

4930 0031

Offering Circular

August 24, 1959

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Item 4

\$100,000.00

Tungsten Mountain Mining Company

(Hereinafter Called the Issuer)

Incorporated November 30, 1953, Under the Laws of the State of Nevada

7 Per Cent First Mortgage Bonds

To be dated September 1, 1959

Due September 1, 1964

Denominations \$500.00 and \$1,000.00.

Trustee—Cecil M. Cole (Partner in Egan, Sites & Lala, Certified Public Accountants)

Interest coupons (due semiannually March 1 and September 1) and principal, payable at the office of the Trustee, Realty Building, Everett, Washington.

Convertible into a maximum of 50,000 shares of common stock, (par value \$1.00 per share) as explained below.

	Price to Public	Underwriting Discounts or Commissions (1)	Proceeds to Issuer (2)
First Mortgage Bonds—			
Per \$1,000.00	\$ 1,000.00	\$ 25.00	\$ 975.00
Total	\$100,000.00	\$2,500.00	\$97,500.00

- (1) In addition, the Issuer has agreed to indemnify the Underwriter for expenses incurred in connection with this offering in excess of \$2,500.00 but in no event shall said indemnification exceed \$2,500.00 nor the total discount and indemnification exceed \$5,000.00
- (2) This offering is made on a best efforts basis and there is no assurance of the receipt of any proceeds therefrom.
- (3) No arrangement has been made for the return of funds to subscribers to these Bonds if all of them are not sold.
- (4) The Bonds and coupons attached will be payable to Bearer; if purchasers desire the Bonds may be registered (as to principal only) with the Trustee.

THESE SECURITIES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. THE COMMISSION DOES NOT PASS UPON THE MERITS OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF ANY OFFERING CIRCULAR OR OTHER SELLING LITERATURE.

This Offering Circular does not constitute an offer by either the Issuer or the Underwriter to sell these Bonds in any state to any person to whom such sale would be unlawful.

CONVERSION PROVISIONS

The Bonds will be convertible into stock of the Issuer by presentation of any of same, the owners of which desire to convert, to Mr. Cecil M. Cole, Stock Transfer Agent for the Issuer, c/o Egan, Sites & Lala, Realty Building, Everett, Washington, for conversion upon the following terms:

- Up to and including Sept. 1, 1960 @ \$2.00 per share of common stock,
- Up to and including Sept. 1, 1961 @ \$2.50 per share of common stock,
- Up to and including Sept. 1, 1962 @ \$3.00 per share of common stock,
- Up to and including Sept. 1, 1963 @ \$3.50 per share of common stock,
- Up to and including Sept. 1, 1964 @ \$3.50 per share of common stock.

Conversion rights do not include accrued interest coupons which, in the absence of special arrangements, will be payable in cash. All conversion rights will terminate Sept. 1, 1964.

CALLABLE PROVISIONS

The Bonds will not be callable prior to maturity but may be retired prior to maturity by purchase of Bonds in the open market at any time, whenever the Issuer may have surplus funds available for the purpose, at such price or prices as may be set by tenders by holders of Bonds and accepted by the Directors of the Issuer.

Underwriter

H. P. PRATT & COMPANY

Investment Securities

SEATTLE 4

Hoge Building

MA 3-6300

STOCK INFORMATION

At the time of the formation of the Issuer with an original authorized capital of 100,000 shares, par value \$1.00 each, 40,000 shares were allotted to B. W. Porter and 10,000 shares to Arthur Lakes, in consideration of acquisition and management of the property. This 50,000 shares of promotion stock, together with 71,463 shares of additional issued stock will be held in escrow by the Seattle First National Bank, until released by the Department of Licenses of the State of Washington and by the Regional Administrator of the United States Securities and Exchange Commission at San Francisco, California.

The Issuer's authorized capital has subsequently been increased to 500,000 shares of which 399,000 shares are outstanding.

50,000 additional shares are reserved to provide for the conversion rights of these bonds.

ORIGIN

In the spring of 1953, two Nevada prospectors (Staggs and Quilici) had filed on the Hilltop and six of the other claims hereinafter described and by pick and shovel had uncovered evidence of an ore body from its outcrop near the top of a frontal peak in the Clan Alpine Mountain Range. In the later summer of the same year, Mr. B. W. Porter personally borrowed \$6,000 to purchase said claims from the prospectors, subject, however, to a royalty agreement with Dewart C. Wray. This provided for a 5% royalty on all mill, smelter and U.S. Government gross returns in perpetuity. Shortly after Tungsten Mountain Mining Company was incorporated, Mr. Porter was reimbursed for the cost of the claims and conveyed same to the Issuer (subject to said royalty agreement). The Issuer has subsequently acquired fifteen additional adjoining mining claims, one placer claim and one millsite.

The royalty agreement was acquired by Mr. Earl Elliott of Spokane, Washington, late in 1953, and was subsequently cancelled upon payment by the Issuer of \$5,000 (Mr. Elliott's costs) plus accrued royalties.

PROPERTY

Tungsten Mountain property is in the Clan Alpine Mining District, Churchill County, about 60 air miles N.E., from the town of Fallon, Nevada, which is the County Seat and chief supply point of the region. From Fallon the route is (1) 59 miles easterly on paved U.S. Highway No. 50 to Eastgate, then (2) 28 miles northerly over County Road to mine camp at Byers Ranch, thence (3) 7 miles northerly on dirt road across Clan Alpine Valley and up Stone Creek to (4) new mine road constructed by the Issuer in 1957, extending 3 miles up to the portals of Tunnels Nos. 3 and 4 (the only present tunnels to be used in future).

The 22 mineral claims cover 400 acres, placer claim about 50 acres, millsite five acres. Mineral claims range from 5,500 to 7,200 feet above sea level; placer claim and millsite in Clan Alpine Valley, average 5,100 feet elevation. The mineral claims are as follows:

Hilltop, Heidi No. 1, Heidi No. 2, Heidi No. 3, Heidi No. 4, Heidi No. 5, Heidi No. 6, Artel No. 1, Artel No. 2, Porter No. 1, Porter No. 2, Porter No. 3, Porter No. 4, Porter No. 5, Hattie No. 1, Hattie No. 2, Hattie No. 3, Garnet No. 1, Garnet No. 2, Garnet No. 3, Garnet No. 4 and Garnet No. 5.

Claims are unpatented, subject to annual assessment work @ \$100.00 per claim. All claims adjoin in a group, hence assessment work for the whole can be performed on one claim, viz., last year's continuous underground work on Hilltop applied for entire group. Placer claim requires separate assessment, performed last year by bulldozer trenching. Millsite requires no assessment work.

The title to the Mining Claims rests on the validity of the unpatented lode locations, their recording in the office of the County Recorder of Churchill County, Nevada; the transfer of the claims by deed to Tungsten Mountain Mining Company and the due performance of annual assessment work as required by law and recording Proof of Labor evidencing such work performed.

These factors have been investigated and have established good title in Tungsten Mountain Mining Company. The only risks to the title are failure to perform the annual assessment work and any non-recorded risks to which all unpatented claims are subject. The annual assessment work has been performed and proof thereof filed.

PERSONAL PROPERTY

Mining and camp equipment consists of ore bin, 10 ore cars, 1 TD14 Caterpillar Tractor, 3 trucks, 1 Jeep, 3 compressors, 2 gasoline storage tanks, 1 diesel oil storage tank, 3 house trailers, camp and mine construction equipment, electric generator, air trammer, EMCO mine loader, tools, etc.

Mill equipment consists of 2 Denver sand pumps, 2 bins and 2 tanks, 1 Denver primary jaw crusher, 6 Wilfley Concentrating tables, 1 magnetic separator, 2 clean up tables, 3 motor starters, 5 switches, 6 electric motors, a rotary drier, a conveyor belt, a bucket type elevator, 2 dewatering cones, a Denver sand pump and a Dillon screen together with a dismantled steel fabricated building, 40' x 120' with galvanized iron siding.

HISTORY

In 1954 and 1955, 958.29 dry tons of ore were mined and shipped (and sold) from Tunnel No. 1 (elevation 6,900'). Proceeds were \$51,170. However, these were received before the U. S. Government stockpiling price of \$63.00 per unit was suspended, after which no more ore has been sold.

In 1956 and 1957, after an insignificant start in broken ground of Tunnel No. 2, Tunnel No. 3 (elevation 6,823') was driven 345', of which 215' was in ore and determined to be in the same vein structure below Fault A as that in Tunnel No. 1.

Late in 1957, the original Defense Minerals Exploration Administration Allotment of May 11, 1957 was cancelled as impractical and a new Allotment (75% of \$32,200 or \$24,150) was granted. This provided for 75% of the cost of 900' of drifting, 300' of timbering and 600' of longhole drilling and 100 assays, all in Tunnel No. 4 (elevation 6,676') which had already been started by the Issuer; and which has now been continued a total length of 713'.

Work under the "New" Allotment was completed early in February, 1959, and the following is quoted (in part) from "Operator's Final Report" thereon, prepared by Mr. Arthur Lakes, the Issuer's Geologist and Mining Engineer:

"ORE DISCLOSURES IN NO. 4 TUNNEL comprise an aggregate 505-feet length out of 713-feet drift tunnel length, a very good showing and encouraging for consistent continuity upwards and below the tunnel level. The recent crosscut work at station 45-x has proven noncontinuity of "A" structure and that these ore disclosures are along "B" Structure. . . . The occurrences are as follows:

"(1) 240-feet length from tunnel portal to crossing dike at sta. 44. Of this 160-feet length contains ore values varying from 0.23% to 5.5% tungstic tri-oxide, averaging 7½ feet width @ 1.24% WO₃.

"(2) 150-feet length newly disclosed ore from dike to cross fault series in central part of the tunnel. . . . Ore values vary from 0.25% to 2.5%, averaging 5-feet width @ 1.2% WO₃.

"(3) Thence 130-feet of barren tunnel that is off the vein to

"(4) 90-feet length of ore varying from 0.3% to 2% WO₃, averaging 4-feet width @ 1.36% WO₃. The upraise being driven in this ore to connect with No. 3 Tunnel advanced 15-feet (@ company expense) with 5-feet rich ore at north and 4-feet rich ore at south, no assays yet. At the tunnel face is 20-feet length of 0.3% WO₃ ore @ 5-feet width."

The following excerpts are quoted from a later report dated May 31, 1959:

"As of May 31st the raise was up 122' from No. 4 Tunnel floor with 55' to go to intersection with the No. 3 Tunnel . . ."

"It will be noted that this last 55' will have to flatten from the previous 35' @ 70° to about 50° conforming with the ore dip at No. 3 Tunnel where from 5 to 8' ore width runs 2.55% and 3.88% WO₃ . . ."

"As previously noted the reason for Tungsten Mountain's rich ore is largely due to the vein's strike and dip changes . . . the 'flats' (zones of lesser vein dip 45° - 55°) broaden the ore and enrich it in contrast to thinner ore in the 'steeps' (dips @ 65° and over)."

It is anticipated the Raise will be completed by July 3, 1959, only about 30' remaining to go on June 23rd."

ORE INFORMATION

While present information does not permit a satisfactory estimate of the entire tonnage and grade of proven or probable ore, commercial ore is known to exist on the property; and apparently of an average content substantially richer than that of the average Nevada and California tungstic tri-oxide mine ore.

MARKET

The Issuer has on file a letter from a large purchaser of tungsten concentrates from its head office in Pennsylvania, stating that it would consider purchasing such concentrates from the Issuer, subject to analysis of same and to fixing of prices in line with the market.

PURPOSE OF ISSUE

The Issuer has sufficient funds in bank to drill and equip a well and to complete the raise in progress from No. 4 Tunnel to No. 3 Tunnel. This will give future mining operations much needed ventilation and greatly simplify the further discovery and extraction of ore. While the mill is under construction, exploration will be continued; the next area to be explored will be by extending a tunnel in both directions from the Raise at an elevation approximately midway between Tunnel No. 4 and Tunnel No. 3.

In August, 1958, the Issuer acquired for \$10,500 a substantial amount of basic mill equipment and housing (above listed) at a fraction of its value and dismantled and moved same from Mesquite, Nevada, to its own millsite at an additional cost of \$5,321.25.

From the proceeds of sale of these Bonds, the Issuer contemplates the following expenditures in substantially the following order—

Erection of Mill building	\$12,000.00
Installation of Mill machinery	5,000.00
Purchase of additional items required to complete 75 ton Mill—	
Simmons Cone Crusher	\$3,950
4x4 Ball Mill	3,750
2 50 H.P. Motors	1,440
2 Denver Jigs	3,000
4 Flotation Cells	5,000
1 3 H.P. Motor for Vibrator	125
2 3 H.P. Motors for Tables	250
2 3 H.P. Motors for Electric Separator	250
200 KW electric generating plant	15,000
Payment of remaining Notes Payable	32,765.00
Payment of Deferred Accounts Payable	22,500.00
Reserve for working capital and contingencies	6,077.10
	19,157.90
	\$97,500.00

It is possible that a lesser amount of working capital will be adequate in which case the Issuer reserves the right to sell less than the entire \$100,000 par value of Bonds.

SECURITY

The Deed of Trust (or mortgage) pledging all assets of the Issuer as security for these Bonds will be recorded in the office of the County Recorder of Churchill County, Nevada, and in the office of the County Auditor of King County, Washington, and also filed as a chattel mortgage to protect the bondholders with respect to both real and personal property.

The Issuer will covenant in the Deed of Trust,

1. To pay the semiannual interest (and the principal) promptly, as due and if any default in payment of interest coupons occurs, the sums in default will draw interest at the same rate as do the Bonds themselves. Neither the Trustee nor the bondholders will have any power of foreclosure until and unless a default of principal (and/or interest) exists on Sept. 1, 1964.
2. To authorize the Trustee to bring foreclosure action, in the event of any default existing on Sept. 1, 1964, within 30 days thereafter.
3. To carry reasonable insurance against fire or other damage to any portion of the mortgaged property.

D I R E C T O R S

		Common Stock of Issuer Beneficially Owned
Ross M. Cooledge,	7118 35th Ave. N.W., Seattle 7, Washington Retired Sales Manager	12,675 (1)
John Jordan,	Route 3, Snohomish, Washington Dairy Farmer and Lumberman	1,050
Percy D. Miller,	Route 6, Mount Vernon, Washington Logger and Lumber and Shingle Manufacturer	10,186
Emil Mottman,	Kelso, Washington Retired Department Store Owner	10,329
Bennett W. Porter,	511 Securities Building Seattle 1, Washington Mining Business since 1934	40,000
Henry P. Pratt, (2)	Hoge Building, Seattle 4, Washington Proprietor, H. P. Pratt & Company Dealer in Investment Securities	13,339
Raymond G. Rayne,	5203 Wallingford Avenue Seattle 3, Washington Dairy Farm Proprietor	4,018
Arthur E. Symons	4836 Princeton Way Seattle 15, Washington President, Hershey Packing Company Frozen Food Producers	10,866
Fred J. Wettrick	Arctic Building Seattle 4, Washington Partner, Wettrick, Flood, O'Brien, Toulouse & Lirhus, Attorneys	3,000
TOTAL		105,463

(1) Exclusive of 1000 shares owned by his wife, Margaret S. Cooledge.

(2) Mr. Pratt is proprietor of H. P. Pratt & Company, the underwriter.

O F F I C E R S

President,	Bennett W. Porter	40,000
Vice President,	Emil Mottman	10,329
Treasurer,	Raymond G. Rayne	4,018
Secretary,	Freda L. Mills 511 Securities Building Seattle 1, Washington	6,000
Counsel,	Fred J. Wettrick	3,000
Mining Engineer and Geologist,	Arthur Lakes 700 Forest Street Reno, Nevada	10,000

TUNGSTEN MOUNTAIN MINING COMPANY

Statement of Cash Receipts and Disbursements

Cash Received From	Year Ended December 31, 1956	Year Ended December 31, 1957	Year Ended December 31, 1958	From January 1, 1958 through May 31, 1959	TOTALS
Sale of Company Stock	\$ 7,938.75	\$85,617.94	\$ 78,971.20	\$18,225.00	\$190,752.89
Notes Payable	18,592.50	1,079.55	20,827.08	7,000.00	47,499.13
Payments on Stock Subscriptions		1,127.00	5,000.00	2,540.50	8,667.50
D.M.E.A. Loan			20,901.37	2,512.50	23,413.87
Nevada State Gas Tax Refund				64.68	64.68
Totals	\$26,531.25	\$87,824.49	\$125,699.65	\$30,342.68	\$270,398.07

Cash Disbursements

Operating Wages	4,227.02	16,901.06	19,559.78	6,868.25	47,556.11
Management Wages	3,600.00	7,200.00	7,200.00	3,000.00	21,000.00
Engineering	1,993.21	2,027.73	7,791.77	4,743.45	16,556.16
Mine Supplies and Expenses	4,319.56	14,312.82	17,414.57	4,436.28	40,483.23
Equipment Expense and Fuel	2,095.74	3,790.33	3,047.19	968.90	9,902.16
Travel	1,682.38	8,371.46	8,580.59	4,725.44	23,359.87
Camp Rent	360.00	420.00	880.00	325.00	1,985.00
Repair and Maintenance	1,135.73	2,266.26	772.68	43.19	4,217.86
Equipment Purchased	1,122.22	4,395.88	14,776.44		20,294.54
Offices Wages and Expenses	1,234.78	1,367.67	1,071.08	500.68	4,174.21
Insurance	232.13	1,422.03	2,783.34	672.19	5,109.69
Legal and Accounting	437.50	1,710.50	1,150.39	240.00	3,538.39
Telephone	515.09	872.22	1,003.96	305.99	2,697.26
Taxes and Licenses	318.40	36.00	3,415.39	1,826.17	5,595.96
Interest	1,084.76	2,866.40	2,675.44	31.62	6,658.22
Office Rent	540.00	780.00	440.00		1,760.00
Stock Sales Expenses	34.16		2,456.21	25.00	2,515.37
Miscellaneous Expenses	165.42	159.12	400.00		724.54
Dues	7.50				7.50
Advertising	100.80				100.80
Industrial Insurance		1,271.53	1,423.52	409.18	3,104.23
Royalties		2,424.25			2,424.25
Purchase, Royalty Contract		5,000.00			5,000.00
Road Construction		3,546.58			3,546.58
Contracts Payable—Equipment		1,893.15	3,446.32		5,339.47
Accounts and Notes Receivable and Payable		2,628.76	3,685.30	2,620.60	8,934.66
Milling and Assay			371.50	37.50	409.00
Notes Payable			11,758.80	2,772.50	14,531.30
Totals	\$25,206.40	\$85,663.75	\$116,104.27	\$34,551.94	\$261,526.36

Cash on Hand—Beginning of Period	183.02	1,507.87	3,668.61	13,263.99	183.02
Receipts	26,531.25	87,824.49	125,699.65	30,342.68	270,398.07
Disbursements	25,206.40	85,663.75	116,104.27	34,551.94	261,526.36
Cash on Hand—End of Period	1,507.87	3,668.61	13,263.99	9,054.73	9,054.73

TUNGSTEN MOUNTAIN MINING COMPANY

May 31, 1959

Statement of Assets

Cash in bank	\$ 9,054.73
Accounts receivable	4,944.97
Notes receivable	5,723.43
Utility deposits	375.50
*Ore inventory	22,650.00
Goldstone Mining Company	7,313.31
160,000 shares of stock Wall Street Mining Co.	16,000.00
Cost of Mine property (≠ 50,000 shares of capital stock)	13,500.00
Road construction	14,112.64
Construction equipment	\$58,221.94
Milling equipment	15,821.25
	<u>74,043.19</u>
Less: Accumulated depreciation	36,430.23 37,612.96
Prepaid insurance	402.53
Corporate organization expense	345.59
Treasury stock	584.00
Total Assets	<u>\$132,619.66</u>

*This included 750 tons estimated to contain 1.75% WO₃ and 1050 tons estimated to contain 1.2% thereof. This was analyzed by Mr. Arthur Lakes as of February 28, 1959 (exclusive of some additional ore from the subsequent raise) at \$20. per unit or \$51,450. From this has been deducted \$28,800. (\$4. per ton for hauling and \$12. per ton for milling—rates previously paid by Issuer). However, upon completion of Issuer's mill, Mr. Lake's estimates are as follows:

Hauling from stock pile to mill	\$.50
Milling, including diesel generated electricity (maximum)....	3.70
Hauling concentrates04
	<u>\$4.24</u>

Upon this premise, the ore inventory would have a value of \$43,818.

Statement of Liabilities

Accounts Payable, current	\$ 3,388.83
Accounts Payable, deferred	6,077.10
Note Payable—First National Bank of Nevada, Fallon Branch	500.00
Note Payable—H. H. Huster	10,000.00
Note Payable—Ortha Cannon Estate	5,000.00
Notes Payable—B. W. Porter	7,000.00
Taxes Payable	658.86
Total Ordinary Liabilities	<u>\$32,624.79</u>
Contingent Liability to D.M.E.A. payable solely from 5% of proceeds of ore sold out of No. 4 Tunnel	23,413.87
Total Ordinary and Contingent Liabilities	<u>\$56,038.66</u>

Statement of Capital Shares

Shares Authorized	500,000
SHARES ISSUED	
For Cash	226,889
For Property—Mine	50,000
Equipment	16,940 66,940
For Advances—on Wall Street Mining Co. stock	16,000
to Goldstone Mining Co.	5,883 21,883
For Settlement of Issuer's Notes and Interest	59,959
For Discount of Stock (Prior to exemption)	5,500
For Wages and Services	7,517
For Legal Services	3,000
For Underwriting Services	7,312 399,000