that were closed down for three years. One of which is badly caved. During this year we decided to put in a small sawmill to cut timber for the mine and after we had the mill installed we were able to sell the lumber at a profit. The result is that we are not only operating the small mill, but in the last few months are building a much larger mill and expect to saw 22,000,000 feet of lumber per year from now on.

As regards the mines, we are milling about one-half the tonnage that was milled in the prewar days, but unfortunately it doesn't carry half the gold that the prewar ore carried, which is necessitating a considerable expansion of our development work, which with the shortage of miners is not a very easy thing to accomplish. However, we are stepping up development work quite materially.

November 9th, 1946

I have seen Dick Hart on several occasions in the past year, the last time being in Denver during the meeting of the American Mining Congress. I also saw at the American Mining Congress meeting Carl Rockwood. Who, aside from yourself, are the only members of our division in the Marines whose location I know of. I have never come across any of those fellows despite the fact that I have traveled a great deal during the last four or five years. I expect that many of them are dead.

I will be very pleased to hear from you and to hear how you are getting along, and if I get to Salt Lake again I shall most certainly make it a point to look you up.

Sincerely,
ORIGINAL SIGNED BY
NEIL O'DONNELL
Neil O'Donnell,
Executive Vice President,
IDAHO MARYLAND MINES CORPORATION.

NO:h

EXHIBIT 160



TOPOGRAPHIC MAP
IDAHO MINE AREA
Contour Interval: 5 ft.
Scale 1 in. = 50 ft.

E 4600 E 4800 E 5000 E 5200 E 5400 E 5600 E 5800 E 6000

N 9600

N 9400

N 9200

N 9000

N 8800

N 8600

EXHIBIT 161

Idaho-Maryland Geared Higher

GRASS VALLEY, April 14. (Exclusive)—Capacity of its Brunswick and Idaho-Maryland mills has been increased from 1200 to 1500 tons of ore per day by Idaho-Maryland Mines Corp. At the Brunswick plant single stage crushing has replaced the former two stages in the crushing unit. Both mills have been completely revamped in preparation for full production when adequate manpower is available.

The company is milling about 230 tons of ore daily and employing 220 men. Workings in the deep levels of the Brunswick and Idaho-Maryland mines have been reconditioned, development work is proceeding at several points, and substantial ore reserves are available for mining. Present operations are largely centered at the Brunswick.

Officials state that the company expects to hold its position as the second largest American gold producer with its increase in milling facilities. The labor situation is gradually improving, and the housing problem, complicated by Army personnel, is expected to ease soon.

EXHIBIT 162

November 4th, 1946

Hyman-Michaels Company,
2200 Jerrold Avenue,
San Francisco 24, California.

Attention: Mr. L. T. Pockman.

Gentlemen:-

I wish to acknowledge receipt of your letter of October 15th, relative to the sale of second hand timber now in your yard at Portland, Oregon.

I am sorry to inform you that we do not have any interest in this timber due to the fact that we are now operating a sawmill of our own at the Brunswick Mine and expect to have a second sawmill in operation about the middle of November. These two sawmills will cut more timber than is required for the mining operations so that we are at the present time selling timber rather than buying it.

Sincerely,
ORIGINAL SIGNED BY
NEIL O'DONNELL
Neil O'Donnell,
Executive Vice President,
IDAHO MARYLAND MINES CORPORATION.

NO:h

EXHIBIT 163

Idaho Maryland Mines Corp. Anticipates a 1947 Profit

Expected 'Token' Dividend This Year
Based on Forward Building Plans

By CHARLES V. FIRESTONE,
Financial Editor

Yesterday this column reported that E. I. Oliver, president of Idaho-Maryland Mines Corporation, expressed satisfaction with the progress being made currently in rehabilitating the mine properties. He added that he expected the company to pay a "token" dividend in 1947, probably 10 cents a share.

Mr. Oliver's optimism is predicted on the following:

The outlook for the future is considered promising by the management and operations are expected to attain a profit level for 1947 despite current wage levels and high materials and supplies costs.

Idaho-Maryland Mines' management is building for the future in the knowledge that sooner or later the price of gold will be increased in terms of dollars—that this increase will be worldwide and based upon the necessity of lightening the financial burdens of the governments of the world.

Hence, since reopening the corporation's properties the management has stressed the importance of adding to developed ore reserves and of increasing the efficiency of all operations.

Labor conditions, which had sadly deteriorated, have shown great improvement. The present crew of some 450 men is able to mine and send to the mills a tonnage of ore equal to the amount 800 miners produced in prewar years. Contributing to this result are improved equipment installed, improved mining methods, and a system of incentive or contract work which has given the miners a higher income based upon ore production per man.

Capacity of the Brunswick mill is being increased approximately 50 per cent, and improvements in metallurgical treatment have increased tonnage and reduced operating costs with appreciable reduction in tailing losses. Further changes contemplated should still further improve metallurgical efficiency.

* * *

Illustrative of how the management is embracing every opportunity to cut costs is the installation of a sawmill which not only furnishes timber required by the mine but also produces substantial earnings from outside sales. Formerly the corporation purchased needed timber paying in addition a considerable sum in freight charges.

The Idaho-Maryland Mines property at Grass Valley, extends over a distance of about two miles. There are four shafts, all connected, two serving to keep the mine ventilated and two being operated to bring ore to the mills.

Working of the Idaho-Maryland has tended to carry in the direction of the Brunswick mine so that it is now economical to send some of the Idaho-Maryland mine's ore to the Brunswick mill.

Brunswick ore is easier to handle than that of Idaho-Maryland but the latter is much richer. Thus, Idaho-Maryland ore runs \$15 to \$30 a ton in recoverable values while the Brunswick ore averages about \$8 a ton in value.

* * *

Idaho-Maryland ground is softer and heavier and does not lend itself to more than about two to three years forward development; Brunswick ground can be developed further ahead. During 1946 an extension of the ore body from 2,400 to 2,700 level in the Idaho was proven. This ore body was of relatively high grade in the upper levels.

Pac. Gas Co., Water Issues

Application of Pacific Gas & Electric Company to issue \$15,000,000 of additional common stock of \$25 par value was approved by the State Public Utilities Commission yesterday. A total of 626,138 shares of common stock is involved. Funds will be used for postwar expansion, it was stated.

The Commission also approved the application of the Southern California Water Company to issue \$5,100,000 in first mortgage bonds, due May 1, 1977. The issue will be sold on competitive bidding. Bids must be for the entire lot.

Proceeds will be used to redeem outstanding series "A" and "B" bonds totalling approximately \$3,959,000 and for construction.

The company was also allowed to execute a first mortgage to secure the payment of the bonds.

GRAIN—CHICAGO, April 23.—(AP)—

Option	Open	High	Low	Close
WHEAT				
May	2.57 1/4	2.58 1/2	2.56 1/2	2.58 1/4
July	2.25	2.25 1/2	2.22 1/2	2.24 1/4
September	2.18	2.17 1/2	2.15 1/2	2.17 1/4
December	2.13	2.14	2.12 1/2	2.13 1/2

Option	Open	High	Low	Close
CORN				
May	1.77	1.75 1/2	1.71	1.73
July	1.65 1/4	1.65 1/2	1.64 1/2	1.65 1/4
September	1.53 1/4	1.54 1/4	1.53 1/4	1.53 1/4
December	1.42 1/4	1.43 1/4	1.42 1/4	1.42 1/4

Option	Open	High	Low	Close
OATS				
May	.87 3/4	.89	.87 1/2	.88 3/4
July	.80 1/2	.81 1/2	.80 1/2	.81 1/2
September	.76 1/2	.76 3/4	.76	.76 1/2
December	.75 1/2	.75 3/4	.74 1/2	.75 1/2

Option	Open	High	Low	Close
BARLEY				
May	1.60	1.60	1.60	1.60

Option	Open	High	Low	Close
LARD				
July	22.25	22.25	21.50	21.50
September	21.75	21.75	21.30	21.30
October	18.52	18.52	18.10	18.25
November	18.52	18.52	18.10	18.25

SPOT GRAIN—CHICAGO, April 23.—(AP)—Wheat: None. Corn: No. 2 yellow, \$1.78 @ 1.78 1/4; No. 3, \$1.73 1/4 @ 1.77 1/2. Oats: No. 1 mixed, \$1.93 1/4; No. 1 white, 93 1/2 @ 94 1/2c; No. 2 heavy white, 95 1/2c. Barley: Maltin, \$1.60 @ 1.90 nominal; feed, \$1.30 @ 1.50 nominal. Field seed per hundredweight nominal: red clover, \$4.3 @ 4.7; sweet clover, \$11.50 @ 13; red top, \$17.50 @ 18.50; timothy, \$7.40 @ 7.75.

SAN FRANCISCO GRAIN EXCHANGE

Federal-State Market News Service
Prices basis San Francisco for shipment from point of origin within ten days—Mill-run, \$54 @ 55; red bran, \$54 @ 55; California wheat, sacked, \$4 @ 4.05; No. 2 yellow corn, eastern bulk, (cool and sweet), \$3.64 @ 3.69; No. 2 Kaffir, eastern bulk, (cool and sweet), \$3.57 1/2 @ 3.62 1/2; No. 2 milo and mixed bulks, \$3.52 1/2 @ 3.57 1/2; No. 2 California and/or mixed (sample grade), \$3.45 @ 3.50; California grain bags, 25 1/2c.

POULTRY AND GAME

Prices below to grade A quality, f. o. b. Live prices include permitted maximum hauling charges. Prices in cents:

	Paying prices	Prices to (Live, f.o.b.)	retailers dressed
BROILERS—			
Under 2 lbs.	.33 @ 34	45	@ 46
FRYERS—			
2 to 3 lbs.	.32 @ 33	44	@ 45
3 to 4 lbs.	.32 @ 33	43	@ 45
ROASTERS—			
4 lbs over	.32 @ 33	42	@ 43
COLORED HENS—			
All weights	.35 @ 36	45	@ 46
OLD ROOSTERS—			
All weights	.34 @ 35	22	@ 25
DOMESTIC RABBITS—			
Under 5 lbs.	.26 @ 27	50	@ 52
TURKEYS, all weights			
Young hens	.28 @ 30	37	@ 38
Young toms	.22 @ 23	37	@ 38
SQUABS—			
All weights	.70c	1.00	@ 1.05
DUCKS—			
All weights	.34 @ 35	44	@ 45
GEESE—			
All weights	.32 @ 34	43	@ 44

EGGS, BUTTER CHEESE

Federal-State Market News Service
EGGS—Following are the prices per dozen

EXHIBIT 164

PROFIT-SHARING SYSTEM MAKES GOLD MINES PAY

GRASS VALLEY, Jan. 11. (Exclusive) — The Idaho-Maryland Mines Corp. produced gold worth approximately \$2,000,000 during 1947. Lessees, known locally as "tributers," mined considerable profitable ore from deep levels of the North Star property of Empire-Star Mines and operation of the Pine Hill and other mines on an important scale is scheduled this year.

During 1947 more than 200,000 tons of ore were milled at the Brunswick and Idaho-Maryland properties of Idaho-Maryland Mines Corp. Production was materially increased from the Idaho-Maryland, which contains considerably richer ore than the Brunswick. More than 400 miners were steadily employed and exploratory and development work is said to have largely increased ore reserves in both properties. The company was California's leading producer of quartz gold and probably ranked second among American producers of the precious metal.

Revival of the "tributing" custom in the Grass Valley region by Empire-Star Mines is reported to have resulted in recovery

of considerable profitable ore from deep levels of the North Star on a basis favorable to the company. The system provides that the company furnish mine, equipment and mill facilities, with the miners working for about 50 per cent of the net profits.

Ruby Mine Runs Into Rich Rock

DOWNIEVILLE, Jan. 11. (Exclusive)—Some good nuggets are being taken from the old Ruby mine, operated in the Goodyears Bar region by Norine Mining Co. Manager G. Phillips recently displayed three nuggets valued at \$50, \$150 and \$380. The property is producing from \$300 to \$800 a day and the miners are paid an incentive profit at the rate of 3 per cent of the net gold recovery above their base wage scale. Some days they earn as

EXHIBIT 165

NEW VEIN FOR IDAHO MINES

Idaho Maryland Mines Corporation, California and Idaho gold producer, has located a new vein at the 2,700 foot level in the Idaho shaft, it was announced yesterday by E. L. Oliver, president.

News to this effect, reaching Montgomery Street earlier in the day, is believed responsible for heavy trading on the San Francisco Stock Exchange. The stock moved up from a new low of \$1.60 for the year at the opening to \$2.20 later in the day. It closed at \$2.15 with a total of 9,700 shares changing hands.

Oliver said the new twenty foot vein was unusual and not characteristic of the vicinity in that most veins in the Idaho average four feet wide. He said the discovery was made through a series of diamond drill tests.

Operations are still in the early stage of development, he pointed out, and it is still too early to determine the extent of the ore body. A mill run on 200 tons of ore averaged \$10 a ton, he said.

EXHIBIT 166

Idaho Maryland Mines '47 Loss \$144,649, Output Up

Operations of Idaho-Maryland Mines Corporation for 1947 resulted in a net loss of \$144,649, after charges for depletion and depreciation (including sawmill depreciation). In 1946 the company reported a net loss of \$1,311.

Ore produced at the company's property at Grass Valley in 1947 totaled 213,605 tons of which 180,742 tons were mined at the Brunswick unit and 32,863 tons at the Idaho unit. This compares with 185,943 tons mined in 1946 at both units and approximately 400,000 tons mined in prewar years.

Bullion with a net value of \$1,748,952 was produced and metallurgical recovery averaged 93.78 per cent. Bullion produced in 1946 had a net value of \$1,453,076 and the metallurgical recovery was 95.23 per cent.

Production of gold for the year totaled 50,113 ounces, of which 48,369 were from mined production and the remainder was from custom concentrates treated and from

cleanup operations.

The report showed silver production from all sources totaled 13,507 ounces. Output of ore was limited by lack of men for underground operations, it was stated.

Ore reserves at the year end totaled 450,500 tons of proven and possible ore of which 88,700 tons are in the Idaho unit and 361,800 tons in the Brunswick unit, the report said.

The company's sawmill operations last year resulted in 12,201,546 feet of lumber cut. Of this amount, 1,928,182 feet were delivered to mine stocks and the remainder sold.

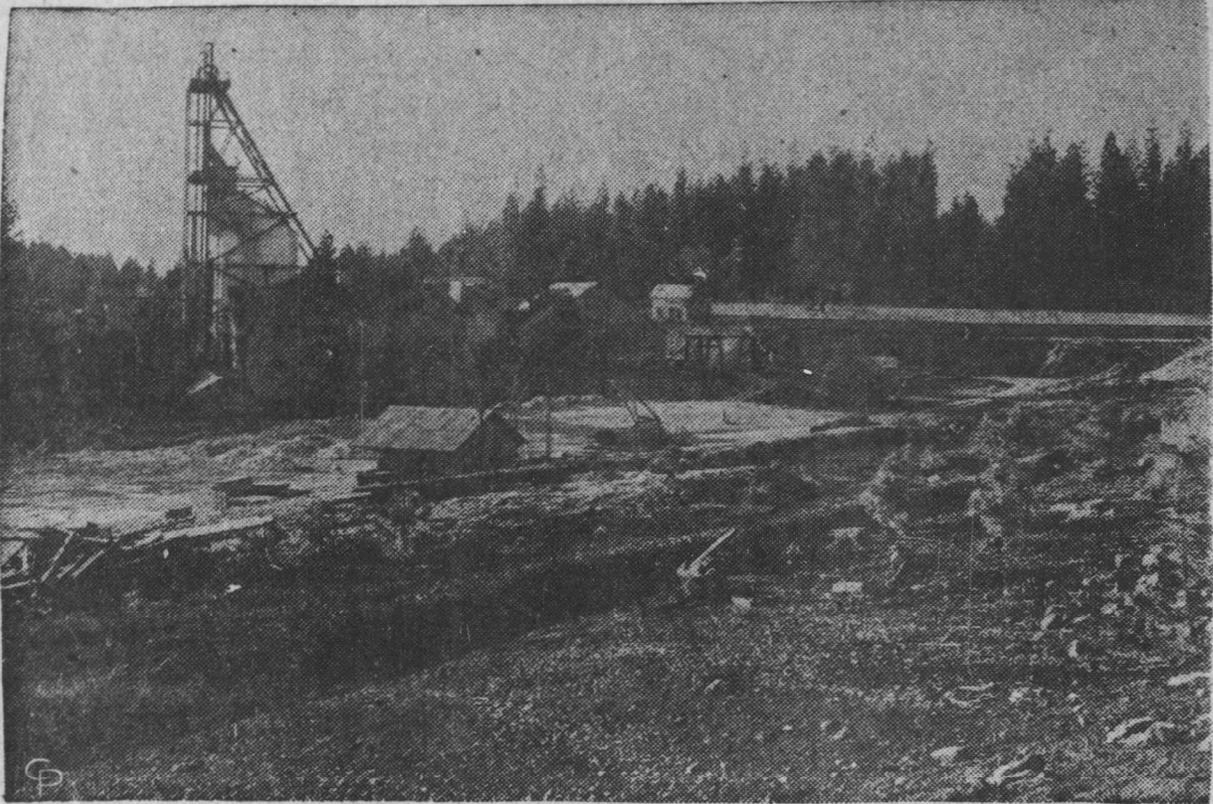
In his report to stockholders, Edwin Letts Oliver, president, said that currently net earnings, before depletion and depreciation, are running at the rate of approximately \$50,000 per month. Lumber operations should prove more profitable than in the past, due to various operating efficiencies which have been effected, he added.

EXHIBIT 167

1948_04_16 -The Press Democrat

Gold Miners Glum in Centennial Year

INFLATION DEPRESSES 'MOTHER LODE' ON GOLD CENTENNIAL



GOLD MINE—New Brunswick shaft and mill. Mill is capable of milling 800 tons of ore per day.



By FRANK H. BUCK
Central Press Correspondent

Here in the heart of the famous Mother Lode country, where they are celebrating the 100th anniversary of the discovery of gold in California, there is little gayety among the men in the business of digging the precious metal out of the earth.

Mine operators in general are a glum lot, in striking contrast to the exuberance of "centennial year" celebrants who are reliving the early history of the West at festivals being held in the old mining camp towns of this fabulous region.

"There is still lots of gold in the hills," states one gold mine executive here. "But it's hardly worth the trouble to go after it. Our industry is experiencing a depression in the midst of national prosperity. Where our mine used to net about \$5 a ton of ore handled, now we are lucky to make 20 cents."

Goes Begging

Gold in the ground goes begging because its price is inflexible, set at \$35 an ounce by the United States Treasury. There has been no inflation in the price of the yellow metal since 1933. And there is no prospect of an upward revision in price, according to government officials, despite foreign bids as high as \$60 an ounce in the Far East, despite the Canadian government's new policy of paying \$7 an ounce bonus on production in excess of that of a base period.

"Everything else has gone up in price," a mine owner laments. "Wages have more than doubled. The same holds true for the cost of tools and machinery. We're just about working in a sea of red ink."

To top it off, all gold mines were shut down for three war time years, to divert manpower to essential industries. In many cases this caused uncontrollable flooding and caving of underground workings, serious enough so that the prospective expense of reopening was prohibitive.

Mining Stagers

Take for example the Argo-

naut mine, near Jackson. It was so severely damaged during the shutdown period that the company has just voted to liquidate and abandon the property.

It took over a million dollars to get the deep Idaho Maryland mine back in working order. The Central Eureka has levied assessments on stockholders, and will spend over \$600,000 in restoring operations.

As a result, hardrock mining in the California foothills staggers along at 10 per cent of the pre-war rate. While there is a possible claim against the government for injury caused by the forced shutdowns, prospects for collection are weak.

On the other hand, the miners themselves, the men who work in the tunnels, stopes and stamping mills, are faring better than pre-war, at least.

Cost of Living

Here the cost of living has risen much less than the national average, due to the proximity of all-year farming. Housing is more than adequate, since so many mines have closed down permanently. And wages are up from a prewar \$30 a week average to \$65, plus bonuses for extra production.

It's no dull life hereabouts, either.

"It looks as if we're going to have one fiesta after another for the next couple of years," says one miner. "Last month it was Coloma, commemorating the discovery of gold. Quite a show. Highways were jammed. The governor was there. But what we are really looking forward to is the 'Gold Rush Revival Festival' in June at Auburn. That's always some party!"

These celebrations are all of a pattern. Men grow beards. Bankers and grocery clerks dutifully affect loud western garb, flashy shirts. Invariably, there is a kangaroo court, and any die-hard who disdains "Forty-Niner" gear is locked up and paraded about town. Kids hoot and holler and wear costumes to school.

About half the miners are of Cornish extraction, known locally

as "Cousin Jacks." The older ones speak with an accent, dropping and adding "haitches" to their words. During the war many of them left to enter shipyards and aircraft factories, and they aren't returning after that taste of higher hourly rates.

So mining men gloomily admit this: Wage rates must go higher to attract the labor necessary to expand ore production. More ore volume is needed to try to lower the break-even point on operations. But the higher payroll costs may again raise the break-even point. Net result: perhaps no profits.

Runs Sawmill

In fact, the largest California quartz mine, the Idaho Maryland, is running a sawmill, cutting timber off its own property. Company officials acknowledge there may be more money this year in the above ground enterprise than in the entire underground activities.

The picture is not quite as bad for gold dredging companies in the San Joaquin and Sacramento valleys. Production is running over 70 per cent of the prewar rate. Profits remain fairly high, since labor accounts for but a small part of over-all expenses.

Most of the production cutback is attributed to various county resoiling ordinances, as in Merced county, requiring dredgers to replace topsoil. It is always a moot question whether any soil worth talking about exists on a lot of this potential dredging land, and disputes about replacement, coupled with the high expense, have served to idle some dredges.

Principal gold dredging companies are Natomas, operating near Sacramento and Folsom, and Yuba Consolidated Gold Fields, working the area around Marysville and Oroville.

Alcoholic Curer **Accused as Drunk**

LOS ANGELES, April 15 (AP)

—Leland M. Woods, 41, whose wife says he amassed \$1,500,000 operating hospitals for alcoholics.

EXHIBIT 168

Idaho Company Ups Operations

GRASS VALLEY, May 14 (Exclusive)—Exploration, development and mining have been accelerated in its Idaho gold property by Idaho-Maryland Mines Corp.

Development of the wide ledge on the 2700-foot level has been expedited by extension of a spacious raise to this level from the 3200-foot workings of the Brunswick mine. Diamond drilling has located a new vein on the 2400-foot level and promising ledges in the 2700-foot workings. An area where relatively rich ore was mined before the war will be opened by a raise from the 2000 to the 1500-foot levels.

Ore Body Found

The large ore body found last year on the 2400-foot level has been exposed for a length of 700 feet, and its extension is being sought at the 2700-foot workings. Development of the massive vein discovered on the 2700-foot level in 1948 has been expedited by completion of the raise from the Brunswick mine. Diamond drilling continues in virgin areas of the company's properties.

Idaho-Maryland Mines is operating the Brunswick and Idaho mills and milling about 600 tons of ore daily, with bulk of product obtained from the Brunswick mine. The company employs 364 men. Leasers are mining profitable ore in the Idaho, and Neil O'Donnell, general manager, states the company will try to extend the work necessary for leasing activities. Erection of a steel head frame at the Brunswick mine is scheduled this year.

Company Reports

In 1949 the company milled 210,152 tons of ore and produced gold worth \$2,158,773, yet operations resulted in a loss of \$75,520 after depletion and depreciation charges totaling \$207,269. Ore milled last year averaged higher than \$10 a ton, compared with less than \$9 in 1948, and produced 61,544 ounces of gold and 15,827 ounces of silver. Idaho-Maryland Mines is the second largest American lode gold producer, ranking next to the Homestake at Lead, S.D.

EXHIBIT 169

Property Tested

Idaho-Maryland drilled 10,214 feet of holes with diamond drills last year, resulting in discovery of an important orebody on the 2400-foot level of the Idaho property and location of other promising veins. Drilling continues on the 2700-foot level and in other parts of the mine. The company has accelerated exploration, development and mining of the big ledge discovered on the 2700-foot level of the Idaho in 1948, and is reopening an important productive area in the 1500-foot level workings.

The company has placed a new crushing unit at the Idaho mill in operation, and is preparing to erect a steel headframe and ore bin at the old Brunswick shaft. Idaho-Maryland is reported milling approximately 20,000 tons of ore monthly, with bulk of tonnage handled by the Brunswick plant.

EXHIBIT 170

New Grass Valley Gold Find Shows Vast Promise

GRASS VALLEY, May 20 (Exclusive)—White quartz glistening with free gold is being mined from the ore body discovered about three weeks ago on the 2700-foot level of the Idaho mine.

Albert Crase, president and general manager of Idaho-Maryland Mines Corp., reported leas-

ers have taken out \$50,000 in specimen ore from one of the six parallel veins found in the zone, piling the high-grade in powder boxes as it is mined. Prospects are said to be excellent for production of some of the richest ore ever found in the Grass Valley area.

In Virgin Area

The discovery was made in a zone between the 2300-foot workings of the Idaho and 3200-foot Brunswick mine level, in a virgin area opened by the wide raise or inside shaft completed about a year ago. A crosscut from the deep Brunswick level is being driven into the Idaho to contact the downward extension of the ore body and explore extensions of numerous intervening ledges.

Crase expressed the belief that gold production from the new area will equal that of the 1928 discovery which made Idaho-Maryland Mines the second largest American gold producer. Specimen ore is showing in the new winze going down through the ore body from Idaho workings to the Brunswick 3200-foot level, and sufficient tonnage has already been blocked out to assure a long period of steady production.

Large Holdings

Idaho-Maryland owns about 3000 acres in the heart of the Grass Valley gold area, one of the richest producers in the world for 100 years. The original Idaho claim was first worked in 1851 and the property was a large producer between 1880 and 1895. The adjoining Brunswick mine was acquired some 20 years ago by the company and is a consistent producer of milling-grade ore.

Natomas Plans Dredge Work

BATTLE MOUNTAIN, Nev., May 20 (Exclusive)—Gold dredging is scheduled to be resumed at the Greenan placers in the Copper Canyon district by Natomas Co. of California.

The powerful California-type bucket-line dredge was shut down early this year for repairs after being damaged in operation. Natomas Co. reports the Greenan operation netted a slight profit for 1950 after royalty payments and depreciation on the entire plant, and that the dredge recovered good values under severe operating conditions.

Equipped with 120 buckets, each with a capacity of 11 cubic feet, the dredger displaces 2600 tons, is about 400 feet long from tip of digging ladder to end of stackers, and handles more than 350,000 cubic yards of material per month. It is the lone bucket-line dredge in Nevada and is understood to have worked difficult ground at high efficiency. The extensive Greenan placers are near the Copper Canyon copper-gold-silver-zinc mine, approximately 14 miles southwest of Battle Mountain.

Geologic Reports

EXHIBIT 171

Idaho-Maryland Development Work Successful

GRASS VALLEY, Sept. 23 (Exclusive) — Veins containing free gold and shoots of specimen ore have been established by development work in the virgin zone between the 2300-foot level of the Idaho mine and 3280-foot workings of the Brunswick property of Idaho-Maryland Mines Corp.

Six ledges, extensions of veins developed in the Brunswick, were discovered in the Idaho last May, and have been explored and developed through a crosscut from the bottom of the Brunswick shaft and a deep winze sunk from the 2700-foot Idaho level.

The ore zone extends to the 2300-foot level of the Idaho and geological conditions are said encouraging for persistence of veins to farther depth. Albert Crase, president and general manager of Idaho-Maryland Mines, said recently the new orebodies assure 15 to 20 years of productive operations. Mining is progressing in an area interlaced with richly producing veins, and a vast area available for future development.

EXHIBIT 172

Mine Unit Reports Loss for 1952

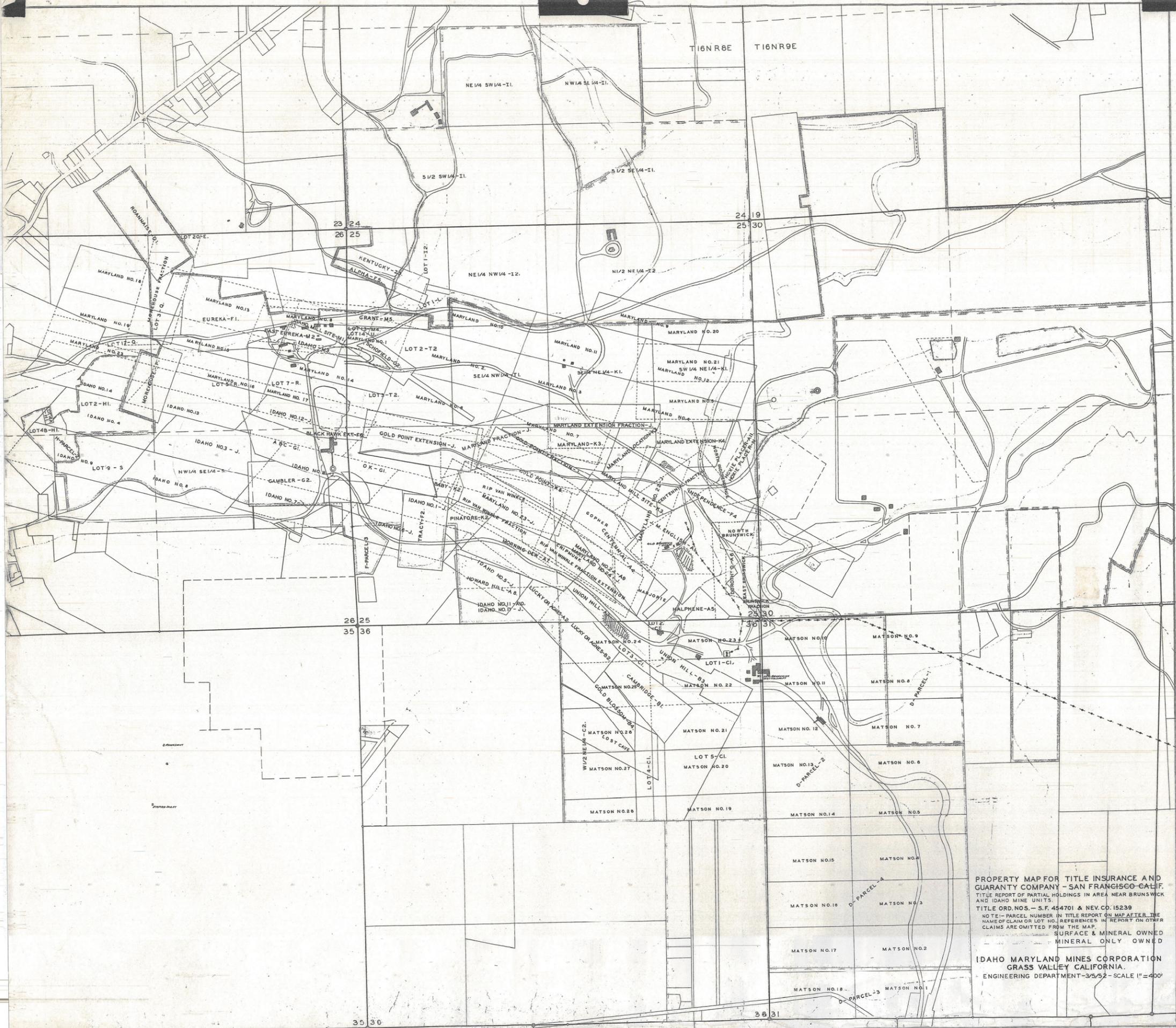
GRASS VALLEY, March 15— Idaho-Maryland Mines Corp. reported an operating loss of \$59,000 before depletion and depreciation charges for 1952. Officials said operating loss was partly due to wage increases for miners and an acute manpower shortage in the summer months.

In 1951 Idaho-Maryland recorded an operating profit of \$26,264 before depreciation and depletion. The company is milling about 11,500 tons of ore monthly, compared to more than 1000 tons a day before World War II. Ore milled last year averaged \$10.71 per ton, yielding a net revenue of \$1,383,761. Approximately 12,000 ounces of silver and some tungsten were recovered in addition to 39,942 ounces of gold.

Virgin Areas

The company continues to center exploration and development work between the 2300-foot workings of the Idaho mine and 3250-foot level of the New Brunswick property. Extensive virgin areas are being explored for new ore deposits and reserves have been increased by recent development work in the deep levels of both mines. Production is being steadily increased from the Idaho, where veins are richer, but a substantial tonnage continues to be drawn from the New Brunswick for the mill. Idaho-Maryland Mines is California's largest lode gold producer.

EXHIBIT 173



M Property

PROPERTY MAP FOR TITLE INSURANCE AND
 GUARANTY COMPANY - SAN FRANCISCO CALIF.
 TITLE REPORT OF PARTIAL HOLDINGS IN AREA NEAR BRUNSWICK
 AND IDAHO MINE UNITS.
 TITLE ORD. NOS. - S.F. 454701 & NEV. CO. 15239
 NO TEI-PARCEL NUMBER IN TITLE REPORT ON MAP AFTER THE
 NAME OF CLAIM OR LOT NO. REFERENCES IN REPORT ON OTHER
 CLAIMS ARE OMITTED FROM THE MAP.
 SURFACE & MINERAL OWNED
 MINERAL ONLY OWNED

IDAHO MARYLAND MINES CORPORATION
 GRASS VALLEY CALIFORNIA.
 ENGINEERING DEPARTMENT - 3/5/52 - SCALE 1" = 400'

EXHIBIT 174

EXHIBIT 175

New Gold Find Is Shown By Core At Idaho-Maryland

GRASS VALLEY, Nevada Co. AP—Mine officials announced today a drill core taken from the Idaho-Maryland Mine showed considerable free gold and well mineralized quartz.

They described the core, taken by diamond drilling at the 1,450 foot level of the Brunswick Shaft, as the "most interesting" ever produced in the mine.

A 181 foot deep drill revealed 19 feet of quartz stringers showing considerable free gold and sulphides, and 12 solid feet of well mineralized quartz.

The first round of blasting to open up the ore body was fired yesterday.

Mine officials said the mineralized zone should be reached in two or three weeks. They said the discovery was new and regarded as highly significant.
