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Item 38

AMERICAN
ZINC CO.,
WALTER G.
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NEVADA
FOLDER 345

THOMPSON, TOWLE & CO.

MEMBERS

NEW YORK, BOSTON AND CHICAGO STOCK EXCHANGES
AND NEW YORK COTTON EXCHANGE

26 BROAD ST., NEW YORK 50 CONGRESS ST., BOSTON
311 MAIN ST., WORCESTER 315 MAIN ST., SPRINGFIELD

MASON VALLEY MINES COMPANY
The Under
Signatures
CONVERTIBLE SIX PER CENT. BONDS

April 7th, 1910

\$1,000,000

MASON VALLEY MINES COMPANY

Ten-Year 6% First Mortgage Convertible Gold Bonds

Dated April 1, 1910

Due April 1, 1920

Coupon Bonds of \$500 each

Interest payable April 1 and October 1

Bankers Trust Company, of New York, Trustee

Capitalization

The capitalization of the Company is as follows:

	Authorized.	Issued.
Capital Stock, par value \$5,	\$2,500,000	\$770,000
Present issue of Bonds,	1,000,000	1,000,000
Total,	\$3,500,000	\$1,770,000

The Company retains in the treasury 100,000 shares of stock to provide for the conversion of the bonds and 246,000 shares for future corporate purposes.

Conversion and Redemption Features

All or any part of the bonds are subject to redemption by the Company at any time at 102% and accrued interest after notice has been published for three weeks, the last publication to be at least 31 days before the redemption date.

Each \$500 bond is convertible at the option of the holder at any time from the date of issue up to and including April 1, 1915, unless previously redeemed, into 50 shares of the stock of the Company.

Sinking Fund Requirements

The mortgage securing this issue contains a sinking fund provision whereby the Company is required to pay to the Trustee within sixty days after the first of January in each year, beginning with the year 1912, twenty cents for each net dry ton of ore treated by it during the twelve months ending on such first day of January, provided, however, that the sum annually reserved for sinking fund purposes shall be proportionately reduced as the number of bonds outstanding becomes reduced either through conversion or redemption.

The mortgage securing the bonds covers all of the mines, real property, water rights and franchises now owned by the Company, including all equipment that is now or may hereafter be placed in or upon any of the said mines and real property. *Security*

The Company's mining claims are located in the Yerington district, one and one-half miles from Mason City, Lyon County, Nevada.

The General Manager's report, dated January 1st, 1910, shows that at that date the Company had 600,000 tons of assured ore assaying from $3\frac{1}{2}\%$ to $4\frac{1}{2}\%$ copper and in addition a large tonnage of 2% to $2\frac{1}{2}\%$ ore. Since that report the ore reserves have been materially increased, and developments have been particularly good in the lowest workings.

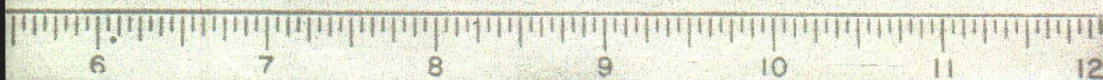
This issue of bonds is made to take care of the Company's present floating indebtedness, amounting to approximately \$90,000, to furnish funds for the erection of a reduction plant, for further equipment and development and to provide necessary working capital. About \$400,000 will be expended upon the smelter, the site for which as now determined by the Company, is located at Wabuska, fourteen miles from the mine. The plant, which is to have a capacity of from 500 to 800 tons daily, will, in addition to treating the Mason Valley ores, do a custom smelting business. *The Purpose of this Issue*

The Nevada Copper Belt Railroad has recently been completed as far as the Mason Valley Mine, connecting it with Wabuska, on the line of the Southern Pacific Railroad, forty miles south of Hazen, thereby assuring excellent transportation facilities for the Company's ores and the custom ores of the district, through which this railroad is now being extended. This link also provides direct railroad connection between the smelter site and mining districts along the main line of the Southern Pacific through California and Nevada, and on its branches running southward to Tonopah and Goldfield and on through Mojave to Los Angeles, California.

The custom feature of the proposed smelter is a most important one, as the ores of western Nevada are now subjected to a long haul of over 500 miles to Salt Lake City for treatment, or to the Selby plant at San Francisco, a distance of over 300 miles.

These bonds are now quoted, when issued, at $101\frac{1}{2}\%$ and interest bid, offered at $102\frac{1}{2}\%$ and interest, and we consider them an attractive speculative purchase.

THOMPSON, TOWLE & CO.



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TOTAL RESULT FROM OPERATION OF THE
BLUESHINE MINE.

Smelt one-third and concentrate two-thirds of the total tonnage of ore in sight.

Smelting

<u>Tons</u>	<u>Cu.</u>	<u>copper recovered</u>	<u>Total lbs.</u>
400,536	3.05%	54 lbs.	15,572,607

After deducting 20% from the tonnage due to probable losses in mining and deducting 10% from the grade of the ore and 7 lbs. of copper loss in smelting.

15,572,607 lbs. at 23¢	\$3,425,973.
Less working cost	<u>2,012,671.</u>
Net profit.	\$1,407,302.

Concentrating

<u>Tons</u>	<u>Cu.</u>	<u>Copper recovered</u>	<u>Total lbs.</u>
800,000	1.85%	31.3 lbs.	22,536,000.

After deducting 10% from the tonnage and losses of copper in concentrating and smelting

22,536,000 lbs. at 14¢	\$3,155,040.
Less working cost	<u>2,258,000.</u>
	1,537,760.
Cost of Mill	<u>380,000.</u>
	\$ 957,760.
Brought down	<u>1,407,302.</u>
Total net profit	\$2,395,062.

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RE

PROPOSED PLAN OF CONSOLIDATION.

The Mason Valley Company incorporated under Laws of Maine, authorized capital stock of 500,000 shares of the par value of \$5.00 each, 155,000 are now outstanding.

It is proposed to form a syndicate, purchase Bluestone Mine, now under option, and transfer it to the Mason Valley Mines on these terms:-

1. Increase authorized capital stock of the Mason Valley Mines to 650,000 shares of par value of \$5.00 each or \$3,250,000.
2. Purchase the Bluestone for \$900,000. cash, transfer it to the Mason Valley for 180,000 shares of its capital stock.

The stock of the Mason Valley to be distributed as follows:-

180,000 shares to underwriting syndicate to refund cost of Bluestone.

155,000 Mason Valley shares now outstanding.

60,000 shares to be offered to present stockholders of Mason Valley Mines and underwriters proportionately at \$5.00 per share (all stock not subscribed for by stockholders to be underwritten by the syndicate. The \$300,000 so obtained to provide a working capital with which to build mill on the Bluestone and other incidental expenses.

50,000 shares to O'Brien as commission.

173,000 shares to be retained in treasury to retire outstanding bonds of the Mason Valley Company amounting to \$865,000.

32,000 shares to remain treasury stock.

Total--- 650,000 shares.

3. The Board of Directors of the Mason Valley Mines Co., to consist of nine members, four chosen by the present management of the Mason Valley, four by the underwriting syndicate and the ninth director to be agreeable to both factions.

The assets of the Mason Valley Mines Company will then be:-

Smelter now located on property of Mason Valley Co., \$600,000.
1,380,000 tons of copper ore of which 180,000 tons
are in the Mason Valley Mines of 2.75 copper
ore has a net value of approximately----- 700,000.
Tangible assets Mason Valley Mines Co., supply----- 60,000.

BLUESTONE.

300,000 tons of 3% copper and which has a net value
of approximately-----1,800,000.

900,000 tons concentrating ore, which will run 1.85%
copper and which has a net value of approxi-
mately-----3,000,000.

Total value of ore based on copper
selling at 20cents per lb.-----\$5,560,000.

Cash on hand made up as follows:-

In the treasury of the Mason Valley Mines Co. 350,000.

To be realized from the sale of the 60,000
shares of the capital stock of the Mason
Valley Mines Company underwritten by syndi-
cate at \$5.00 per share, to be expended in
the construction of a mill on the Bluestone
property----- 300,000.

Favorable power contract "Live", and new
machinery and supplies Bluestone----- 40,000.

Total value of assets-----\$6,250,000.

Estimated by competent engineers that the company can
produce and market copper at cost of not to exceed 9¹/₂¢ per lb.

Smelting 800 tons a day, which includes milling 80 tons
per day of Bluestone concentrated and 300 tons Bluestone crude
ore, the property should yield a profit of conservatively
\$1,200,000 per annum. Life of mine estimated four years.

In the above estimated, profit on custom ore, which has
been arranged for, has not been included as it would not be
good business on the part of the Smelting Company to treat
custom ores at the present price of copper when they have their
own ore to work on, as such ores as are actually necessary for
fluxing have been arranged for.