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Carrara - Beatty (228) Item 2

AMERICAN ELECTRO - THERMO CORPORATION

NON METALLIC MINERALS

CARRARA, BEATTY P. O., NEVADA

MAIN PLANT AND DEPOSITS
CARRARA, NEVADA

November 21st, 1938.

REPORT OF NOVEMBER 15TH, CONTINUED

PLANT CAPACITY

The American Electro-Thermo Corporation's White Portland Cement plant located at Carrara, Nevada, has been designed and is being equipped to manufacture a minimum of 50 barrels daily, weighing 376 pounds each. This equals 200 sacks per day of 94 pounds each. It is reasonably expected that the plant may prove capable of manufacturing 65 barrels daily. By installation of additional burning kilns at a cost not to exceed $ 10,000.00, it is possible to increase the output to 150 barrels daily, or to 600 sacks daily.

PRODUCTION COST

Based on the 50 barrel per day minimum output, the estimated production cost is itemized as follows.

50 barrels of white portland cement is equal to approximately 10 tons of white portland cement. We will, therefore, in calculating production cost use a basis of ten tons for the sake of convenience in figures.

Production costs are separated into 7 headings exclusive of Executive and General Overhead. These items will be taken into consideration after gross profits are estimated later herein. Some of these 7 headings include 2 or more separated but co-related functions. By this is meant that one man is capable of performing more than one duty, and where this is possible they are grouped as one heading. The cost per ton will be found on the right hand column. Approximately 15½ tons of rock are required for 10 tons of finished cement.

		Cost Per Ton Finished Cement.
Mining.		
Two men @ $ 5.00 per day each --	$ 10.00	
Dynamite, fuse, caps & Gasoline-	2.40	
Total per 15½ tons of rock	$ 12.40	$ 1.24
Hauling And Crushing.		
Total daily mileage from quarries to plant 47 miles. (The above is based on 3 round trips of 5 miles each from the marble quarry to the plant, and one round trip from the clay quarry to the plant).		
Itemized.---- Truck driver ½ day -------	$ 2.50	
Depreciation based on 80,000 mile life of truck	.60	
Gasoline @ 8 miles per gallon. (Actual 10) (Gasoline costs us 15¢ delivered)	.90	
Oil per 47 miles ----------	.05	
Tires based on last cost of $36.00 each, 25,000 mile usage, 6 wheel truck --------	.43	

		Cost Per Ton Finished Cement
Upkeep based on $ 180.00 per year ------	$ .50	
Depreciation of Jaw crusher ----------	.10	
½ Days labor, truck driver on jaw crusher	2.50	
Total Hauling & Crushing Cost per day	7.58	.76

Pulverizing. Raw Mix, Kiln Feed and Finish Grind.

Two men @ $ 5.00 ----------	10.00	
One helper @ $ 3.50 ----------	3.50	
Pebble Loss ----------	.50	
Mill lining depreciation ----------	.90	
Mill Depreciation (No wear on lined pebble mill)	.10	
Total per day cost	$15.00	1.50

Burning And Power.

Two men, 12 hour shifts @ $6.50.(employed)-	$13.00	
Fuel oil @ 2¢ Gallon. 15 Gallons per hour -	7.20	
Total cost per day ------	$20.20	2.02

(Note: Burners also attend to boiler for power)

Laboratory.

The Chemist will attend to tests in one shift, and supervise pulverizing and burning. The pulverizing departments will operate one shift only. The kiln will operate 24 hours daily.

Chemist at $ 180.00 per month.----------	$ 6.00	
Chemicals used in daily tests.----------	2.00	
Total daily Lab. cost ------	$ 8.00	.80

Bookeeping.

A bookeeper has been employed for $ 60.00 monthly. The corporation furnishes living quarters, but not food. ---------- $ 2.00 .20

Gypsum.

From 2% to 4% of Gypsum must be added to the Clinker for proper retard in setting. Good gypsum is available near to the plant. $4.00 per ton has been allowed for cost. At maximum of 4%, 800 pounds daily will be required. ---------- $ 1.60 .16

Total Mill Cost Per Ton Of Finished White Portland Cement	$ 6.68
20 Paper bags @ 6¢ each ----------	1.20
Total per ton cost exclusive of executive and general exp.	$ 7.88

Cost summary per ton, per barrel, per sack.

Cost per ton sacked at mill	$ 7.88
Cost per bbl sacked at mill	1.57
Cost per bag sacked at mill	.394

FREIGHT

A contract has been offered by reliable parties who offer to install Diesel Trucks and Trailers, to haul the finished cement to Los Angeles Harbor for $ 2.50 per ton. It is estimated that this can be reduced to

$ 2.00 per ton by the Corporation installing its own heavy duty Diesel Trucks and Trailers. It is proposed to contract the hauling for some stated period of time, in order to save making the large investment in trucking equipment at this time.

WHITE CEMENT MARKET

In a survey made of the amount of White Cement manufactured in Pennsylvania, it is estimated that the average annual consumption in the United States amounts to some 850,000 barrels. No estimate of the western made Calaveras production was found available. It was impossible to determine accurately the amount of White Cement used on the Pacific Coast, due to the fact that White Cement is not so classified in Rail shipments, but as Portland Cement, with no distinction. The Intercoastal Shipping records thru the Panama Canal, however, showed the shipment of some 76,000 barrels as having passed thru the canal during a ten months count. These shipments were addressed to Pacific Coast Ports.

A market survey made from the standpoint of export business, brought surprising results. A British firm whom this corporation proposes to deal with, made the statement that they could handle as much as 65 carloads to commence with,if given the agency rights to export business.

The annual output of the first unit being completed, at the rate of 50 barrels daily,will only amount to some 18,000 barrels, or 90 carloads.

QUALITY

White Portland Cement made from the raw materials of the American Electro-Thermo Corporation, exibits a compression strength of 3990 pounds per square inch at 28 days, using three parts of standard sand to one part of cement. The tensile strength of the same mixture at 28 days is 437 pounds per square inch. This is reported as being higher in strength than the average normal portland cements. Its comparably extreme whiteness is due to the very low iron content of the raw materials entering into its manufacture. These are valuable points, as color and strength are what govern the demand for any particular brand of white portland cement.

ESTIMATED PROFITS

Pacific Coast prices for White Portland Cement in carload lots amounts to $ 6.00 per barrel and upwards, and for less than carload lots, from $ 8.40 per barrel and upwards. 2 % is the usual cash discount allowance.

Based on these prices, and allowing $ 1.00 per barrel for jobbing and handling charges, the estimated profits from a fifty barrel per day plant of American Electro-Thermo Corporation would be approximately as follows.

Mill Cost Per Ton----------		$ 7.88
Freight allowance		2.50
	Total per ton	$ 9.38
	Total per barrel	1.88
Cost.	Total per sack	.47

Price per barrel expected, less discounts -------	$ 5.00
Cost per barrel as estimated -------------------	1.88
Total gross profit per barrel estimated ---	$ 3.12
Less executive and general overhead -------	.62
Estimated net profit per barrel --------	$ 2.50

Estimated annual net earnings from 18,000 barrels	$45,000.00
Total stock both classes being sold	30,000.00

RECAPITULATION

American Electro-Thermo Corporation has an almost unlimited quantity of suitable and high grade raw materials from which to manufacture its White Portland Cement, known as"Carrara" brand.

American Electro-Thermo Corporation's plant located at Carrara, Nevada, is nearing completion, with an estimated minimum capacity of 18,000 barrels or 72,000 sacks annually.

American Electro-Thermo Corporation's plant is only a small beginning of what may develop into a plant,rapidly increasing its output to possibly a one thousand barrel per day plant.

Profits from this first small unit are expected to be exceedingly high when the small amount of outstanding stock is taken into consideration.

No Bonds or Mortgages are outstanding, and all buildings and equipment have been paid for in full. No accumulated obligations are outstanding other than day to day expenses of installing the equipment. Labor bills are paid in full each week.

No officer or director is receiving a salary for their services. It is agreed that they shall not receive a salary until the Corporation is on an operating basis that will warrant the payment of a salary from operations. No commissions have been paid stocksalesmen in forming and financing the syndicate.

The stock is fully paid and non-assesable, and only $ 30,000.00 worth is being sold at this time. Less than one third of this amount remains unsold.

In any future capital expansions, all of the original $ 30,000.00 syndicate stockholders will receive their proportionate share of the increase.

The stock is being issued at one price, namely Par, 50¢ per share. Either class of stock may be purchased.

The corporation is domiciled in the most favorable State in the Union for doing business. It is an Intra State corporation, not Interstate. As a result, and due to the lack of State sales taxes, state income taxes, no rentals even for an office, low property taxes, and the favorable power prospects of the Boulder Dam area, the outlook for the successful operation of American Electro-Thermo Corporation is extremely favorable.

AMERICAN ELECTRO-THERMO CORPORATION

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NON METALLIC MINERALS

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MAIN PLANT AND DEPOSITS
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November 15th, 1938.

HISTORY AND BUSINESS

American Electro-Thermo Corporation, was Incorporated in Nevada, August 8th, 1938. The objects and purposes of the Corporation are primarily to operate the large Marble deposits and quarries located at Carrara, Nye County, Nevada; Also to deal in other non-metallic minerals located in the Southern sections of Nevada.

The Carrara Marble deposits are located on six hundred acres of patented mineral ground. These properties are well known and appear on the Mineral Survey Maps of the United States Geological Survey. The great beds of White Marble in these deposits are almost pure Calcium Carbonate or Limestone.

A full report on these properties was made by the firm of Robert W. Hunt Company, Engineers of International reputation, on April 28th, 1928. This report brings out the many uses for this Marble. Since the compiliation of this report, new highways have been constructed which lead thru Carrara, and the advent of the Diesel Trucks and Trailers have brought this deposit within commercial range of profitable exploitation. The great trading areas of the Pacific Southwest and the connecting lines of transportation are thus made available.

A typical analysis made on October 4th, 1938, by the Engineering firm of Smith-Emery Company, of Los Angeles, California, gives the following results.

White Marble

Silica (SiO_2)	.16%
Iron Oxide (Fe_2O_3)	.044
Aluminum Oxide (Al_2O_3)	Trace
Calcium Oxide (CaO)	55.85
Magnesium Oxide (MgO)	.35
Sodium Oxide (Na_2O)	.78
Potassium Oxide (K_2O)	.02
Sulphuric Anhydride (SO_3)	None
Carbon Dioxide (CO_2)	42.20
Moisture and Volatile Matter	.51

The Marble near the surface of the ground is too fractured for sawing into large blocks for cut and polished Marble. This is probably due to Volcanic upheaval in earlier times. Possibly at greater depth these fractures will disappear.

It is the consensus of opinion of all Engineers who have inspected the property, that the supply of Marble is almost unlimited. A very large quarry has been opened up in years gone by, with dimensions of approximately 200 feet in length, 100 feet in width, and 100 feet in depth. An estimated 10,000 tons has been mined, and lies in a huge mass or dump adjacent to the quarry.

American Electro-Thermo Corporation proposes to use the White Marble in the manufacture of "White Portland Cement" and ready made Stucco. The principal constituents of White Portland Cement are a pure Limestone or Marble, and a high grade Aluminum Silicate. A suitable supply of this latter mineral or clay has also been obtained in the immediate vicinity of Carrara.

"White Portland Cement", is a product used in the manufacture of exterior and interior stuccos, cast stone, terrazzos, artificial tiles, setting of tiles and marble, white line markers in the center of concrete highways, divisional separators in new highway construction, bridge heads, monumental work, and various other uses.

"White Portland Cement" commands a much higher price than ordinary Portland Cement, due to the scarcity of minerals suitable for its manufacture. The average price is usually from two to three times that of ordinary portland cement.

"White Portland Cement" made from Carrara Marble produces a cement of extreme whiteness in comparison to other brands of White Cement. Carrara Marble also produces a cement of high strength. These points are valuable ones in the White Cement markets.

PLANT AND EQUIPMENT

A plant or factory for the manufacture of "CARRARA" brand, White Portland Cement, is being constructed at Carrara, Nevada. The plant is located on 160 acres of ground belonging to the American Electro-Thermo Corporation, obtained by Mill Site and Placer Claim locations. The quarry and deposits of Marble are 2½ miles from the plant. A direct road has been graded from the quarry to the plant.

The first plant building consists of a corrugated iron building, approximately 35 feet in width by 100 feet in length. The first unit of machinery and equipment is being installed. At the writing of this report the machinery and equipment is about 75% installed.

The machinery consists essentially of a Jaw type crusher, electric magnetic separator, raw grind batch type pebble mill, rotary cement kiln with special made refractory brick, a batch type finish grind mill, steam boiler and steam engine. In addition thereto are bins, tanks, shafts and other needed equipment. The raw and finish grind mills are lined with Jasper stone to keep iron from contaminating the product. The kiln has a wide operating range, being equipped for variable speed, variable incline, and proper dimensions for a wide range of heat control. Waste heat and gasses from the kiln are to be utilized for developing power. After passing out of the kiln, these

gasses or waste heat are to be drawn thru a 150 horse power horizontal boiler, which converts water into steam, which in turn drives a steam engine furnishing power to the plant.

A portable compressor with air drills comprises the mining equipment. Suitable loading bins, platforms and other needed handling equipment will be built at the quarries as needed.

All of the above equipment has been purchased and paid for, and is either installed or being installed at the present time. The boiler and engine are the last large pieces of machinery to be installed. Following their installation the plant will be ready to commence operations.

A water line approximately seven miles in length furnishes ample water for the plant and for domestic use. Twelve miners inches of water are alloted from the Amargosa River for the use of Carrara.

In addition to the plant building, the American Electro-Thermo Corporation owns a five room house for the plant superintendent, an office building, and a garage and oil storage house. All of these buildings are located on the mill site property.

A railroad siding connects the plant with the Tonopah and Tidewater Rail Road, and a fine paved highway from Reno, Nevada, to Los Angeles, California, passes directly in front of the plant. Los Angeles, is about 340 miles distant.

ORGANIZATION

American Electro-Thermo Corporation is organized under the laws of the State of Nevada, with an authorized capital of $100,000.00. This is divided into 150,000 shares of the Par Value of Fifty Cents each, and known as Class "A" common, and 50,000 shares of the Par Value of Fifty Cents each, and known as Class "B" common.

Class "A" shares have a Preference right in case of dissolution of the corporation. Holders of Class "A" shares in case of dissolution will receive the full par value of their holdings before any distribution is made to the holders of Class "B" shares. In case of dissolution, holders of Class "B" shares will receive the next Fifty Cents per share, and thereafter both classes of the stock share equally in any remaining assets, without distinction.

Class "A" shares are entitled to one vote each, and Class "B" shares are entitled to three votes each.

Other than the above distinctions, both classes of stock are without further distinction. Dividend rights are the same on either class of stock. The shares of stock are Fully Paid and Non Assesable. There are no mortgages or bonds outstanding.

PROPERTY ACQUISITION

Two Hundred acres of the Marble deposits are held on a 34 year lease, with option to purchase. The royalty on Marble all ready mined is fifty cents per ton, and in the quarry is twenty five cents per ton. If the option to purchase is exercised within five years, all royalty paid shall apply on the purchase price. The option to purchase is at a price of $50,000.00 for the first ten years, and $100,000.00 for the second ten years. No option exists between the end of the 20th year and the 34th year.

The additional 400 acres of Marble deposits are being acquired outright by the Company, and deeds to same will be held, free and clear of any encumberance or royalty payments.

These deposits were at one time the basis for a $600,000.00 loan by an eastern Banking group. This will convey some idea of their enormous value.

PERSONNEL

American Electro-Thermo Corporation is managed by a Board of Directors with seven allowable members. Four of these Directors have been elected. Three vacancies have been held open, and are to be elected preferably by residents of the State of Nevada.

The four elected members are Albert A.Hall, of New York, N.Y., Edward L. McInally, of New York, N.Y., George C. Seward, of New York, N.Y., and Eugene S. Gates, of Beatty, Nevada.

Mr. Hall, who is our President for the ensuing year, has been engaged in Corporate financing for many years, and is also a licensed Realty operator in the State of New Jersey.

Mr. McInally, who is our Vice President, has recently resigned from the position of Secretary of the British Empire Chamber of Commerce, with offices in the Rockerfeller Center, to assume the duties of this business.

Mr. Seward, is an Attorney at Law, connected with the firm of Shearman and Sterling, with offices at 55 Wall Street, New York, N.Y. This is one of the oldest law firms in New York City.

Mr. Gates, who is our Secretary and Treasurer, has been engaged in the development of Non Metallic Mineral deposits in the west for twenty years. Mr. Gates is also the inventor of an electrical process for burning cements which this corporation proposes to later adopt and install. This process is designed to save the Carbon Dioxide gas from the Marble and convert it into so called "Dry Ice".

OFFERING

The sale of stock of the Corporation has been limited to $30,000.00. This is the amount of capital that has been estimated as needed for the first unit of machinery and working capital. Of this amount, $20,000.00 was subscribed by a small group of eastern parties who

compose the original syndicate. It was agreed that $10,000.00 worth of the stock should be held for residents of the State of Nevada, so that local representation might exist among the owners or stockholders of this business.

The stock that was subscribed in the east was purchased without any public offering, and without the payments of commissions to effect its sale.

No salaries are being paid to any executive, and no executive is to receive any salary until the corporation is on a justifiable operating basis.

The unsold portion of $10,000.00 worth of the stock is being offered to residents of the State of Nevada, at Par Value, namely,Fifty Cents per share, which is the identical price paid by members of the original syndicate. This is being offered so that residents of the State of Nevada may have the opportunity of participating in the upbuilding of this industry, a wholly Nevada institution. Either the Class "A" shares or the Class "B" shares may be purchased at the Fifty Cents per share price.

Subscriptions to the shares should be made payable directly to the American Electro-Thermo Corporation, Carrara, Beatty Post Office, Nevada.

AMERICAN ELECTRO-THERMO CORPORATION

Carrara, Nevada.