(239) 2900 0019 (214)

Item 19 Item 10

LONGSTREET MINE

Located in south central Nevada, about 60 miles northeast of Tonopah. Elevation above sea level, about 7,000 feet Property consists of 14 claims covering the mining property, and one claim covering the water supply about two miles distant.

Vein developed, about 8 feet average width, varying fron 4 feet up to 20 feet in width. Average value of the ore developed, according to J.M.Butler, minin Engineer, who did a thorough systematic job of sampling, is $10.90, per ton, at the old price of gold and the 1929 price of silver, which at that time was 58¢ per fine ounce.

Development consists of 1685 feet of underground workings on the vrin, of which 200 feet of drifting on the 1,000 level, 785 feet of drifting on the vein on the 700 level, and a raise of 700 feet upward on the vein from the 1,000 level through the 700 and upward to connect with a 50 foot vertical shaft at its bottom. The vein outcrop is 3000 feet higher up the mountain. There are also two crosscuts or adits, one 600 feet in length connecting the 1,000 level with the surface at the top of the mill, and one 410 feet in length connecting the 700 level with the surface.

In Butler's sampling he took a sample every 6 feet on the 7000 level and every 5 feet on the 1000 level and in the raise. All samples were taken for a length of 5 feet across the vein.

Butler's estimate of positive ore is 410,000 tons having a gross valuation of ~~$4,660,00~~ at the 1929 price of gold and silver. This would give a total valuation under the present prices of the metals of over ~~$6,700,00~~ with the price per ton approximately $16.40, average. $4,469,000.00 @$10.90 $6,724,000,00 @$16.40

Butler's estimate was checked by John A. Hassell, Mining Engineer of Los Angeles in 1931, and Butler's findings substantially corroberated. Hassell gives the average value of the ore at $9.00 per ton, with gold at $20 and silver at 25¢ per oz. But he estimates the positive ore at 300,000 tons with the suggestion that the greater widths of the vein expected be between the 700 and the 1,000 levels, as partly proved, would justify and estimate of 400,000 tons of positive ore.

There is a cyanide plant of 100 tons per day capacity on the property, connected by crosscutt with the 1,000 level. This plant is said to be complete and in good condition. The metallurgical problem was worked out by J.T.Shimmin, Metallurgical Engineer of Los Angeles, who was formerly employed by the Butte and Superior of Butte, Montana in the same capacity.

Water from the spring 2 miles distant is conducted to the property by a pipe line buried 3 feet deep. The water has

a temperature of 80 degrees Fahr. the year found. This meanes a great deal to a company operating in the winter, since it keeps the mill solutions warm and aids a great deal in the higher extraction of the metals. It is also useful in heating the mill and camp buildings and in furnishing an ample water supply for the camp. There is said to be water available from this souce to supply a 1,000 ton mill.

The ore in the 1,000 level shows a transition to sulphides, the silver content of the ore becomes more predominate. Deeper development is expected to show a stronger secondary enrichment in silver values in the sulphides while gold becomes the accessory mineral.

When the deeper sulphides prevail, flotation will be necessary to effect a high saving at lowest cost. There should not, however, be any difficulty metallurgical problem to work out in planning a successful milling plant.

On an operating basis of 100 tons per day, the positive ore already opened up for immediate extraction is sufficient to keep the mill running continuously for a period of ten years. This would yield a net profit of $575 per day, or $17,250. per month, or $207,000. per year, allowing a total operation cost of $3.25 per ton of ore mined as estimated by Hassell.

On an operating basis of 300 tons per day of continuous operation, it is expected that the life of the mine would be not less tha twenty years, since conditions under present development indicate a continuance of the ore body to great depths. This would yield a net return of $4760 per day, allowing an operating cost of $2,80 per ton, as suggested by Hassell. This would yield a net return of $142,800. per month, or a net return of $1,713,600.00 per year.

On the above operating basis and allowing a ten per cent return on the investment with the amortization of capital in ten years, and using Hoover's factor as given in his "Principles of Mining", we have $1,713,600.00 x 5.45 equals $9,339.120.00 as the prospective value of the property.

According to the data at hand, the property fully justifies a 300 ton per day operation with the exception that future developement will greatly increase the above prospective value. Indications would suggest that a capitalization up tp $10,000,000.00 under proper conservative management and efficient operation would be justified if necessary.

Analysis of reports of J.M.Butler
and John A. Hassell by
Jesse R. Villars,
Mining Engineer and Geologist,
Spokane Washington.

Price $350,000.00
on terme to be
arranged.

NORTH AMERICAN GOLDFIELDS, INCorporated
405 Realty Building
Spokane, Washington.
October 17, 1934

Mr Westby,
Spokane, Washington,

Dear Mr, Westby,-

Re- Longstreet, possibilities worked under good management, I hereby tabulate posible results, as follows:

Since Butler's estimate of the ore available, 410,000 tons of ore averaging $10.00 per ton at 1929 prices, and since Hassell's estimate so closely checked Butler in tonnage but with the average of $9.00 per ton average, I make my calculations on the bases of 410,000 tons of ore averaging $9.00 per ton instead of taking Butlers's higher value. This $9.00 average is at the old price of $20.00 an ounce for gold and 25¢ and ounce for silver. At present prices of gold and silver the average value would be $18.666 per ton (instead of $16.40 per ton as calculated from Butler's average based on the 1929 prices).

The following calculations should be clear and fully explanatory:

On 100 tons per day basis, old price pf gold at $9.00 per ton average:

100 x 9.00 equals $900. - $325. (cost) equals $575. net returns per day.
$575 x 30 (month) equals $17,250. net return per month.
$17,250 x 12 (year) equals $207,000. net " " year.

On 300 tons per day basis, NEW price of gold and silver at $18.666 per ton average:

300 x 18.666 equals $5600.- $840 (cost) equals $4760.net return per day.
$4760 x 30 (month) equals $142,800. net return per month.
$142,800 x 12 (year) equals $1,713,600, net return per year,

Butlers's estimate of cost per ton is $3.00 for mining and milling on a 100 ton per day production, while Hassell's estimate is $3.25 per ton for 100 tons per day and $2.80 for a production of 200 tons per day. In my calculations I have used $3.25 per ton cost for 100 daily production, and $2.80 per ton for 300 ton daily capacity.

On such a property, according to data given in Butler's and Hassell's reports, a 300 ton daily capacity would be fully justified. Under such productipn yielding a net return of $1,713,600.00 per year, there would be a return of over 17% on an outstanding capitalization of $10,000,000.00. In case the estimated cost of $2.80 per ton, as suggested by Hassell, is not sufficient to cover all metallurgical losses in addition to all costs of operation, the total net return would be somewhat lower than the figures given. However, it is evident that Hassell's estimate of costs include losses as well as operating costs.

Mr, Westby 10/17/34

In my opinion, the property and its possibilities, as given by mining engineers of prominence and high reputation, has none of the earmarks of a fake proposition or wildcat promotion. On the other hand, the stock is not being offered for sale. The property itself is for sale, and the prospective purchaser has the privilege of making his own inspection and acting upon his own judgment after fully satisfying himself as to the merits of the property.

It is hoped that any engineer making an inspection of the property will be a man of considerable training and experience in the examination of properties, and that he will not be influnced by any prejudices or preconceived ideas agains the property or district, and that he will be fair and honest and not afraid to rely on his own work.

Yours very truly,

J.R.Villers

(239)
Item 19

March 23rd, 1938

BONDS
New York Curb Exchange

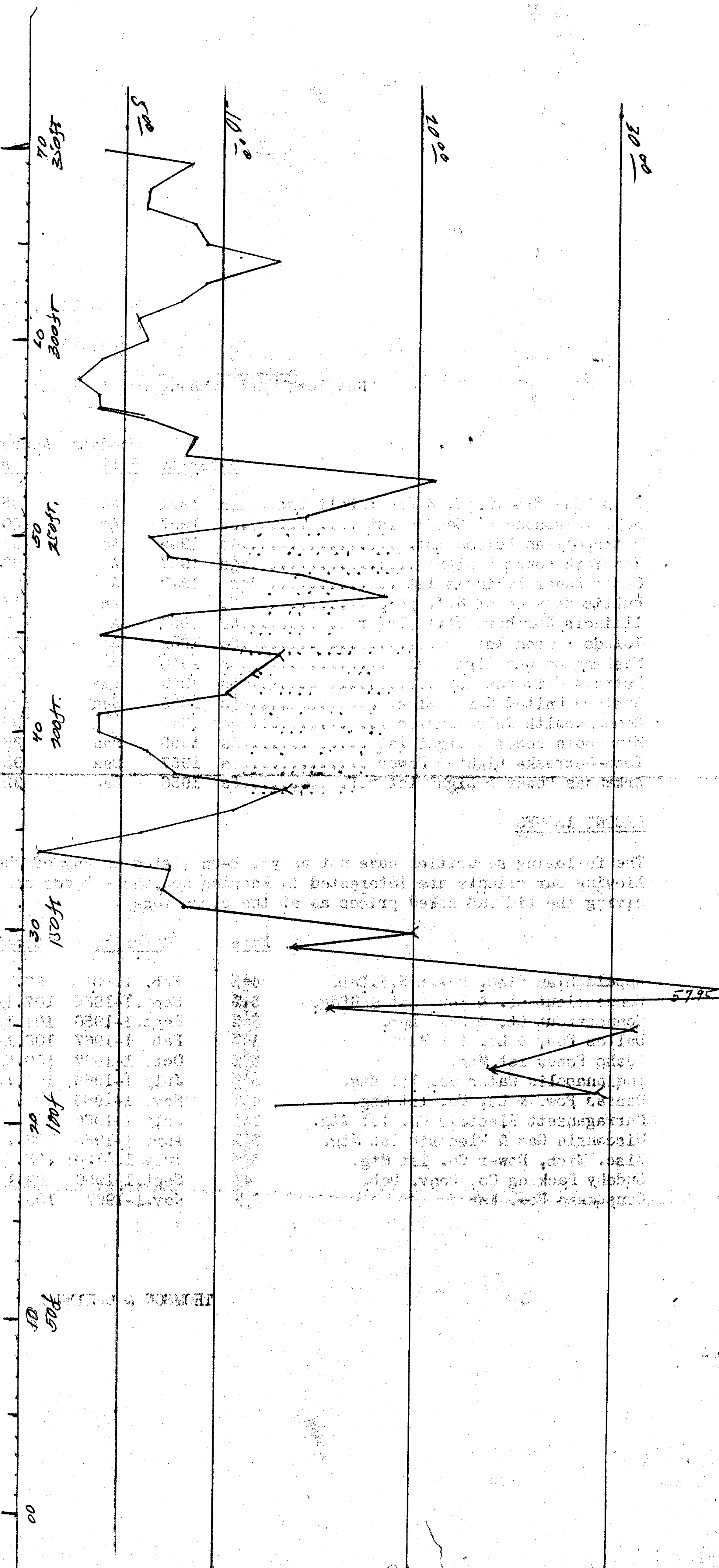
	Maturity	Moody's Rating	Approximate Price	Approximate Yield to Maturity
Cons. Gas Elec.Light & Power Balt.1st...3¼s	1971	Aaa	105 3/4	2.98
Bell Telephone of Canada 1st 5s	1957	Aa	120 1/8	3.53
Metropolitan Edison 1st. 4s	1965	Aa	103	3.82
New York Power & Light 4½s	1967	A	106 7/8	4.09
Super Power Illinois 1st 4½s	1970	A	104 3/4	4.23
Public Service of N.J. perp 6s		Aa	137	4.30
Illinois Northern Util. 1st ref. 5s	1957	A	107 3/4	4.39
Toledo Edison 1st 5s	1962	Aa	107	4.52
Washington Gas Light ref. 5s	1958	A	105	4.61
Detroit City gas 1st 5s	1950	Baa	100	5.00
Western United Gas & Elec. 5½s	1955	Baa	104 3/4	5.08
Commonwealth Subsidiaries 5½s	1948		103	5.11
Minnesota Power & Light 1st 5s	1955	Baa	96 1/4	5.34
Iowa-Nebraska Light & Power 5s	1957	Baa	95 1/4	5.40
Arkansas Power & Light 1st ref. 5s	1956	Baa	92 1/4	5.69

RECENT ISSUES

The following securities have not as yet been listed on any of the Exchanges. Believing our clients are interested in knowing how these bonds are quoted, we are giving the bid and asked prices as at the close today.

	Rate	Maturity	Closing Prices
Appalachian Elec. Power S.F.Deb.	4½%	Feb. 1 -1948	97 98
Connecticut Lt. & Pow. 1st & Rfdg.	3½%	Sept.1-1966	107 1/2-108 1/2
Connecticut Lt. & Pow. Deb.	3½%	Sept.1-1956	104 1/4 bid
Dallas Pow. & Lt. 1st Mtg.	3½%	Feb. 1-1967	106 1/2-107 1/4
Idaho Power 1st Mtg.	3¾%	Oct. 1-1967	100 5/8-101 1/8
Indianapolis Water Co. 1st Mtg.	3½%	July 1-1966	101 1/2-103
Kansas Pow. & Lt. Co. 1st Mtg.	4½%	Nov. 1-1965	109 -109 3/4
Narragansett Electric Co. 1st Mtg.	3½%	July 1-1966	103 -103 1/2
Wisconsin Gas & Electric 1st Mtg.	3½%	Apr. 1-1966	102 1/4-103
Wisc. Mich. Power Co. 1st Mtg.	3¾%	July 15-1961	103 1/2-104 1/2
Cudahy Packing Co. Conv. Deb.	4%	Sept.1-1950	89 1/2- 91 1/2
Consumers Pow. 1st .	3½%	Nov.1-1967	103 -103 1/2

THOMSON & McKINNON



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