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## P R O S P E C T U S

\$25,000,000

## Duval Corporation

6½% Sinking Fund Debentures, due March 15, 1982

Application will be made to list the Debentures on the American Stock Exchange.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public (1)	Underwriting Discounts and Commissions	Proceeds to Company (1) (2)
Per Unit	100 %	1.375 %	98.625 %
Total	\$25,000,000	\$343,750	\$24,656,250

- (1) Plus accrued interest from March 15, 1967 to date of delivery, except as provided under "Delayed Delivery Arrangements".
- (2) Before deducting expenses payable by the Company estimated at \$154,250.

Debentures in limited amount are offered by the Company, through the several Underwriters, for delayed delivery not later than October 6, 1967 to certain institutional purchasers, all as more fully described herein. The Underwriters have agreed to purchase from the Company all Debentures not contracted to be sold for delayed delivery, and such Debentures are offered by the Underwriters subject to prior sale, to withdrawal, cancellation or modification of the offer without notice, to delivery to and acceptance by the Underwriters and to certain further conditions. It is expected that delivery of such Debentures will be made at the office of Lehman Brothers, One William Street, New York, New York 10004, on or about March 29, 1967, against payment therefor in New York funds.

The Underwriters named herein include:

**LEHMAN BROTHERS**

MARGARET LEMMING  
WALSTON & CO., INC.  
Denver V.S. National Center  
Denver, Colo. 80202  
(303) 623-9311

The date of issue of this Prospectus is March 22, 1967.



by mid-1967 the design capacity of the Esperanza concentrator to approximately 15,000 tons of ore per day. Water for the plants is provided from wells on Company-owned land located, respectively, six miles from the Esperanza plant and 16 miles from the Mineral Park plant. There is no apparent problem with respect to the water supply at the Esperanza and Mineral Park plants.

The Company holds, at the Esperanza Property, 1,810 acres of patented mining claims, 1,937 acres of unpatented mining claims and certain other interests in lands in the area. Mining operations are presently being conducted on patented mining claims. By contract, mineral production from the mining claims at the Esperanza Property is subject to a royalty in the amount of 5% of net sales.

The Company holds at Mineral Park 1,256 acres of patented mining claims, 2,408 acres of unpatented mining claims and certain other interests in lands in the area. Mining operations are conducted on patented mining claims.

In addition, the Company holds, royalty free, approximately 1,821 acres of unpatented mining claims west of and adjacent to the Esperanza Property. The Company has entered into preliminary discussions with the United States government (General Services Administration) for financing, under the provisions of the Defense Production Act of 1950, the development of large low grade mineral deposits which underlie both such claims and the ore reserves of the Esperanza Property, such deposits being referred to as the "Sierrita Property". Based on present conditions the Company does not consider the development of the Sierrita Property to be commercially feasible (primarily because of the low copper content of the deposits) unless governmental financial assistance and substantial private financing can be obtained in connection therewith. No definitive arrangements have been made for such financing nor has the requisite approval of the Securities and Exchange Commission been sought. See "Regulation" with respect to approvals required under the Public Utility Holding Company Act of 1935.

**Battle Mountain.** The Battle Mountain Properties consist of approximately 14,300 acres of mineral rights in the Copper Canyon and Copper Basin areas near Battle Mountain, Lander County, Nevada. Production from leach-precipitation operations on the Properties commenced on a limited scale during the last quarter of 1966. Production from milling operations is scheduled to commence during the first quarter of 1967. The estimated cost of developing the Properties is \$22,133,000 of which \$20,063,394 had been expended through December 31, 1966.

Drilling at Battle Mountain since 1962 has delineated one copper-gold-silver ore body in the Copper Canyon area and two copper ore bodies 11 miles away in the Copper Basin area. Exploratory drilling by the Company at Copper Basin and Copper Canyon is summarized as follows:

	Type of Drilling	Number of Holes	Footage Total
Copper Basin	Churn	10	3,575
	Diamond	35	11,181
	Rotary	62	16,970
	Totals	107	31,726
Copper Canyon	Churn	4	1,295
	Diamond	73	23,710
	Rotary	1	319
	Totals	78	25,324



Data from previous drilling by others, consisting of 129 holes (totaling 32,954 feet) at Copper Basin and 32 holes (totaling 11,101 feet) at Copper Canyon, were also used in evaluating the Properties. Based on its own drilling and other work, the Company is satisfied as to the accuracy of such data. Small scale mining operations have been carried on in the Battle Mountain area (including the area of the Company's properties) for many years, but no open-pit operations of the scope proposed by the Company have previously been conducted at these properties.

The Company commenced development of the ore bodies and construction of a concentrator and related facilities at Copper Canyon and leach precipitation facilities at Copper Canyon and Copper Basin in late 1965. The Company contracted for the construction of such facilities on a cost plus fixed fee basis. The concentrator has a designed capacity of 3,000 tons of ore per day. It is planned that 2,500 tons of such ore will be supplied from nearby Copper Canyon and the remaining 500 tons will be trucked approximately 11 miles from Copper Basin.

Mr. G. C. Weaver has examined the Battle Mountain Properties and the Company's reserve estimates relating to such Properties. The Company's reserve estimates as of July 1, 1966 and Mr. Weaver's conclusion with respect thereto are set forth in the following excerpt from a report of Mr. Weaver's:

"As a result of my examination of the Company's methods of accumulating data and computing reserve estimates from such data, it is my opinion that the Company's reserve estimates, as shown below, can be accepted as reliable.

Battle Mountain			
	<u>Waste</u>	<u>Leach Material</u>	<u>Proven Ore</u>
Copper Canyon:			
Tons .....	27,877,000	25,403,000	13,875,000
Mineral Content:			
Copper — % .....		0.30	0.79
Silver — ounces per ton ...			0.47
Gold — ounces per ton ....			0.025
Copper Basin:			
Tons .....	19,234,000	22,657,000	3,066,000
Mineral Content:			
Copper — % .....		0.41	1.75
Silver — ounces per ton ...			0.26
Gold — ounces per ton ....			0.011

"The principal mineralization at Battle Mountain occurs as disseminations in sediments that have been intruded by quartz monzonite. The predominant copper minerals are chalcocite and chalcopyrite. Gold and silver are found as native gold and as native silver and argentite, respectively. Leached capping of variable thickness, containing significant amounts of copper in certain areas, overlies the sulphide ore. This copper-bearing capping, along with sub-ore grade material, when removed, will form the leach dumps from which soluble copper will subsequently be recovered."



Metallurgical tests conducted on the Battle Mountain ore indicate the ore to be amenable to standard flotation procedures. Based on the results of these tests it is estimated that overall recovery from proven ore will be 85% with respect to copper, 70% with respect to silver and 70% with respect to gold.

The waste, leach material and ore will be mined by open pit methods. At December 31, 1966, approximately 6.1 million and 11.8 million tons of waste overburden and leach material had been removed out of the approximately 7.3 million and 13.7 million tons scheduled to be removed from the Copper Canyon and Copper Basin Properties, respectively, before commencement of milling operations. Thereafter, under present mining plans the number of tons of waste and leach material to be removed in the mining of each ton of ore is expected to be as follows:

<u>Years of Operation</u>	<u>Copper Canyon</u>	<u>Copper Basin</u>
First three years .....	4.4	19.5
Next five years .....	4.0	14.5
Remaining life of operations .....	2.3	14.7
Overall operating life .....	3.2	16.3

The ore will be crushed and ground and then concentrated by flotation at the Company's mill.

It is anticipated that approximately 75% of the leach material at Copper Canyon and 85% of the leach material at Copper Basin will necessarily be removed in order to mine the ore and the balance of such leach material will be removed in ancillary operations. The Company cannot state at this time the rate at which leach material mined is, or will be, consumed in leaching operations at either Property, the amount of copper ultimately recoverable from such material, or the profitability of such operations.

The Company believes that adequate water supplies for the plant are available from wells on Company-owned property located approximately five miles from the concentrator. Adequate supplies of electricity and gas are available from existing utilities.

The Company holds at Battle Mountain 1,438 acres of patented mining claims, 10,203 acres of unpatented mining claims and 2,628 acres of fee and other interests. About 70% of such claims are in the Copper Canyon Area and the remainder in the Copper Basin Area.

**Markets.** The Company has entered into contracts with American Smelting & Refining Company ("ASARCO") for the sale of copper concentrates and precipitates, including contained gold and silver, from the Esperanza, Mineral Park and Battle Mountain Properties. ASARCO has committed to purchase the production of these properties up to the following tonnage of copper concentrates and precipitates per month: Esperanza concentrates—9,000 tons; Esperanza precipitates—200 tons; Mineral Park concentrates—7,000 tons; Mineral Park precipitates—300 tons; Battle Mountain concentrates—5,000 tons; and Battle Mountain precipitates—1,250 tons. ASARCO may purchase additional production at its option. To date the entire production from the Esperanza and Mineral Park Properties has been purchased by ASARCO under these arrangements. Concentrates and precipitates sold under such contracts to date have averaged 25% and 75-80% contained copper, respectively.