TWENTY-SEVENTH ANNUAL REPORT

of

THE PORTLAND GOLD MINING COMPANY

FEBRUARY TWENTY-FIRST
NINETEEN HUNDRED AND TWENTY-ONE
TWENTY-SEVENTH
ANNUAL REPORT

The PORTLAND GOLD
MINING COMPANY

FEBRUARY TWENTY-FIRST
NINETEEN HUNDRED AND TWENTY-ONE
OFFICERS
IRVING HOWBERT, CHAIRMAN OF THE BOARD OF DIRECTORS
FRANK G. PECK, PRESIDENT
DR. D. H. RICE, VICE PRESIDENT
THOMAS F. BURNS, SECRETARY AND TREASURER

DIRECTORS
IRVING HOWBERT  FRANK G. PECK
DR. D. H. RICE  THOMAS F. BURNS
J. H. PARKER, JR.

MINES AND MILL AT VICTOR, COLORADO
GEO. M. TAYLOR, GENERAL MANAGER

CONSULTING ENGINEERS
PERRY G. HARRISON  VICTOR G. HILLS
FRANK G. WILLIS

THE MERRILL CO., CONSULTING METALLURGISTS

THOMAS F. BURNS, PURCHASING AGENT

GENERAL COUNSEL
CHINN & STRICKLER

ASSOCIATE COUNSEL
IRA HARRIS

MAIN OFFICE
SUITE 310, MINING EXCHANGE BUILDING
COLORADO SPRINGS, COLORADO
OFFICE OF
THE PORTLAND GOLD MINING COMPANY

PRESIDENT'S REPORT

To the Stockholders of The Portland Gold Mining Company:

The details found in this report concerning the history, and the present and prospective condition of your mines and mill, will, it is hoped, enable you to have a clear conception of the present value of the company's property.

The decision on December 6th last to discontinue the payment of dividends by the company, was not due to the exhaustion of either the high or the low grade ore bodies in your mines, nor was it due to lack of capacity in your Independence mill to treat low grade ores at a profit under normal conditions.

The shortage of labor resulting from the war was very acute in the Cripple Creek district in the years 1917, 1918, 1919 and 1920. This shortage limited our mining operations almost wholly to the mining of ores from the ore bodies already developed. It limited our ability to block out or develop additional ore bodies, and it seriously interfered with the mining and transportation to the Independence mill of a sufficient tonnage to enable that mill to operate to full capacity.

Our present hoist is capable of economic work to a depth of only 2,500 feet. Inasmuch as we expect later to sink the shaft to a greater depth, we availed ourselves of the opportunity to purchase at a very low price, an additional first-class steam hoist. This will be ready for use when needed and will enable us to operate our mine to a depth of 3,500 feet.

During the last months of the year labor became more abundant and we were able to secure additional skilled labor and all the unskilled labor we needed, so that on January 1, 1921, we were able to start working the mine two shifts per day. The indications are that we will have an abundant labor supply during the remainder of the year.

MINE

For reasons already stated, curtailment of the development work in the mine commenced as early as 1917. Connection of our lower levels with the Roosevelt drainage tunnel was made about January 1, 1919, on our twenty-first level. Until this connection was made, it would have been wasteful to attempt to sink our working shaft or to open up new levels at this depth, hence we confined our development work to the levels opened in the mine, prior to the drainage connection by the tunnel. This work produced a considerable quantity of high grade ore and a much larger tonnage of low grade. Later the work in the twenty-first and twenty-third levels resulted in the opening up of our main ore bodies. It is from these levels that the greater part of our high grade ores has come in the last year.
During the year 1920 one new high grade ore shoot was developed on the 1,000-foot level. It is our intention to continue development work in all the levels where it seems advisable, and it is hoped that such work will result in opening up large bodies of low grade ore along with ore of the higher grades. There is one good ore body which has not been developed below the 1,700-foot level, and another which has not been developed below the 1,800-foot level. These ore bodies have produced a good tonnage in the past and the company plans to develop them through the drainage tunnel, or twenty-first level. Development at this level seems the most economic method of handling these ores. This work will be started when all conditions seem to make it advisable.

Our main working shaft has now reached a depth of 2,477.65 feet. The working station for the new twenty-fourth level is located at a depth of 2,451.65 feet. This is 168 feet below our twenty-third level. In it, station pumps capable of handling 2,000 gallons of water a minute are installed. The present flow of water is about 650 gallons to the minute. A crosscut from this station to our main vein opened four feet of high grade ore on February 5th. The vein at this date shows a width of about eight feet, screening samples of which give assay values of from $40.00 to $90.00 of gold per ton. The results thus far obtained indicate that we should secure just as good returns from this level as from the level above. Within a few months we should encounter two additional high grade ore bodies in this level. It is our plan to develop these ore bodies on this level with all convenient speed, and later we will sink the main working shaft to a greater depth.

MILL

The Independence mill, which is a modern cyanide plant for the treatment of low grade ores, was finished about July 1, 1917. The transportation equipment designed to transport the ores from our mines to this mill, is very complete, and capable of transporting 2,600 tons of ore per day, even when operated on only one eight-hour shift.

During the last four months of 1917 we made a test run at this mill and treated an average of 37,500 tons per month. This test showed that at that time the mill could make a satisfactory profit by treating ore having a value not exceeding $2.00 per ton, and that it made a little better than an 80% extraction of the gold contents of the ores. This test demonstrated conclusively the capacity of the mill to perform profitably the work for which it was designed, and justified all the expenditures incurred in its construction.

Since that time, other experiments, especially those of the last six months, have shown that this mill can treat satisfactorily all of our high grade ores, excepting a very small portion of the richest ore. It is the company's intention hereafter, to operate this mill in two units, one unit capable of treating at least 1,000 tons per day of low grade ore, and the other, with a daily capacity of 200 tons, to treat the higher grade ores. It is believed that this will result in a substantial saving in the expense of treating the higher grade ores.

On account of labor and other conditions resulting from the war, we have not been able to make the improvements needed to connect our low grade ore bodies with our transportation system so as to deliver at the mill a sufficient tonnage to run it at its full capacity. The result has been that the mill obtained and treated only an average of 18,566 tons per month during the last year, whereas it was designed and has a capacity to treat 37,500 tons per month. This condition resulted necessarily in a loss of the mining and milling profits that would have been obtained had the mill been able to run at anything approximating its full capacity.
Before we built the mill, our engineers estimated we had in sight about 1,300,000 tons of low grade milling ores. However, we have found that these ores contained a considerable amount of waste rock that under present conditions cannot be put through the mill at a profit. These ores can be sorted mechanically at a nominal cost. The great increase in the cost of all mining and milling operations, resulting from war conditions, makes the treatment of $2.00 ore no longer profitable. To increase the value of the ores put through the mill we have built at the Independence mine an ore screening plant which rejects about 50% of the material passing over it, and thereby increases the value of the ore saved about 50%. If all our low grade ores are handled in this manner, we believe we have in sight a sufficient tonnage to operate the mill for at least fifteen years, when treating about a thousand tons per day. We therefore decided last September to build an additional screening plant at our No. 2 shaft. This plant, together with one new loading chute for low grade ore at our 1,800-foot level, will be completed about March 15th next. A new crosscut tunnel, a storage pocket, and additional loading chutes will be placed in commission, at which time we will be in position to deliver ample tonnage to run the mill at full capacity with low grade ore from the old stopes adjacent to our No. 2 shaft.

The opening up of ore bodies on our twenty-fourth level, and the completion of the mine and mill improvements above mentioned, together with an increase in the labor supply, and a tendency towards lower costs for material and supplies, ought, we believe, to enable the company during the coming year to approach more nearly normal operating conditions.

OPERATING STAFF

Our operating staff, consisting of Mr. George M. Taylor, General Manager; Mr. Fred Jones, Assistant Manager in charge of the mine; Mr. R. B. Emens, Mine Engineer; Mr. Arthur Huff, Foreman; Mr. Thomas B. Crowe, Assistant Manager in charge of the mill; Mr. J. M. Tippett, Chief Metallurgist, and Mr. Horatio Wildman, Metallurgist, had their ability well tried out during the past year. At times they have worked in any position that needed a helping hand in order to keep the work going until labor could be secured to fill the vacancy. Their efficiency, patience and loyalty to the company's interests are very much appreciated by your board of directors.

In closing, I wish to call your attention to the report of the secretary and treasurer. While the cash balance is low, the storehouse account item shows we have plenty of supplies on hand to take care of our main needs until next May.

Respectfully submitted,

FRANK G. PECK,
President.

Colorado Springs, Colorado, February 21, 1921.
REPORT OF SECRETARY AND TREASURER

THE PORTLAND GOLD MINING COMPANY OF WYOMING
OPERATION FOR THE YEAR 1920

Gross value of ore mined and shipped ........................................ $ 887,533.04
Values recovered by mills (See note) ........................................ 663,107.62

$1,550,640.66

Net cost of mining and milling ............................................. 1,474,100.35

Net profit from operation of mines and mills ............................... $ 76,540.31

Note: Includes 14,794 tons Portland shipping ore and 2,496 tons custom ore.

Cash Receipts and Disbursements

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Balance, January 1, 1920</td>
<td>$ 103,087.85</td>
</tr>
<tr>
<td>From operation of mines and mills</td>
<td>$1,087,483.67</td>
</tr>
<tr>
<td>Bills and accounts receivable</td>
<td>29,237.90</td>
</tr>
<tr>
<td>Royalties</td>
<td>51,564.37</td>
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<tr>
<td>Interest on bank balances, bonds, notes and tax sale certificates</td>
<td>6,623.24</td>
</tr>
<tr>
<td>Registration fees</td>
<td>25.10</td>
</tr>
<tr>
<td>Sale of stores and supplies, and receipts from sundry sources</td>
<td>329.63</td>
</tr>
<tr>
<td>From sale of Colorado Springs mill</td>
<td>61,250.00</td>
</tr>
<tr>
<td>From sale of Victor mill</td>
<td>18,500.00</td>
</tr>
<tr>
<td>From sale of Liberty bonds</td>
<td>29,010.67</td>
</tr>
<tr>
<td>From bills payable</td>
<td>25,000.00</td>
</tr>
<tr>
<td></td>
<td>1,309,024.58</td>
</tr>
<tr>
<td></td>
<td>$1,412,112.43</td>
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<tr>
<td>Bills payable</td>
<td>$ 25,000.00</td>
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<tr>
<td>Vouchers and pay checks</td>
<td>1,139,759.48</td>
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<tr>
<td>Dividends</td>
<td>195,000.00</td>
</tr>
<tr>
<td></td>
<td>1,359,759.48</td>
</tr>
<tr>
<td></td>
<td>$ 52,352.95</td>
</tr>
</tbody>
</table>

Balance January 1, 1921
BALANCE SHEET
January 1, 1921

ASSETS:
Cash on hand and in banks ......................................................... $ 52,352.95
Bills receivable ........................................................................... 9,062.21
Accounts receivable .................................................................... 33,270.84
Stores and supplies at mines and mills ....................................... 193,687.30
Property:
   Mines .................................................................................... $1,851,671.50
   Mills ..................................................................................... 749,929.21
   Ranch lands and water ............................................................. 2,120.00
   Advances on mining lands ...................................................... 36,511.71
   Stocks, bonds and securities .................................................... 58,536.79
   Permanent equipment .............................................................. 181,682.86
   Furniture and fixtures ............................................................. 2,037.20
   Insurance unearned .................................................................. 15,128.94
   Taxes prepaid .......................................................................... 2,279.97

Total Assets .................................................................................. $3,188,271.48

LIABILITIES:
Accounts payable ........................................................................ $ 4,251.32
Unclaimed wages ......................................................................... 580.57
Unclaimed dividends .................................................................... 1,002.34
Capital stock ................................................................................. 3,000,000.00
Surplus ......................................................................................... 182,437.25

Total Liabilities ............................................................................ $3,188,271.48
### Profit and Loss for the Year 1920

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit from operation</td>
<td>$76,540.31</td>
</tr>
<tr>
<td>Interest on bank balances</td>
<td>$1,354.09</td>
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<tr>
<td>Interest on corporation bonds owned</td>
<td>$300.00</td>
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<tr>
<td>Interest on bills receivable</td>
<td>$2,380.00</td>
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<tr>
<td>Interest on open accounts</td>
<td>$1,493.38</td>
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<tr>
<td>Interest on Liberty Bonds</td>
<td>$942.04</td>
</tr>
<tr>
<td>Discount</td>
<td>$988.46</td>
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<tr>
<td>Registration fees</td>
<td>$187.50</td>
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<tr>
<td>Interest on notes payable</td>
<td>$1,629.33</td>
</tr>
<tr>
<td>Discount on Liberty Bonds sold</td>
<td>$25.10</td>
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<tr>
<td>Depreciation:</td>
<td></td>
</tr>
<tr>
<td>Permanent equipment</td>
<td>$27,648.64</td>
</tr>
<tr>
<td>Independence mill</td>
<td>$92,390.73</td>
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<tr>
<td>Furniture and fixtures</td>
<td>$333.78</td>
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<tr>
<td>Depletion</td>
<td>$199,059.10</td>
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<tr>
<td>Loss on sale of Colorado Springs mill</td>
<td>$119,362.86</td>
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<tr>
<td>Loss on sale of Victor mill</td>
<td>$85,516.16</td>
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<tr>
<td>Net loss to surplus</td>
<td>$442,094.72</td>
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<tr>
<td><strong>Total</strong></td>
<td>$526,128.10</td>
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</table>

### Surplus

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Balance, January 1, 1920</td>
<td>$819,531.97</td>
</tr>
<tr>
<td>Net loss for 1920</td>
<td>$442,094.72</td>
</tr>
<tr>
<td>Dividends</td>
<td>$195,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$637,094.72</td>
</tr>
<tr>
<td>Balance, January 1, 1921</td>
<td>$182,437.25</td>
</tr>
</tbody>
</table>

THOMAS F. BURNS,  
Secretary and Treasurer.

DENVER, COLO., FEBRUARY 12, 1921.

The President and Board of Directors, The Portland Gold Mining Co.,  
Colorado Springs, Colorado.

GENTLEMEN:

Having completed the audit of the accounts of your company for the year 1920, I now certify that the attached statements of the secretary and treasurer fairly and accurately reflect the financial position of the corporation at the date shown, and the results of its operations for the year 1920.

Respectfully submitted,  
M. M. HAMMA,  
Certified Public Accountant.
Statement of Ore Production of the Portland Mine
From April 1, 1894, to December 31, 1920

April 1st to December 31st, 1894 .................................. 7,826,286 $ 553,975.75
January 1st to December 31st, 1895 ................................ 31,516.346 1,700,094.89
January 1st to December 31st, 1896 ................................ 23,598.172 1,116,128.29
January 1st to December 31st, 1897 ................................ 18,852.244 1,177,642.65
January 1st to December 31st, 1898 ................................ 27,708.850 1,879,681.96
January 1st to December 31st, 1899 ................................ 38,548.090 1,951,219.34
January 1st to December 31st, 1900 ................................ 60,786.755 2,351,396.26
January 1st to December 31st, 1901 ................................ 76,905.550 2,408,413.23
January 1st to December 31st, 1902 ................................ 89,664.279 2,334,023.76
January 1st to December 31st, 1903 ................................ 90,244.582 2,608,993.59
January 1st to December 31st, 1904 ................................ 96,521.385 2,592,724.84
January 1st to December 31st, 1905 ................................ 109,233.496 2,422,033.42
January 1st to December 31st, 1906 ................................ 103,614.253 1,932,083.22
January 1st to December 31st, 1907 ................................ 79,960.049 1,600,950.52
January 1st to December 31st, 1908 ................................ 94,311.432 1,834,180.79
January 1st to December 31st, 1909 ................................ 83,908.459 1,438,650.35
January 1st to December 31st, 1910 ................................ 67,515.200 1,241,168.30
January 1st to December 31st, 1911 ................................ 50,258.435 1,140,054.05
January 1st to December 31st, 1912 ................................ 44,562.015 987,415.58
January 1st to December 31st, 1913 ................................ 53,245.500 1,390,712.78
January 1st to December 31st, 1914 ................................ 62,997.538 1,467,004.79
January 1st to December 31st, 1915 ................................ 77,192.361 1,710,276.80
January 1st to December 31st, 1916 ................................ 96,045.513 2,236,842.46
January 1st to December 31st, 1917 ................................ 86,688.060 1,768,971.59
January 1st to December 31st, 1918 ................................ 53,887.181 1,120,851.25
January 1st to December 31st, 1919 ................................ 45,416.640 1,173,615.60
January 1st to December 31st, 1920 ................................ 31,425.778 867,381.08

Total .......................................................... 1,697,524.459 $45,002,387.14

Victor Mills

July 1st to December 31st, 1910 ..................................... 46,237.000 113,253.44
January 1st to December 31st, 1911 ................................ 120,961.000 424,489.15
January 1st to December 31st, 1912 ................................ 173,361.000 547,424.00
January 1st to December 31st, 1913 ................................ 178,162.000 526,186.80
January 1st to December 31st, 1914 ................................ 210,132.000 539,130.97
January 1st to December 31st, 1915 ................................ 282,192.000 819,432.54
January 1st to December 31st, 1916 ................................ 322,892.000 803,580.89
January 1st to December 31st, 1917 ................................ 471,873.000 966,764.81
January 1st to December 31st, 1918 ................................ 522,756.000 1,071,924.53
January 1st to December 31st, 1919 ................................ 327,776.000 645,644.50
January 1st to December 31st, 1920 ................................ 205,498.000 509,997.67

Total .......................................................... 2,861,840.000 $6,967,629.30

Grand total of ore production to date ................................ 4,559,364.459 $51,970,016.44

Dividends paid during the year 1920 ................................ $ 195,000.00

Total dividends paid to January 1, 1921 .......................... 11,692,080.00
Statement of all Work in Portland Mine to January 1, 1921

<table>
<thead>
<tr>
<th></th>
<th>Total 1920 in Feet</th>
<th>Totals During 1920 in Feet</th>
<th>Grand Totals in Feet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drifts</td>
<td>147,603.5</td>
<td>2,810.0</td>
<td>150,413.5</td>
</tr>
<tr>
<td>Crosscuts</td>
<td>141,094.0</td>
<td>817.0</td>
<td>141,911.0</td>
</tr>
<tr>
<td>Raises</td>
<td>29,283.5</td>
<td>786.5</td>
<td>30,070.0</td>
</tr>
<tr>
<td>Winzes</td>
<td>6,280.5</td>
<td>280.0</td>
<td>6,560.5</td>
</tr>
<tr>
<td>Shafts</td>
<td>13,156.0</td>
<td>186.5</td>
<td>13,342.5</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>337,417.5</strong></td>
<td><strong>4,880.0</strong></td>
<td><strong>342,297.5</strong></td>
</tr>
</tbody>
</table>

Total for Portland Mine, 64 miles, 4,377.5 feet.
Total for Independence Mine, 17 miles, 645.5 feet.