

THE  
GOLD HILL  
MINING COMPANY

"A HEART TO HEART TALK"  
(NOT A PROSPECTUS)

PRIVATE TO THE STOCKHOLDERS.

...BY...

RICHARD C. PATTERSON, A. M.

# GOLD HILL MINING COMPANY

CAPITAL, \$1,000,000.00.  
SHARES.....\$1.00 EACH.

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## OFFICERS.

D. C. GIFFERT, . . . . . President.  
ROME MILLER, . . . . . Vice-President.  
R. C. PATTERSON, Secretary and Treasurer.  
THOS. H. GOODMAN, . Supt. and Engineer.

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## DIRECTORS.

W. S. BALDUFF,      D. C. GIFFERT,  
                              ROME MILLER,  
THOS. H. GOODMAN,      R. C. PATTERSON

# WORLD BELL PUBLISHING COMPANY

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THE FOUNDING OF THE NATION  
1776-1789

## DIRECT TO YOU

THE HISTORY OF THE UNITED STATES  
OF AMERICA  
BY  
JOHN B. HARRIS  
VOLUME II  
THE GROWTH OF THE NATION  
1789-1861



"A heart to heart talk," with the stockholders, by the secretary. That is all. You all know the officers and directors. Their names are on the other page.

This is no prospectus.

A prospectus is usually gotten up for a purpose—to sell stock for development money. We have never gotten out a prospectus nor advertised our stock.

And we are not doing it here, as you will see, so any statements made, are only with a view to give the facts, as may be verified by your own investigation.

All of you—except two—invested your money in this before seeing it. Those of you who have since visited the ground have re-invested. There is not a single exception to this last remark.

This alone speaks for the property.

We are all either mistaken about what we have, or our property is what we believe.

The writer has been requested by some of our enthusiastic and largest stockholders to put in writing a few facts bearing directly on our enterprise.

Time will only permit of a short history. We believe it will interest those of you who have been there and more so those who have not.

In October, 1898, Mr. Charles C. Hughes and the writer took an option on this ground. In January, 1900, we organized ourselves into the Gold Hill Mining Company, under the laws of Nebraska.

Capital one million.

Shares \$1.00 each, paid up and non-assessable, when issued, as by incorporation provided, with no personal liability.

We are a close corporation, limited, as it were. A few stockholders, as you see. All harmonious.

#### THE LOCATION.

Our gold ore bearing ground is in the Black Hills, South Dakota, in the "Ragged Top District," ten miles west from Deadwood and seven from Lead. It lies along the Spearfish River and B. & M. Railroad; being 100 feet from the river and 150 feet from the railroad.

It consists of ten mineral claims, comprising about 80 acres of land, all in one group.

Our property is patented, paid for, title clear, no encumbrance.

Our shaft house works are only 300 feet from railroad, less from the river. So convenient are we that the railroad offers us a switch to our dump when needed, free of expense to us.

Many of you have seen our improvements and development work.



## THE IMPROVEMENTS.

You know about our large shaft house, big double compartment shaft, engine, 80-horse power boiler, blacksmith shop, reservoir, air shaft, cabins, etc., and about our open cuts, 10 feet deep, all in ore; tunnels and prospect holes, over our ground.

Our big shaft is conceded to be equal in all respects to any ever put down in the Hills.

Ore crops out at several points on our ground which we have not even prospected.

The property and improvements all speak for themselves, as those of you who have seen, can testify.

"Very agreeably surprised," has been the remark the writer has had the pleasure to hear from each one who has visited the property. Nothing pleases us better than to have you go up and see for yourselves. Come, go with us. We go often, or as the occasion seems to warrant. We learn something better each trip. It bears acquaintance.

## THE SHAFT.

You all know about our big double compartment shaft, on its way down to quartzite and the ore. It is  $4\frac{1}{2}$  x 9 feet in the clear, and 250 feet deep; timbered all the way, with partition in the center.

By the way, did you know that the timber alone in this shaft cost over \$5,000.00? Well, it did!

Sinking this shaft cost over \$40.00 per foot. The labor unions won't permit work to be done by contract. Considering cost to other companies for similar shafts, we are doing it 25 per cent. cheaper.

We started this shaft with an ore vertical, assaying \$1.60 at grass roots. At 60 foot level it went \$6.65 per ton gold, when it dipped out. You see it increased \$1.00 per ton each ten feet down. At 250 foot level, where we now are, it should run \$25.00. Our engineer is looking for the vertical to come back again in the shaft, as the rock is now all broken up, has iron streaks in it and shows traces of gold.

We have gone thru all the well known shales and are expecting to strike quartzite and the ore any time, after we begin sinking again May 1st. We closed down a short time ago for necessary repairs to our pump and for a general rest. The volume of water in the shaft as yet is small, but pure. We use it in our boiler.

\$1,750,000.00 OPTION.

An eastern syndicate has just taken an option, at seventeen hundred and fifty thousand dollars, on the two adjoining properties, including their two big cyanide mills, on the east and south, line to line, and are



working 200 men at present writing, re-prospecting all the ground. These men are under our superintendent and engineer, Mr. Goodman; he being relieved by our company, at his own special request, for six weeks, or till May 1st.

You all know about the Spearfish people's big mill on the claim adjoining us, making a six months run last summer, 100 tons of surface ore per day, and taking out \$180,000.00 in gold! Well, that mill burned down whilst the men were eating breakfast, October 26th last. It cost \$40,000.00. Insurance only \$25,000.00. Before the fire was out the company planned a new mill, and the writer was on the ground January 11th last, and saw it finished. It is built this time from steel and iron, and a third larger, and is in operation.

#### THE ORE.

The writer, in company with Mr. Balduff and Mr. Larson, two of our stockholders, this same day, January 11th, met the president and secretary, respectively, of the Spearfish company right in front of the new mill, on top of the hill, only 300 feet away from our own ground, on the level.

They stated to the writer in the presence of others, "that they had just finished the re-prospecting of their



surface ore," the ground lying between where we then stood and our open cuts, "and that their Colorado mining experts had estimated the surface ore in sight, from 24-foot holes made, to be four million tons, worth \$8.00 minimum net per ton gold."

"Well! well!! where are we?"

We have a few acres of the same kind of stuff lying around loose, out of doors, right adjoining! "Mr. President, if you have all the ore here you claim, laying 24 feet and more deep on the surface, what have we got? Right there is our ground! Our assays average \$14.30 per ton gold, and we are only down ten feet."

"Well, gentlemen, you have a large body of ore, no doubt about it."

"Yes, but how much, Mr. President?"

"Oh, that is a hard question to answer. We estimate our body of ore on this 20 acres at four million tons."

"Well, our one claim laying there before us measures over 11 acres. Let us call it 5 acres, or one-fourth of yours, for ore purposes. That would give us one million tons, at \$8.00 net per ton."

"Why! that is eight million dollars! Oh! that is too much, sure. Cut it in two. Say half million tons. Too much still. Four million dollars! Can't be possible! Too big. Cut it again. Say 250,000 tons of ore."

"Yes, alright, let her go. That is only two million dollars at \$8.00 per ton. You're safe on that."

"Yes, Mr. President, but that makes our stock worth twice par, or \$2.00 per share. We would be well satisfied to sell at par today."

"Mr. Patterson, there is no question but you have the stuff on that ground, all you need is a cyanide mill, big enough to prove it. You will never live long enough to see the ore you folks have put thru any mill. This whole mountain appears to be one body of low grade ore. Over there we went down 60 feet in one hole and found at that depth the ore went \$180.00 per ton. The deeper you go up here the richer it seems to get."

"Good bye, Mr. President and Secretary, we must be going, we ordered dinner last night over the 'phone to be served in our cabin at 12 sharp. See! 11:30 by the watch. It will take 15 minutes to walk down the hill to the cabin and shaft works at the railroad. Have a cigar. Good bye. Thank you!"

#### THE ASSAYS.

Now gentlemen before starting down to dinner let us take a look at our open cuts. By the way, here are the original twenty-four assays made from the ore taken from these cuts. Take them just as they are, pinned together, and in the order they were made. First there is:



No. 1....\$ 5.68	No. 13....\$25.00
No. 2.... 14.52	No. 14.... 10.00
No. 3.... 13.37	No. 15.... 12.00
No. 4.... 16.80	No. 16.... 5.60
No. 5.... 13.60	No. 17.... 6.80
No. 6.... 8.00	No. 18.... 9.00
No. 7.... 15.00	No. 19.... 10.00
No. 8.... 15.00	No. 20.... 10.00
No. 9.... 7.97	No. 21.... 7.00
No. 10.... 6.54	No. 22.... 31.00
No. 11.... 15.94	No. 23.... 31.90
No. 12.... 21.28	No. 24.... 32.00

Average \$14.30 per ton gold. Figure it out for yourselves, after dinner. Come, let us be going.

A cyanide mill would treat this ore at \$1.50 to \$1.75 per ton. That is all told. Mining and treating.

Some claim to do it for \$1.32.

At any rate the cheapness of mining and milling in this "Ragged Top" ore has never been equalled in the world. One hundred ton cyanide mill will cost us \$35,000.00. That is \$5,000.00 to \$8,000.00 less than any body else. Why? Because we have our own water and railroad facilities. The ore at quartzite is expected to run \$25.00 per ton gold.

\$20,000.00 is offered by our own stockholders toward a mill. We are simply waiting to learn what

quartzite reveals. That may change our plans as to kind of mill.

The critical point of being a "prospect" has passed.

However, all mines were once "prospects." See what dividends some of these "once prospects" are paying:

#### PROSPECTS ONCE.

One thousand shares of Calumet & Hecla pays \$33,000.00 annually.

One thousand shares of Quincy pays \$6,000.00 annually.

One thousand shares of Tamarack pays \$6,000.00 annually.

One thousand shares of Homestake pays \$6,000.00 annually.

One thousand shares of Alaska-Tredwell pays \$1,500.00 annually.

One thousand shares of Richardson pays \$250.00 annually.

And so on with hundreds of others.

The Homestake at Lead has taken out since 1876 over \$65,000,000.00 in gold.

The Black Hills have turned out since their discovery in 1874, over \$125,000,000.00.



## THE CYANIDE MILLS.

The ore we have is a vulcanized shale. "It looks like 30 cents." Has a cheap yellowish appearance. You would not think it was good for anything on earth. Yet our neighbors, the "Spearfish" people and the "Deadwood-Standard" people, who each have mills, claim to have enough of this same stuff in sight, right now, whilst these lines are being written, to run them one hundred years, three hundred tons per day, minimum value \$8.00 per ton gold.

One of these mills is on the east of us, line to line, the other on the south. Either they are badly fooled as to quantity and quality, or we have a few shovelfuls ourselves.

They have no railroad or water except what they pay for. We do. All trains stop in front of our works, when business warrants.

Soft coal for fuel and steam purposes in the Black Hills comes from mines not fifty miles away, at New Castle and Cambria, Wyo.

## MR. GOODMAN.

Mr. Thomas H. Goodman of Lead, S. D., who is our general superintendent, has been a resident of the Black Hills for twenty-five years; is an experienced mining and mechanical engineer. It was he who located our ground

several years ago and from him we got our ground, he retaining a large interest in it.

Mr. Goodman was the surface superintendent for the Homestake company six years and resigned to go into the development of this very property. He is competent, reliable and honest.

Many mines fail. But not as many mines fail as there are people who buy cheap stock in one supposed mine, or no mine at all. Many mines are organized for the "sole purpose" of humbugging the people. Stock sells cheap. They are handled by scoundrels.

Before investing look up the mine; look up the people who are recommending it.

A mine to be a success must be pushed to a conclusion and worked just like any other legitimate business.

The Gold Hill will never satisfy the writer until its stock is worth par or better.

Bradstreet says: "Only 38 per cent. of all legitimate mining fails, whilst 95 per cent of all mercantile business fails."

Let me quote from the New York Tribune:

#### **Mining a Safe Business.**

"The mining industry has paid more dividends, compared with other industries, than any other business known. Compare the profits in mining with the profits



of the 150,000 odd miles of railroad, with the aggregated liabilities of nearly \$10,000,000,000.00 then you will see what pays the better.

"Under the wing of mining there exists some of the safest and most profitable of all business. Take, for instance, the twelve great smelting companies—the mineral pawnbrokers. The smelter company that does a strictly custom business shows absolutely and unquestionably larger profits than any other industry in America.

"I know of instances where capital invested in smelting companies has been turned five times a year, and each time the margin of profit has been over 20 per cent. of the entire amount handled. They take no risk; simply buy the raw gold or silver in the ore, at a reduced price, extract their cost of treatment and pay the miner a residue.

"It is a business where the principal is absolutely safe."

Also from the Mining and Engineering Review:

### **Mining is the Only Industry Exempt.**

"All thinkers have arrived at the conclusion that trusts are a dangerous menace, not only to the small trader and middleman, but to the investor and capitalist. The immense combinations of wealth, leading to ultimate concentration, can now, at one stroke, crush the manufacturer and destroy any one or all of the industries, with a single exception. John Brisbane Walker, in an article on trusts in the *Cosmopolitan* says:

"A man whose father was one of the great operators of Wall Street, who controlled so many millions that he was able to wreck or make great enterprises, said to the writer recently at dinner, that all investment was becoming doubtful; he did not know where to put a dollar.

All classes of enterprise were so largely at the disposal of manipulation in the 'street,' one day depressed far below par and the next day raised far above, always with a like purpose, the one of serving individual interests, that investment in securities quoted on the street had become a lottery. It was in the power of four or five men, by manipulation of the stock, or by starting a parallel enterprise, or by any other of the numerous methods so well known, to make or break anything or anybody. Here were the methods of the father being applied to the son's disadvantage. Greater whales had appeared in the seas, which were capable of swallowing the sharks; the sharks were in jeopardy.

“As to the remedy; that will be a question of more import to the nation than any which has yet engrossed the attention of its solons. But as stated before, there is one, and only one, industry exempt from the tentacles of a trust. It is the mining industry. Were the gold mines of the world to be under the control of a single trust, and one miner to control a single gold mine, his product would be at all times as marketable at a fixed figure as that of the great trust, No combination, no matter how strong, can dictate to the individual miner of precious metals.”

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The writer personally knows the following facts:

W. W. Buck, a street car conductor on the Omaha Street Railway, invested in 1899, \$35.00—all he and his wife had, in five hundred shares of the “Gold Coin” at Victor, Colo. Seven cents per share. He refused in 1901, \$7.50 per share, or \$3,750.00, for the five hundred shares which cost \$35.00. \$5,000.00 asked.



E. L. Lomax, General Passenger and Ticket Agent Union Pacific Railroad, purchased five thousand shares of the Ferris-Haggerty stock, (copper) for \$750.00 in 1897. Refused in 1899, \$6,250.00; \$10,000.00 asked.

#### THE CLIMATE.

The climate of the Black Hills, all the year, is superb; the scenery unsurpassed in all the world. Spearfish Canyon is twenty miles long, with the Spearfish River and B. & M. Railroad running all the way thru it. River stocked by the Government with fine trout, and has the grandest scenery you ever saw;—called the "Black Forest of America."

Before closing I beg to call your attention to a few of the many things said about us by other people, not one word of which was inspired by us or any one interested in our property, that we know of.

Here they are:

"Thomas Goodman, superintendent for the Gold Hill Mining Company, is pushing his work on their shaft effectively. Eight men are at work and there is not water enough for more than one shift. The shaft is 5x9 in the clear, double compartment, and one of the best ever put down in the Hills.

"The Gold Hill is a good company, composed of substantial men, and its property is conceded by all mining men to be one of the very best in that section of country. There is a large amount of low grade ore in sight on the

surface, and several thousand tons could be taken out without any difficulty."—Deadwood Daily Pioneer Times, May 3, 1900.

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"Thomas Goodman, superintendent for the Gold Hill people has started a shaft in Spearfish canyon near the mouth of Iron creek.

"The shaft is now down 70 feet, double compartment, timbered all the way.

"Mr. Goodman expects to strike quartzite at the 250 foot level. The company has ten claims at that point and it should be valuable property. It is close to the American people's shaft and if they are warranted in spending a million dollars in developing, the Gold Hill is certainly justified in its work. The Gold Hill will not have as far to go as the American to reach quartzite, owing to the lay of the country. The formation dipping rapidly in that direction.

"Mr. Goodman is one of the best informed mining men in the Black Hills, and no one has spent more years in working and studying their characteristics, he having been here since the earliest settlement. He will personally superintend the work of sinking. The Gold Hill has the advantage over all the others of being right at the railroad, and are able to transport supplies and machinery to or ore from their ground, as the railroad will put in a spur track to their dump and mill, free of expense to the Gold Hill."—Deadwood Daily Pioneer Times, Dec. 31, 1899.

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"The Gold Hill Mining Company's property is located within 20 feet of the Spearfish Gold Mining Company's 200-ton per day cyanide plant erected on adjoining ground. The Gold Hill have ore sufficient to justify the erection of a plant too, and it has been a wonder to many who know the situation, that they have not done so. The



Gold Hill are sinking a shaft down at the railroad on the west end of their property to reach quartzite and the rich ore. They have the advantage of 800 feet start over all others. Expect to go 200 to 300 feet. They started in their shaft with a strong ore vertical, that carried gold at grass roots and kept increasing as they went down to 60 feet, when the vertical dipped out of shaft, to be drifted to at the bottom when it will likely be found to run high in gold."—Deadwood Independent, June 12, 1900.

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"Work on the Gold Hill is progressing nicely, a large force of men being at work. Shaft down 125 feet, 5x9 in the clear, double compartment. The Vice-President of the company, Mr. Rome Miller, visited the mine this week for the first time, standing his private car on the switch just below the mine. He was much impressed with the work, building and machinery of his company, and will carry home a fine report to the eastern stockholders. He had invested his money in this property without having seen it, and now says he will invest as much more. Mrs. Miller, who accompanied him, was very enthusiastic over the prospects and was agreeably disappointed in every respect.

"There are ore seams and streaks of ore cropping out all over this property. It is regarded as the choice eighty acres in the whole Ragged Top region, on account of its large body of ore on the surface, running up to several hundred thousand tons, its natural facilities, railroad, water, timber, its easy manner of approach, and its certainty of striking ore at quartzite."—Deadwood Daily Pioneer Times, July 28, 1900.

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Prof H. R. Ayres of Chicago, mining expert for the Allis-Chalmers Co. of Chicago, twenty years experience, visited the Gold Hill property in the month of April, 1901,

in company with the President and Secretary of the Gold Hill Company, and on his return to Omaha stated in the Omaha Bee of May 6, "that he believed these Omaha investors had a valuable piece of property. It gave every indication of bearing an immense amount of ore that can be worked profitably. It is located in the Ragged Top district, and which shows up in excellent shape. Colorado capital has invested largely in the adjoining property where the Omaha men are and are operating a 200-ton per day cyanide mill giving \$2,000.00 per day gross returns at a cost of about 20 per cent. or less of that amount for mining and treating."—Omaha Bee, May 6, 1901.

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### **THE GOLD HILL PROPERTY.**

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**Situated in the Ragged Top District, and is One  
of the Most Promising Groups  
in That District.**

"Richard C. Patterson, Secretary and Treasurer of the Gold Hill Mining Company, accompanied by his wife, arrived over the Burlington last night and will remain in the Hills a few days. The property of the company is situated north and joining the Spearfish Company's mine, and it, as well as the latter company, has many thousand tons of surface ore in sight.

"This property adjoins the Kilpatrick property on the south and lays north of the Hanschka-Morrison group, where a cyanide mill is now under course of construction. The Gold Hill people are putting down one of the most substantial two-compartment shafts that has been sunk on that belt, and it will not be surprising if quartzite is encountered any day as the depth of the shaft is now 190 feet. From the large amount of surface ore on top of the mountain on the property of the company it is a sur-



prise to those who are familiar with the quality and extent of this ore body that a cyanide mill has not already been erected. No better evidence need be asked for than what the Spearfish cyanide people have done with its mill on the adjoining property, they having taken out \$175,000.00 in gold boullion in the past eight months at a cost of \$1.32 per ton for mining and treatment."—Deadwood Evening Independent, Nov. 11, 1901.

### Two Million Dollar Deal.

"A two million dollar mining deal is pending in which the property of the Spearfish Gold Mining and Reduction Company and the Deadwood-Standard Gold Mining Company are involved, in addition to the Potsdam group of claims, all lying contiguous and situated at Ragged Top. A Boston syndicate is after the ground and examinations have been under way for several weeks. W. D. Parker is one of the experts who has been working on the property, and C. W. Merrill, chemist for the Homestake Company, has just completed a thorough investigation. It is asserted that favorable reports have been made and that on these reports the deal will undoubtedly be closed. The Spearfish and Deadwood-Standard companies are owned by Colorado capitalists principally and both have cyanide plants, each of 200-ton capacity. The Potsdam group of claims is owned by W. L. McLaughlin, D. A. McPherson and others of Deadwood. The Boston syndicate intends to make it an enormous cyaniding proposition. These properties adjoin the Gold Hill grounds. The Gold Hill holds the key of the situation to the water and railroad, besides having a very large body of ore."—Omaha Bee, Feb. 10, 1902.

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Mr. Goodman, our Superintendent and Engineer, has always been considered conservative. After the

above became known, he addressed the writer February 28th, a private letter, setting forth many reasons why he considered "The Gold Hill more valuable than all the adjoining properties put together."

We are not exactly from Missouri, but we married a wife who was.

So we wait.

"LEAD, S. D., March 2.—[Special ]—The Gold Hill Mining Company is planning to build a 100-ton cyanide plant on its property, situated along the Spearfish canyon. The company has a large quantity of low grade cyaniding ores upon its property, lying on top of the hill east of the Spearfish. and it is the intention, in the event of the building of the mill, to convey the ore to the plant by means of an endless cable system. The ore is similar to that being treated by the Deadwood-Standard Company, and also to that on which the Spearfish Company made such a success previous to the destruction of the mill by fire in October. The Gold Hill ground lies next to the Spearfish and Deadwood-Standard group. The company consists of Omaha men, and a shaft is being put down from the bottom of the Spearfish canyon to quartzite."—Omaha Bee, March 2, 1902.

The world's richest men today, made it out of mining. W. A. Clark, U. S. Senator, has \$12,000,000.00 per year income from one mine, the Verde.

The Homestake Company erected a 1,200 ton per day cyanide mill in 1901, which treats the tailings here-



tofore wasted. Now \$40,000.00 more per month is saved. They are building another of equal capacity.

Fifteen cyanide mills in the Hills.

The Homestake Company employs 2,000 men, and maintains a town of 7,000 population. The Golden Reward people employ 500 men. The Portland a great many.

Mining in the Black Hills has only begun.

The B. & M. system and the F., E. & M. V. Railroad runs to all portions of the Hills, and are very accommodating in helping any legitimate enterprise.

RICHARD C. PATTERSON,

Secretary and Treasurer,

GOLD HILL MINING COMPANY.

OMAHA, April, 1902.