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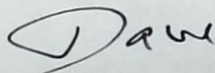
Dr. Virginia McLemore
New Mexico Bureau of Geology
New Mexico Tech
801 Leroy Pl
Socorro, NM 87801

February 3, 2020

Ginger,

Enclosed, I would like to donate a set of my Ranchers Exploration and Development Corporation Annual Reports from 1963 to 1983 (our last report) to the New Mexico Bureau of Geology. They make an interesting contribution to New Mexico's mining history. I understand you plan to scan them and would hope you may make them available on the internet, especially for students to get the feel of a small mining company that became successful through hard work. I began with Ranchers in 1967 and Hecla Mining Company bought Ranchers in the fall of 1984 and thus ended Ranchers.

Best regards,



David C. Fitch

Adios
Amigos



Ranchers

Exploration & Development
Corporation

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Final Report

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A FINAL REPORT
TO SHAREHOLDERS & FRIENDS
OF RANCHERS EXPLORATION
& DEVELOPMENT CORPORATION
FOR THE THIRTY YEARS
FROM JULY 1954 TO JULY 1984

Dear Shareholders and Friends:

The time has come to say good-bye for the last time. The merger with Hecla Mining Company is complete, and Ranchers Exploration and Development Corporation has, after 30 years, ceased to be.

Ranchers was 30 years old on July 7 and, while we regard its passing with some sadness, we look back on the Company's three decades with satisfaction. We leave a modest legacy of new technology to the mining industry: novel applications of hydrometallurgy in both copper and uranium extraction and useful combinations of two venerable mining techniques — blasting and leaching. And we produced several financial innovations as well, declaring the first precious metal dividends and refining the practice of borrowing bullion to reduce interest costs. The success of these new techniques may well lead to their wider use in the industry.

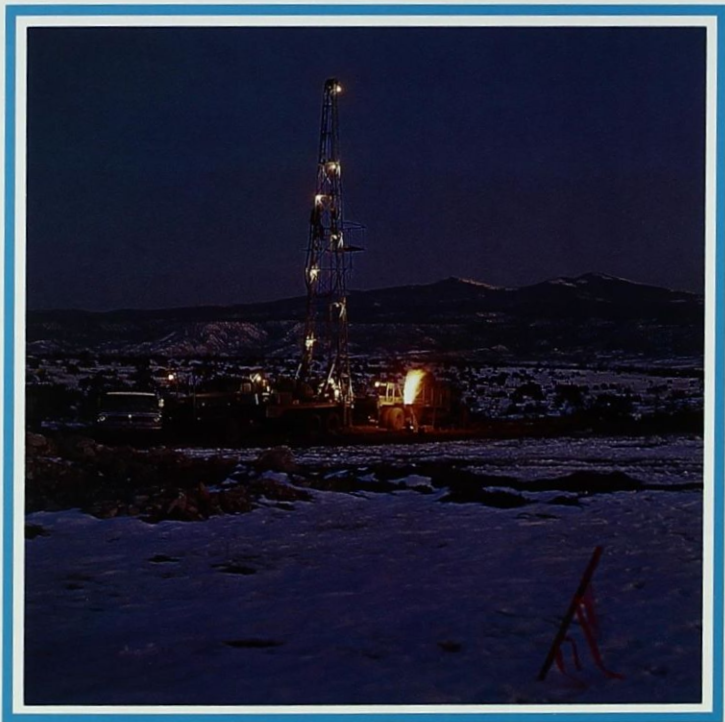
So there are satisfactions. And, as

we look back, there are many memories, particularly of the Company's early days when we were striving mightily — and more than a bit rambunctiously — to become a successful mining company.

One recalls the accounts of early board meetings that customarily began with admonishments to the founding fathers — the New Mexico ranchers who formed the Company — to “please check your guns in the outer office.” The guns were useful for plugging varmints and getting the attention of an occasional rustler or claim jumper.

And there were a few claim jumpers about. One remembers, for instance, the law suit filed against the Company “for mental discomfort and humiliation” when Gus Raney, the gun-toting eccentric who guarded the Company's uranium claims, struck one would-be claimant “with a rifle, handcuffed him and repeatedly threatened to kill him.”

Mining was a bit more rough and tumble 30 years ago — claim disputes



Exploring for uranium near Mt. Taylor where the Company began 30 years ago.

and court suits were every day facts of life. The Company spent so much time in the courthouse — and not just during its formative years — that one vice president contended the Ranchers' motto ought to be "Operation by Litigation."

A person who felt right at home with this combative approach was the late Maxie Anderson, the Company's colorful CEO for two decades. There are countless memories of Max — cracking the ribs of an Anaconda attorney in a scuffle over beryllium claims, stomping into a Salt Lake City hardware store to buy two 30/30 caliber rifles after five of his youthful "prospectors" were ejected from their claims, and barely skirting a libel suit after he referred to a rancher's restraining order on the eve of the Old Reliable blast as a "mild form of blackmail."

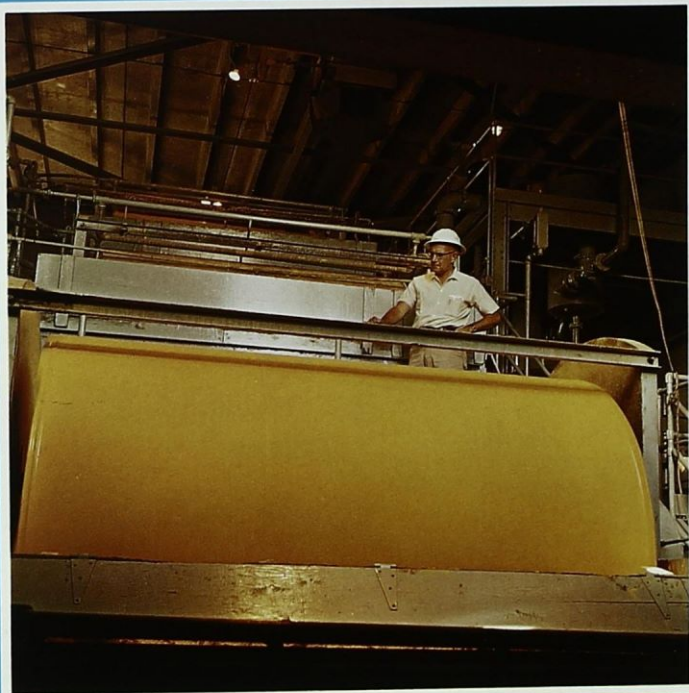
Max, who had joined the Ranchers board of directors as a 23-year-old in 1957, fit well with the ranchers who had founded the Company some three years earlier. They were tough

individualists who had curbed their maverick instincts just long enough to pool mineral rights on their grazing land to participate in the uranium boom of the early 1950s. Parts of this acreage on the far flanks of Mt. Taylor, the dominant geologic feature in the area along old Highway 66 west of Albuquerque, proved to contain rich uranium deposits.

The ranchers, minus operating funds and mining experience, elected to lease their acreage to other companies — Kerr McGee, Phillips Petroleum, United Nuclear. The first discoveries were made in 1956, the first royalties paid in 1958.

When Max Anderson took over direction of the Company in 1962, he steered it first into copper production, then uranium, and later into gold, silver, clay and volcanic rock. A venture into tungsten, in North Carolina, proved unfortunate, the Company finally taking a \$10-million writeoff on the project.

For those who measure a company's success in production — and



Kerr McGee mill where most uranium from Company properties was processed.

money, not memories — Ranchers' output for 30 years looks like this: 252 million pounds of copper; 2.5 million pounds of uranium yellowcake (plus an equal amount for partners); 5.55 million ounces of silver; 1.84 million pounds of vanadium; 20,000 ounces of gold; 500,000 tons of ball clay; and 72,000 tons of volcanic rock.

Revenues for the three decades (including an estimated \$65 million for the fiscal year ended June 30, 1984) totaled about \$450 million, including: copper \$158 million; uranium \$83.76 million; silver \$55.2 million; uranium royalties \$37 million; clay \$19.6 million; volcanic rock \$8.8 million; gold \$7.7 million; and miscellaneous income \$71 million (tungsten, vanadium, interest, foreign exchange, etc.)

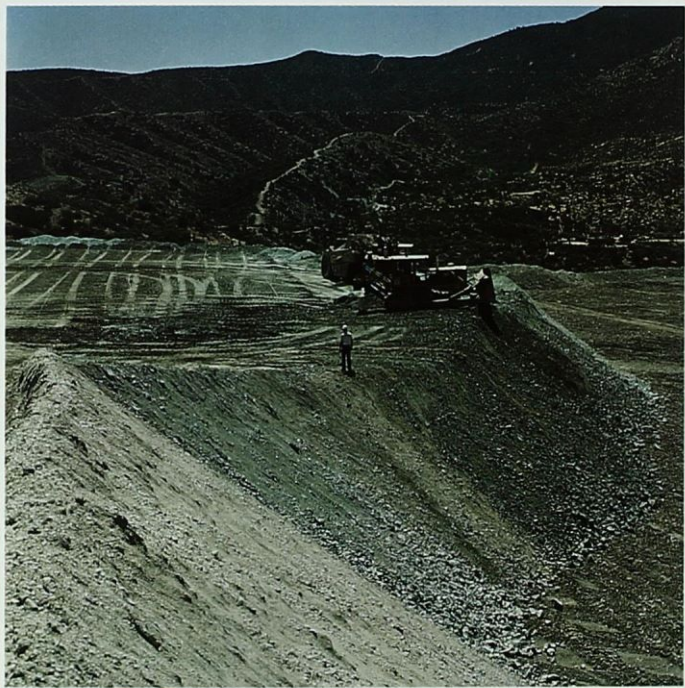
On the almost half billion in revenues, the Company made about \$50 million in profit — a shade better than 10 percent after tax. A passable accomplishment given the deceptiveness of mineral deposition and

the capriciousness of commodity markets.

Although profits were our main concern, we did our bit to stimulate the economy during the 30 years, spending \$220 million on supplies, \$95 million on labor, \$40 million on depreciation, amortization and depletion, \$30 million on taxes and \$10 million on interest. Supplementing these expenditures from revenues was more than \$15 million obtained from partners and spent in the course of six exploration ventures managed by the Company.

During its three decades, the Company provided more than 5000 man-years of employment, with peak employment coming in 1984 when the Company had 500 people on roll.

We paid about \$6.6 million in dividends to shareholders during the Company's 30 years, including \$3.2 million in gold and silver. Share appreciation was substantial, the investment of the 11 original founders (They contributed mining leases, claims and permits, but no cash.)



Building heaps and making copper leaching history at the Bluebird Mine.

growing to about \$50 million. The first investors of cash — in August 1954 — paid \$10 per 100 shares, the equivalent of 120 shares today worth nearly \$3000.

When Ranchers elected to become an operating mining company some 20 years ago, it had no expertise in mining, only a handful of employees and very limited funds — less than \$1 million annually in uranium royalties. Investors evaluating such fledgling enterprises may well wonder how the Company succeeded in the high risk business of mining. In Ranchers' case, there are three basic reasons: the Company leased mineral properties with problems that could not easily be solved with conventional mining technology and then developed the expertise to solve these problems in a different way; it moved quickly to secure and produce from properties when prices were right and fixed those prices with advance sales contracts; and it formed joint exploration ventures that combined the

Company's emerging expertise in geology with the partner's funds to locate new deposits.

We usually succeeded when we moved fast, applied new technology, shared risks and rewards with partners and shielded ourselves with advanced pricing. It is a formula that works as well today as yesterday.

The Company's first mineral property was the Bluebird copper deposit near Miami, Arizona, purchased early in 1964. Two limitations had prevented its prior exploitation: known ore reserves were small, only a few million tons, and the ore had been oxidized, thus was not amenable to flotation, the method commonly used to treat sulfide ores. The limited reserves would not support the large capital outlay needed for the vat, agitation or acid-bake leaching normally employed to treat oxide ore.

The Company elected to heap-leach the ore, an ancient process, and the Bluebird went on to become one of the most successful heap leach-

(Continued on page 12)



Copper cathodes from the world's first solvent extraction-electrowinning plant.

Maxie Anderson

During two of its three decades, Ranchers was headed by Maxie Anderson, an unconventional, free wheeling executive as admired for his adventures outside the Company as for his innovative leadership within it. A dashing figure with an eye patch, he spent his early years in military school, worked in the oilfields and on pipelines, and became the CEO at Ranchers in his late twenties. Virtually his first act of consequence was to engage in a brief, spirited claims war with the Anaconda Company, a brash undertaking that signaled his management style for the next two decades and foretold his later ballooning exploits. Max had an abiding interest in innovation, listening with enthusiasm to new ideas on mining and milling, and leading the Company into projects never before attempted. Compliments on these successes were inevitably shrugged off with a modest, "Well, all the errors cancelled out once again." At the Company he was perhaps most appreciated for his team approach to problem solving — finding the right people to work on a problem, then giving them full support and authority until they solved it. The result was a dedicated staff whose members rarely left for employment elsewhere. Max was known internationally for his gas ballooning adventures, which included the first transatlantic flight in 1978, the first transcontinental flight in 1980 and three around-the-world attempts. He died in a landing accident in West Germany on June 27, 1983, at age 48.



Inflation of the Double Eagle II transatlantic balloon; Maxie Anderson.

(Continued from page 8)

ing operations in the long history of copper. The mine represented perhaps the first time large tonnages of oxidized copper were profitably mined and leached.

In heap leaching, the ore is placed in carefully-constructed piles and the copper leached out by trickling a weak solution of sulfuric acid through the ore. Ranchers personnel reduced the art of heap building to something of a science, bringing, during peak years, more than 50 acres of new heaps under treatment. Some 40 million tons of ore were eventually placed in heaps before the mine was closed in 1982.

The cement copper produced from the heap solutions was not a fully competitive product because it required smelting. When General Mills introduced a solvent that allowed the solutions to be concentrated to produce 99.9 percent pure cathodes by conventional electrowinning, the Company quickly applied this latest advance in hydrometallurgy.

The Bluebird was the first to employ the new process on a commercial basis, producing about 191-million pounds of cathodes from 1968 to 1983. Total mine output, including cement copper, amounted to approximately 214 million pounds during nearly two decades of operation.

The Bluebird was the school where the Company learned hydrometallurgy. The expertise gained there was subsequently applied at three other Company properties — the Big Mike and Old Reliable copper mines and the Durita project, where uranium and vanadium were recovered. These three properties were made profitable only by new technology or by bringing them on line quickly after favorable market prices had been fixed by advance sales.

At Big Mike, rapid response spelled the difference between profit and loss. The deposit, near Winnemucca, Nevada was too small — 95,000 tons of high grade sulfide ore surrounded by 675,000 tons of lower grade oxide-sulfide ore — to be prof-



The Big Mike pit — fast action spelled the difference between profit and loss.

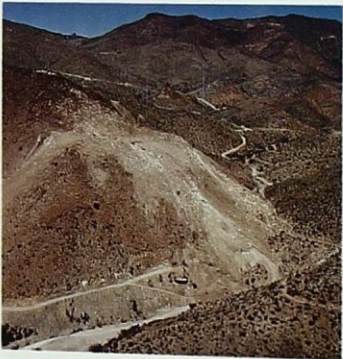
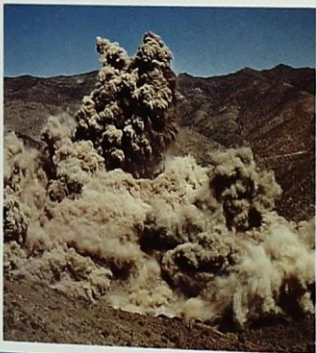
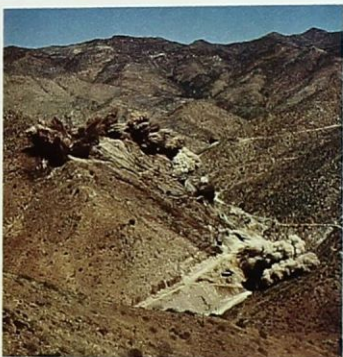
itably mined under normal circumstances. However, when the price of copper rose above \$.60 per pound in late 1969, the Company leased the deposit, sold the high grade sulfide to foreign smelters and then extracted and shipped the ore in a fast-paced operation lasting about eight months. The lower grade oxide was then heap-leached.

In 1973 the leaching operation was expanded by blasting an additional 550,000 tons of ore into the 300-foot-deep pit, the second time the Company had combined blasting and leaching to recover copper. A year earlier the four-million-ton Old Reliable deposit near Mammoth, Arizona had been shattered with four million pounds of explosives, and the ore leached in place by percolating sulfuric acid through it. The blast was the largest non-nuclear explosion in free-world history, and the first time blasting and in place leaching of a complete ore body had been attempted.

The Durita uranium mill tailings

project at Naturita, Colorado also combined the Company's leaching/solvent extraction experience with fast reaction to a rise in market prices. When the price of uranium approached the \$40-a-pound level in the late 1970s, the Company decided that uranium and vanadium left in the tailings from a prior milling operation could be profitably extracted. Advance sales were arranged, and in an operation lasting about two years, the Company recovered 1.84 million pounds of low-cost vanadium and 380,000 pounds of uranium.

The Company formed six major exploration ventures during its 30 years, the most successful one discovering the Johnny M uranium deposit in 1968. Located near Mt. Taylor not far from the Company's original land holdings, the Johnny M operated from 1976 to 1982. Final production was supplemented by uranium bought on the open market at highly favorable prices. Here again, advance sales made the difference between profit and loss.



Blasting the Old Reliable copper deposit with four million pounds of explosives.

Small mining companies, typically lacking the diversified products of their more powerful competitors, must be exceptionally sensitive to trends in commodity prices. As the 1970s drew to a close, the Company began to sense that foreign competitors, many operating rich, subsidized mines, were likely to make domestic copper and uranium operations unprofitable. The Company responded by winding down its copper and uranium operations and turning its attention to precious metals and industrial minerals. Within a year or two, the Company had closed its copper and uranium mines, opened the Escalante Silver Mine and purchased Colorado Aggregate Company and Kentucky-Tennessee Clay Company.

The Escalante Mine, which will give Hecla Mining another major low-cost silver producer, was first investigated by the Company in 1970. But low silver prices and a copious flow of underground water caused the Company to drop its option on the

property. When silver prices began to improve as inflation increased, the Company returned to the property, decided that the water problem could be managed, and brought the mine into production late in 1981 using a modification of a new mining technique — vertical crater retreat — to remove the silver ore safely and efficiently.

Hedging and advance sales experience gained in copper and uranium operations helped get the Escalante off to a good start, with short sales during the explosive 1980 price rise providing a pre-tax cushion of \$6 million for the new operation. Subsequent hedging has consistently allowed the Company to sell production above the spot price for silver. Interest on the \$20 million borrowed to finance construction of the mine and mill was reduced by borrowing silver bullion from banks and refiners. Borrowed at low “real” interest rates, the silver was sold and the funds used to repay loans obtained at the much higher prime rate. The



Yellowcake recovered in unique uranium leaching project at Naturita, Colorado.

borrowed metal is being replaced from production and with open market purchases made during dips in silver prices.

Production from the Escalante — and from a small placer gold operation in Alaska — permitted the Company to begin payment of precious metal dividends. The dividends have proved extremely popular with shareholders, particularly those wishing to hold a portion of their assets in the form of precious metals. Combined with technical expertise, such financial innovations can, we believe, do much to keep small mining companies competitive.

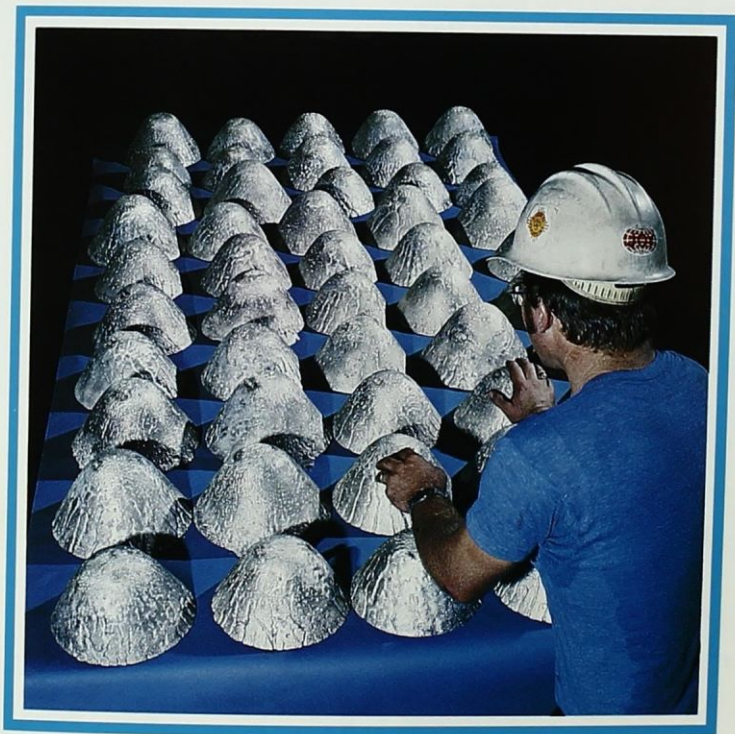
The Company is a firm believer in the future of precious metals. Inflation, excessive domestic and foreign debt, world political tensions and continued vulnerability of oil supplies have changed the prospects for these metals for the foreseeable future. In addition, silver has growing commercial uses. For these reasons, we at Ranchers believe the merger with Hecla Mining is an eminently

sound one, meriting from shareholders the same support you gave to Ranchers during its 30 years.

With addition of the Ranchers' properties, Hecla becomes the largest primary silver producer in the country. We believe you will be in sound, safe hands with Hecla, and we feel comfortable in bidding you, after three decades, a final farewell. Thanks for your interest and support, amigos. Adios.

The Management & Employees
Ranchers Exploration &
Development Corporation

July 26, 1984



Escalante silver, a milestone in the Company's switch to precious metals.



Precious metal dividends — another Company first (50 & 100 oz. bars shown).

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Development Company

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Kentucky-Tennessee Clay Company

Ralph E. Rhodes

President

Rodger L. Randolph

Secretary-Treasurer



Beryllium claims dispute — a bit of exuberance during the Company's early days.