

3070 0003

282

Item 3

TUNGMINES, INC.

Date: March 1968.

Refer to:

General References.

OFFICERS:

D.H. Jackson ----- President

20 years experience in general mining
including tungsten.

H.A. Weiler ----- Secretary & Treasurer.

15 years experience in general mining
including tungsten.

H.K. Matsu ----- Vice President and director.

15 years experience in general mining
including tungsten.

Address of the office;

P.O. Box 7001 Reno, Nevada.

Bank:

First National Bank & Trust.
#1 East First
Reno, Nevada.

All officers and directors are or have resident
in the State of Nevada and U.S. Citizens.

*With Reference to our
Telephone conversation...
Copy of letter
C. 144
Dennis*

TO: Philip Kaye
75 East End Avenue
N.Y.C., New York 10028.

FROM: H.K. Matsu, Vice President
TUNGMIN, INC.
P.O. Box 7001
Reno, Nevada.

SUBJECT: \$50,000., investment.
Risk is minimum.
Credit more important than money.

OBJECT & PURPOSE:

Tungmine, Inc., has acquired a large tungsten property, and said property is equal to or it may be larger than the holdings of Nevada-Massachusetts, the largest tungsten producer in the United States when in operation--it is mined out.

Tungmine, Inc., property is in the same mountain range and the conditions are about the same.

This property can be in operation all year around since the weather conditions are not too bad, and close to small cities and towns for supplies and equipments and labor.

The ore is easy to mill and easy to concentrate.

All the concentrated tungsten ores can be sold to local companies in the State of Nevada, and buying stations may be set up right at the mine.

We have made arrangements to purchase a portable 50 ton per day mill and concentrating plant. It can be set-up within 90 days, ready to operate.

All mining, hauling and stockpile of the tungsten ore will be contracted out to local licensed and reliable contractors with good equipments and men to operate them. These arrangements are already made.

Potential value of this property- \$50,000,000.

We have several mining companies interested in making a deal with us. We are not interested at presently since we want to start an operation as soon as possible, and establish its maximum value.

We have no desire to violate any security laws of any kind. All arrangements are subject to approval of any and all Federal & State authorities, if it is required.

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TUNGSTEN

(By J.H. Schilling, Nevada Bureau of Mines, Reno, Nevada.)

Tungsten is a ductile, white metal with a melting point of $3,410^{\circ}\text{C}$ - higher than any other metal. Tungsten steels and carbides are extensively used in machine tools, jet and rocket engines, and other applications where their structural strength, extreme hardness, and resistance to wear, especially at elevated temperatures, is needed. Tungsten metal is used in lamp filaments, electrical contacts, and other electrical and electronic applications because of its high melting point, low vapor pressure, and noncorrosion and structural strength at high temperatures.

Although tungsten deposits are widely distributed in the world, China has been by far the largest producer (28%) and has the largest reserves. The United States has been the second largest producer (13%), but until 1951 consumed more than it produced. Premium prices in 1951 - 57 stimulated domestic production to a rate greater than consumption and intensive exploration led to the discovery of large reserves. Much lower prices since 1967 have resulted in the closing of most tungsten mines in the United States except a few that produce ores containing other marketable minerals. Nevada and California have been the largest tungsten producing States, each having produced about 30% of the total.

Tungsten occurs principally as scheelite (CaWO_4 , which forms an isomorphous series with powellite, the calcium molybdate) in contact deposits developed in lime-rich rocks by granitic intrusions, and as scheelite and minerals of the wolframite group (wolframite, Fe,MnWO_4 ; huebnerite, MnWO_4 ; and ferberite, FeWO_4) in quartz veins. Contact deposits have supplied the major portion of U.S. and Nevada production, although for the world as a whole they are less important than the veins. Vein deposits predominate in eastern Nevada.

In the China-Burma belt and in Bolivia, tin minerals occur with the tungsten. In the United States and elsewhere tungsten commonly is associated with molybdenum and/or copper, or less commonly with manganese, beryllium, or antimony and/or mercury. Most of the tungsten deposits of the Western United States are related spatially to granitic intrusive bodies.

Contact Deposits

THE NEVADA-MASSACHUSETTS property (secs. 27 and 34, Township 34 North., Range 34 East) at Tungsten in the Eugene Mountains, Pershing County, has been one of the two largest, possibly the largest, tungsten producers in the United States. Some One Million five hundred thousand units (20 pounds in a unit) of WO_3 have been produced from open pit and underground workings extending to a depth of over 1,400 feet. Fine-grained scheelite is disseminated in steeply dipping 1 to 25 foot silicated limestone (tactite) beds, widely spaced in hornfels, instuded by a granodiorite stock.

Nevada Bureau of Mines, Bul.65, page 155. 1964.
Mineral & Water Resources of Nevada. Prepared by
U.S. Geological Survey & Nevada Bureau of Mines.
United States Senate Document.

TUNGMININE INC.

The Tungmine Inc., controls approximately 60 mining lode claims containing tungsten ores in the same mountain range known as the "Eugene Mountains" of Pershing County, State of Nevada, where the famous NEVADA-MASSACHUSETTS tungsten mine operated and mined 1,500,000 units of tungsten. Each unit at todays market is valued at \$43.00, or gross estimated value of \$64,500,000.

The tungsten deposits held by Tungmine Inc., is believed to be as rich as NEVADA-MASSACHUSETTS tungsten property and larger.

The logical way to prove out the total value of the properties held by Tungmine Inc., is to core-drill the entire holdings, but the cost of this operation is estimated to be about \$250,000. Once the entire property is core-drilled and the ores blocked out, the estimated value of the holdings of Tungmine Inc., should be in the area of Fifty Million Dollars.

Since the initial drilling and exploration cost of \$250,000., is still risk capital, the directors of Tungmine Inc., have worked out an investment program of fifty thousand (\$50,000.) dollar that shows a minimum of risk and still accomplish the same exploration program required by an investment of \$250,000.

THE INVESTMENT PROGRAM:

An irrevocable letter of credit, acceptable by the bank of Tungmine Inc., in favor of Tungmine Inc., for delivery of 25% of the total stocks of Tungmine Inc., or \$50,000., in cash, due and payable one year from date of said letter of credit.

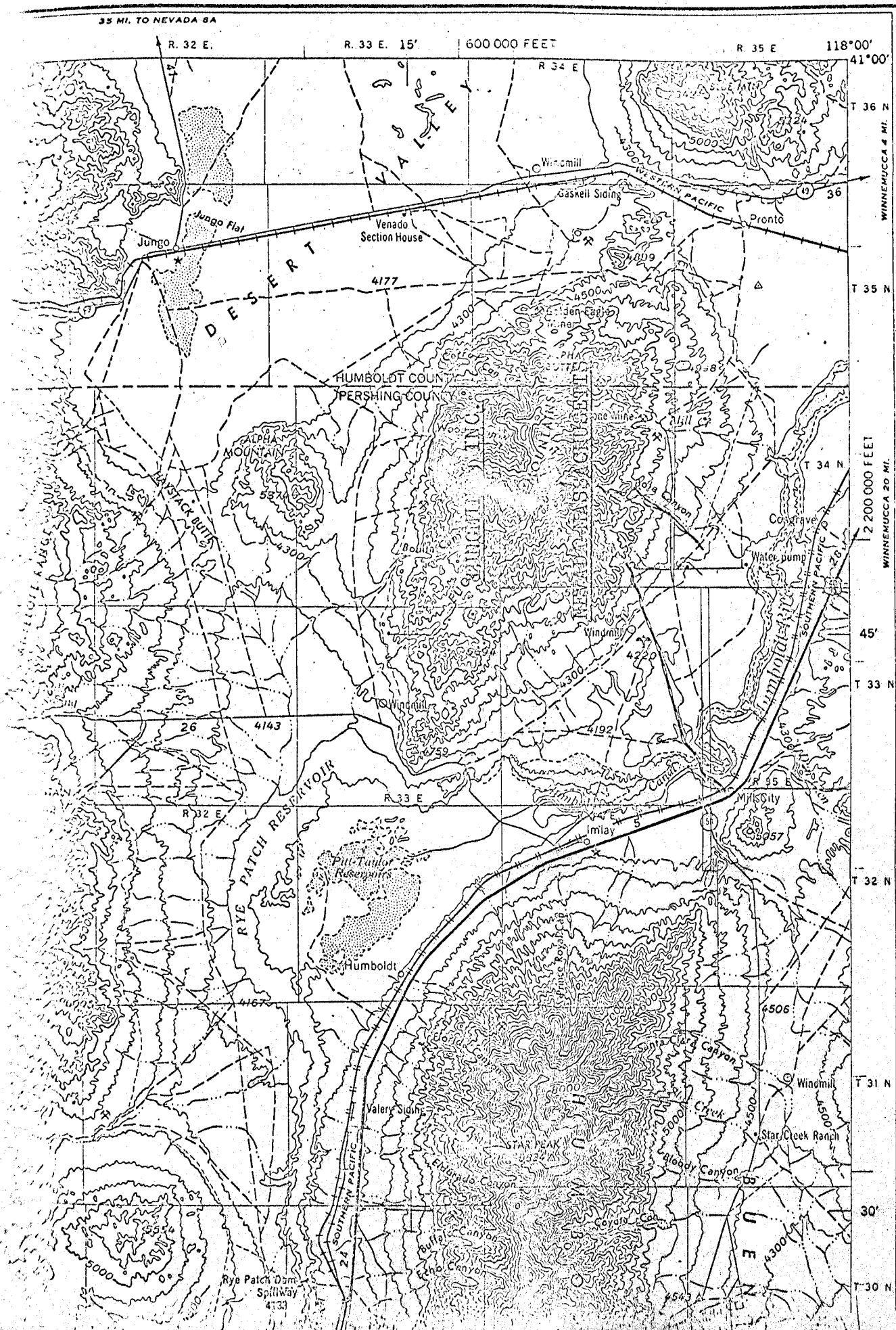
The cost of said letter of credit not to exceed 1% or \$500. payable to the bank that will issue said letter of credit subject to acceptable statement of the investor, by the bank.

Profit to investor: 25% of Tungmine Inc., or \$50,000. in cash, within 1 year period.

THE MINING PROGRAM OF TUNGMININE, INC.:

Within the properties held by Tungmine, Inc., - highgrade tungsten ores have been located, and assay reports show 7% tungsten. This is over \$300., per ton; therefore, a conservative estimated value of the ores have been decreased to 50% of the assay and it should average out at \$150.00 per ton. The gross estimated tonnage is approximately 50,000 tons of 3½% ore. The total operating cost in mining, hauling and milling and concentrating the ore should not exceed on the high side of \$50.00 per ton. All operation shall be contracted out including mining, hauling and milling. At this rate, it should gross \$100. per ton on the highgrade ores.

A small 50 ton per day mill (portable) is available for purchase, and a reliable mill operator is ready to be employed by Tungmine, Inc. On the above program, a 90 day set-up schedule is ample. Therefore, gross income should be about \$20,000., week based on 4 working days per week. On this basis, it should generate the \$250,000., that is needed for the exploration work.



35 MI. TO NEVADA 8A

R. 32 E.

R. 33 E. 15'

600 000 FEET

R. 35 E

118°00'

41°00'

T 36 N

T 35 N

T 34 N

45'

T 33 N

T 32 N

T 31 N

30'

T 30 N

2 200 000 FEET

WINNEMUCCA 20 MI.

WINNEMUCCA 4 MI.

THE MARKET FOR TUNGSTEN CONCENTRATES:

Since the production of Tungsten concentrates in the State of Nevada have been supplied by several small mines for many years, a regular buying station have been established by Union Carbide and Kennametal Inc., therefore, the entire production of Tungmine, Inc., will be sold within the State of Nevada.

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PURCHASE CONTRACT FOR THE OUTPUT OF THIS
PROPERTY IS AUTOMATIC.

Kennametal, Inc., will set up a buying station right on the property.

RECAPITULATION:

This is an investment of \$50,000.

The investment however is not made immediately, but the commitment is made to make said investment, one year from date of commitment.

The commitment is evidenced by an irrevocable bank letter of credit, due and payable one year from date.

Said bankable, irrevocable letter of credit shall be made in favor of TUNGMINES, INC. First National Bank #1 East First Street, Reno, Nevada. Attention: Mr. Dale Murphy, Vice Pres.

Said letter of credit shall be, for the following:

- a. A \$50,000., note of Tungmine, Inc., due and payable within 11 months from date of said letter of credit.
- b. If the note is not acceptable, 25% of the total stocks of Tungmine, Inc., with a guaranteed minimum take-out or PUT commitment of \$50,000. payable on demand, on or before 11 months from date of said commitment of said letter of credit.

TUNGMINES, Inc., shall be in operation within 90 days from the date of the receipt of said letter of credit.

Tungmine, Inc., shall set up a sinking fund account in the First National Bank, main office, Reno, Nevada, and shall deposit into said sinking fund a minimum of \$10,000., per month, 120 days from the date of said issued and accepted bankable letter of credit. Said sinking fund shall be a trust account to back up the said \$50,000. note of Tungmine, Inc.

The investor must have a financial statement acceptable to the bank that will issue said irrevocable letter of credit.

The cost of said letter of credit should not exceed \$500.

Thus, the actual cash required is \$500. The return on said \$500., invested within 1 year should be \$50,000., minimum, or if the investor studies the operation and progress of the mining operation of Tungmine, Inc., and decides to purchase the 25%, represented by stocks of Tungmine, Inc., it may be worth in excess of One Million (\$1,000,000.) dollar.

Mining and operation consultants will be:

- *Engineers of Kennametal, Inc., Nevada Scheelite Division.
- *Bureau of Mines, State of Nevada.
- *General mining & hauling contractors will be legitimate licensed contractors of the State of Nevada.
- *Mill operator will be qualified and experienced.
- *The 50 ton perday mill and concentrating plant is not new, but in good working condition to do the job.

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NEVADA SCHEELITE DIVISION

KENNAMETAL *Inc.*

MINE CONCENTRATOR PLANT

Telephone Scheelite No. 1 Thru Reno

347 NORTH TAYLOR STREET

FALLON, NEVADA

June 16, 1966

Effective 10-10-1967

TUNGSTEN ORE BUYING SCHEDULE

Base Price

Based on G.S.A. Shelf price, or L.M.B. plus duty, which ever is lower, delivered our plant.

Small Lot Penalty

Shall be 50¢ per unit per full ton under 10 ton lots.

Impurity Penalties

\$0.25 for each 0.1% Mo above 0.5%. Prevailing GSA penalty schedule for other impurities may be applied at buyer's option.

Grade Bonus or Penalty

| | | |
|---------------------------|-------------------------------------|-----------|
| Above 65% WO ₃ | - 10¢ premium each percentage point | Above 65% |
| 60-65% WO ₃ | - 10¢ penalty each percentage point | Below 65% |
| 55-60% WO ₃ | - 20¢ penalty each percentage point | Below 65% |
| 50-55% WO ₃ | - 30¢ penalty each percentage point | Below 65% |
| 45-50% WO ₃ | - 40¢ penalty each percentage point | Below 65% |
| 35-45% WO ₃ | - 50¢ penalty each percentage point | Below 65% |
| under 35% WO ₃ | - bought by special negotiation | Below 65% |

The above is subject to change without notice.

The above schedule applies only to lots acceptable to purchaser.

E.M. Colwell
Plant Manager

*Call Scheelite #1 through Reno Exchange
Press Ring "O" and ask for Scheelite No. 1.*

SUBSIDIARY OF KENNAMETAL INC.

DATE 12-9-57

SOURCE

Don Danner

Labels to be assigned

SUPERINTENDENT

James C. Carson
ASSISTANT