

The statements and information contained herein are addressed solely to the creditors and holders of securities of Iron Cap Copper Company, Mineral Products Co. and Christmas Copper Company, and are not to be deemed a solicitation, offer, prospectus, communication or representation to anyone else. No person other than such a creditor or a holder of such securities shall be entitled to rely thereon for any purpose.

**PLAN OF REORGANIZATION  
OF  
IRON CAP COPPER COMPANY  
AND  
ITS SUBSIDIARIES**

DATED AS OF  
MAY 27, 1935

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**REORGANIZATION COMMITTEE**

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**PLAN OF REORGANIZATION**  
**OF**  
**IRON CAP COPPER COMPANY**  
**AND ITS SUBSIDIARIES**

Dated as of May 27, 1935.

**I.**

**COMPANIES INVOLVED.**

1. IRON CAP COPPER COMPANY, a Maine corporation, (hereinafter referred to as the "IRON CAP COMPANY"), owning certain mining properties,—real estate, buildings and machinery in Arizona, also owning more than a majority of the capital stock having power to vote for election of directors of Mineral Products Co. and owning indirectly through an intervening medium a majority of the capital stock having power to vote for election of directors of Christmas Copper Company, a Nevada corporation, together with certain obligations of both said Companies.

2. MINERAL PRODUCTS Co., a Maine corporation, (hereinafter referred to as the "PRODUCTS Co."), owning more than a majority of the capital stock having power to vote for election of directors of said Christmas Copper Company, also owning certain bonds and other obligations of said Christmas Copper Company and certain preferred and common stock of the Iron Cap Company.

3. CHRISTMAS COPPER COMPANY, a Nevada corporation, (hereinafter referred to as the "CHRISTMAS COMPANY"), owning mining properties,—real estate, buildings, machinery and equipment at Christmas, Arizona, and a small amount of miscellaneous assets.

**II.**

**INTRODUCTORY STATEMENT.**

The Iron Cap Company and its subsidiaries, the Products Co. and the Christmas Company, have obligations held by the public that cannot be paid. Moreover, the Christmas Company has first mortgage bonds outstanding in the hands of the public which are in default

by reason of its inability to meet interest payments since July 1, 1932, to pay certain taxes assessed on the mortgaged property and to carry certain insurance required by the mortgage indenture. The obligations of these Companies which are in default were on December 31, 1934, as follows:

*Iron Cap Company*

*Accounts payable .....	\$40,993.59
†Unpaid state and county taxes, including interest....	1,497.73

*Products Co.*

Due Iron Cap Company .....	\$242,860.60
‡Other accounts payable .....	15,968.70

*Christmas Company*

Ten-year 6% Bonds due July 1, 1941, secured by first mortgage on operating property, amount outstanding .....	\$646,769.45
Accrued interest on said Bonds .....	97,015.58
Current liabilities .....	207,956.19
Unpaid taxes with interest .....	17,556.33
Claim of lien of Foxworth-Galbraith Lumber Company .....	8,815.61
Mortgage note due Products Co. ....	10,000.00

The Iron Cap Company and its Subsidiaries are unable to finance their current and defaulted obligations by the sale of additional securities for cash, and the Boards of Directors of all of these Companies deem that a plan of reorganization should be effected pursuant to the provisions of Section 77B (Corporate Reorganizations) of Chapter VIII of the Acts of Congress relating to Bankruptcy.

The officers and directors of these Companies also believe it is desirable to make efforts to obtain moneys necessary to finance a renewal of operations at the Christmas mine; and they deem it essential for this purpose that the financial structures of the Companies be improved. Accordingly, the Iron Cap Company, the Products Co. and

\*Interest has not been included in this item on certain of the accounts therein, which interest to December 31, 1934, would amount to \$4,091.05.

†The non-payment of these taxes also constitutes a technical default under the First Mortgage of the Iron Cap Company, hereinafter mentioned, although interest has been paid on all matured coupons.

‡Interest has not been included in this item on certain of the accounts therein, which interest to December 31, 1934, would amount to \$168.66.

the Christmas Company have filed petitions in the United States District Court for the District of Massachusetts (hereinafter referred to as the "Court"), alleging that they are unable to meet their debts as they mature and that they desire to effect a plan of reorganization pursuant to said Section 77B.

Officials of all three Companies have consulted with certain stockholders of these Companies and have submitted to them financial reports, statistical data and other information concerning the Companies, and as a result thereof this Plan of Reorganization, which is designated as "Plan of Reorganization of Iron Cap Copper Company and its Subsidiaries Dated as of May 27, 1935" has been formulated by the Companies, and three of such stockholders have agreed to act as members of a Reorganization Committee (hereinafter referred to as the "Committee") with full power to carry out this Plan of Reorganization, with any changes or modifications which may be made with the approval of the Court (herein referred to as "Plan of Reorganization" or "Plan").

Such Plan of Reorganization follows:

### III.

#### PLAN OF REORGANIZATION.

##### A. PRESENT CAPITALIZATION AND INDEBTEDNESS.

The capitalization and indebtedness of said Companies, as shown by their books as of December 31, 1934, are as follows:

###### 1. Iron Cap Company.

Bond indebtedness — First Mortgage 8% Coupon Bonds due October 1, 1938, principal amount out- standing .....	\$23,460.00
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###### *Current Liabilities:*

Accounts payable .....	\$40,993.59
Reserve for accrued interest on aforesaid bonds .....	477.20
Unpaid state and county taxes, including interest ....	1,497.73

###### *Capital Stock:*

Preferred stock 6% non-cumulative, par \$10., amount outstanding .....	\$ 310,270.00
Common stock par \$10., amount outstanding .....	1,999,960.00

The above-mentioned bonds and accounts payable are all held by the public\*. Of said preferred stock \$272,830.00 par value is held by the public and the balance by the Products Co. Of said common stock \$1,776,250.00 par value is held by the public and the balance by the Products Co.

## 2. Products Co.

### *Current Liabilities:*

Due Iron Cap Company .....	\$242,860.60
Other accounts payable .....	15,968.70

### *Capital Stock:*

Preferred A 8% participating, non-cumulative, par \$10., amount outstanding .....	98,750.00
Preferred B 7% participating, non-cumulative, par \$10., amount outstanding .....	357,860.00
Common par \$10., amount outstanding .....	260,060.00

Of the above-mentioned current liabilities the "Other accounts payable" are held by the public\*. Of the Preferred A Stock \$62,250.00 par value is held by the public and \$36,500.00 par value by the Iron Cap Company. Of the Preferred B Stock \$65,760.00 par value is held by the public and \$292,100.00 par value by the said Iron Cap Company. Of said common stock \$161,560.00 par value is held by the public and \$98,500.00 par value by the Iron Cap Company.

\*The holdings "by the public", as stated in this Plan, include holdings of officers or directors of any of the Companies, in their individual capacities.

## 3. Christmas Company.

### *Bond Indebtedness:*

Ten-year 6% Bonds due July 1, 1941, secured by First Mortgage on operating property, principal amount outstanding .....	\$646,769.45
Accrued interest to December 31, 1934 .....	97,015.58

### *Current Liabilities:*

Taxes with interest .....	17,556.33
Accounts and notes payable .....	†207,956.19
Claim of lien of Foxworth-Galbraith Lumber Company .....	8,815.61
Mortgage note due Products Co. ....	10,000.00

### *Capital Stock:*

Preferred stock 10c, non-cumulative, no par value, amount outstanding (at stated value \$1 per share) .	2,700.00
Payment received on instalment subscriptions .....	1,634.74
Common stock, no par value, amount outstanding..	971,770 shares

Of the above-mentioned accounts and notes payable \$165,245.97 is held by the Products Co., \$21,079.43 by the Iron Cap Company and the balance, \$21,630.79 is held by the public.

Of said bonds \$120,325.58 principal amount is held by said Iron Cap Company, \$446,726.38 by the Products Co., and the balance \$79,717.49 by the public.

All said preferred stock is held by the public, and of the common stock 256,770 shares are held by the public and the balance of 715,000 shares by the Products Co.

†This item includes judgments outstanding against said Company in the principal amount of \$7,645.76.

## B. FINANCIAL CONDITION OF COMPANIES AND PRESENT CONDITION OF PROPERTIES.

Attached hereto, marked "Exhibit A" are Balance Sheets of the Iron Cap Company, Products Co. and Christmas Company as of December 31, 1934, according to the books of the Companies; also certain information with regard to the two new corporations to be organized pursuant to the Plan and proposed distribution of the securities of such new corporations under the Plan.

Operations ceased to be conducted upon the mining properties of the Iron Cap Company in 1927 as all known ore of commercial value had been removed therefrom. Operations upon the mining properties of the Christmas Company were entirely suspended in 1932, due, principally, to the extremely low price of copper then prevailing. The Christmas Company has had practically no receipts from any source since the suspension of operations upon its properties in 1932. Substantially the only receipts of the Iron Cap Company and the Products Co. during the same period have been certain instalment payments received from the sale in 1929 of properties of the Products Co. in North Carolina and Tennessee, which payments are now almost completed. From what is now known of the mining properties of the Iron Cap Company and adjoining properties, there are no immediate prospects of opening up new ore bodies on the properties of the Iron Cap Company and these properties are not now considered to have other than a nominal value.

At the time of the suspension of operations upon the mining properties of the Christmas Company, new ore bodies had been disclosed which are considered, by engineers familiar with the properties, sufficient to justify the expectation that after a moderate additional amount of development, and after preliminary rehabilitation, these properties can be profitably operated even on the basis of the present price of copper.\*

## C. PROPOSED READJUSTMENT OF CAPITAL STRUCTURES AND INDEBTEDNESS.

1. It is proposed to organize a new corporation which will be hereinafter referred to as the "New Iron Cap Corporation", to replace

\*This is the stated opinion of the Company's engineers; also that of a competent consulting engineer who is familiar with the property and whose conclusion is based on the Company's records.

the Iron Cap Company and the Products Co.; and another new corporation, which will be hereinafter referred to as the "New Christmas Corporation", to replace the Christmas Company.

Such new corporations will be organized under the laws of such state or states, and will have such names and such powers as the Committee may determine.

2. The New Iron Cap Corporation will acquire all the assets of the Iron Cap Company, including those covered by the mortgage securing the \$23,460 principal amount of that Company's outstanding bonds and the obligations of said bonds and mortgage will be assumed by the New Iron Cap Corporation; and it will also acquire all the assets of the Products Co.

3. The New Iron Cap Corporation will issue three classes of stock:

(a) Prior Preferred Stock: Par value \$10.00 per share; dividend rate 7%; non-cumulative; preferred as to assets and dividends over preferred stock and common stock; callable at \$11.00 per share, in whole or in part, upon thirty days' notice; not convertible; each share having equal voting power with each share of preferred stock and each share of common stock.

(b) Preferred Stock: Par value \$10.00 per share; dividend rate 6%; non-cumulative; preferred as to assets and dividends over the common stock; callable at par, in whole or in part, upon thirty days' notice; convertible share for share into common stock at any time prior to date fixed for redemption; each share having equal voting power with each share of prior preferred and each share of common stock.

(c) Common Stock: Par value \$10.00 per share; each share having equal voting power with each share of prior preferred and each share of preferred stock.

4. Said prior preferred stock will be used in part together with said common stock in part to satisfy the current obligations of the Iron Cap Company on the basis of one share of said prior preferred stock and two and one-half shares of said common stock for each complete unit of \$10.00 of principal amount of such current obligations with interest to March 15, 1935. Said prior preferred stock will be

used in part together with said common stock in part to satisfy the current obligations of the Products Co., other than to the Iron Cap Company, on the basis of one share of said prior preferred stock and two and one-half shares of said common stock for each complete unit of \$10.00 of principal amount of such current obligations with interest to March 15, 1935; and a part of said prior preferred stock, together with a part of said common stock, will be exchanged for cash and common stock of the Iron Cap Company upon subscriptions as hereinafter provided.

5. The new preferred stock, together with the new common stock in part, will be issued as follows:

(a) To the holders of preferred stock of the Iron Cap Company, except the Products Co., on the basis of one share of said new preferred stock and one share of said new common stock in exchange for each share of the preferred stock of the Iron Cap Company.

(b) To the holders of preferred A stock of the Products Co., except the Iron Cap Company, on the basis of one share of said new preferred stock and one share of said new common stock in exchange for each share of the preferred A stock of the Products Co.

(c) To the holders of preferred B stock of the Products Co., except the Iron Cap Company, on the basis of one share of said new preferred stock and one share of said new common stock in exchange for each complete unit of ten shares of the preferred B stock of the Products Co.

6. Subject to approval of the Court, subscriptions to prior preferred and common stock of the New Iron Cap Corporation will be invited from the holders of the present common stock of the Iron Cap Company as hereinafter provided.

To holders of common stock of the Iron Cap Company who do not subscribe as aforesaid, except the Products Co., one share of the common stock of the New Iron Cap Corporation will be issued in exchange for each complete unit of fifty shares of the common stock of the Iron Cap Company now held. Additional amounts of said new common stock will be issued to the holders of common stock of the Products Co., except the Iron Cap Company, in the proportion of one share of said

new common stock for each complete unit of one hundred shares of said common stock of the Products Co. now held.

7. The assets of Products Co. will be transferred to the New Iron Cap Corporation as part of the consideration of the issue by that corporation of its new securities.

~~8. The New Christmas Corporation will acquire all the assets of the Christmas Company subject to the lien of said Company's existing mortgage securing its issue of First Mortgage 6% Bonds, and will assume the obligations of said Bonds, as changed with respect to interest, date of maturity and otherwise as set out in Subdivision F, paragraph 2, Part III of the Plan, such assumption and changes to be evidenced by substitute evidences of said debt referred to in this Plan as "First Mortgage 6% Income Bonds" of the New Christmas Corporation; and the New Christmas Corporation will also, by appropriate supplemental indenture, assume all the obligations of said First Mortgage with the amendments provided for in the Plan.~~

*Cancelled  
by Amendment  
of Plan filed  
with U.S. Court  
Dec. 17, 1935*

*See Amendment  
for new terms  
pages 1 and 2*

~~9. The New Christmas Corporation will issue 6% non-convertible non-cumulative preferred stock, par value \$10., in payment at par of all accrued and unpaid interest on said Bonds of the Christmas Company, as hereinafter provided, and additional preferred stock of the same issue in payment at par of other indebtedness of the Christmas Company, except taxes and the claim of Foxworth-Galbraith Lumber Company hereinafter mentioned, to the following extent—as to such indebtedness existing prior to July 1, 1931, on the basis of one share for each complete unit of \$10. of the principal amount thereof with interest to said date, and as to such indebtedness arising on and after said date on the basis of one share for each complete unit of \$10. of the amount of principal only.~~

*Cancelled  
as above*

*See Amendment  
for new terms  
pages 1 and 2*

~~The New Christmas Corporation will also issue common stock of the par value of \$3.00 per share, each share to have equal voting power with each share of preferred stock. Subject to the approval of the Court, subscriptions to said common stock of the New Christmas Corporation will be invited from holders of the present preferred and common stock of the Christmas Company, as hereinafter provided.~~

*Cancelled  
as above*

*See Amendment  
for new terms  
pages 1 and 2*

## D. DISTRIBUTION OF NEW SECURITIES.

### 1. Iron Cap Company.

*Creditors owning the current obligations*, except claims for state and county taxes and for accrued interest on the bond indebtedness of the Company, will receive in full satisfaction of such obligations and all interest thereon, one share of prior preferred stock and two and one-half shares of common stock of the New Iron Cap Corporation for each complete unit of \$10.00 represented by the principal amount of such current obligations with interest to March 15, 1935.

*Holder of Preferred Stock*, other than the Products Co., in exchange for each share of such stock, will receive one share of preferred stock and one share of common stock of the New Iron Cap Corporation.

*Holder of the Common Stock*, other than the Products Co., shall, subject to the approval of the Court, be entitled to subscribe for prior preferred and common stock of the New Iron Cap Corporation within the times, in the manner, upon the terms, and to the extent hereinafter set out in Subdivision E, paragraph 1, of Part III of this Plan.

Holder of Common Stock, other than the Products Co., who do not subscribe to prior preferred and common stock of the New Iron Cap Corporation, as aforesaid, will receive, in exchange for each complete unit of fifty shares of such common stock, one share of the common stock of the New Iron Cap Corporation and no more.

Holder of Common Stock who do subscribe as aforesaid with respect to part only of their common stock, shall have the right of exchange referred to in the preceding sentence with respect to the excess of their common stock not required for such subscriptions.

### 2. Products Co.

*Creditors, other than the Iron Cap Company, holding the current obligations* will receive in full satisfaction of such obligations and all interest thereon, prior preferred and common stock of the New Iron Cap Corporation on the basis of one share of said prior preferred stock and two and one-half shares of said common stock for each complete unit of \$10.00 represented by principal amount of such current obligations with interest to March 15, 1935.

*Holder of Preferred A Stock*, other than the Iron Cap Company, in exchange for each share of such stock, will receive one share of preferred stock and one share of common stock of the New Iron Cap Corporation.

*Holders of Preferred B Stock, other than the Iron Cap Company, in exchange for each complete unit of ten shares of such stock, will receive one share of preferred stock and one share of common stock of the New Iron Cap Corporation.*

*Holders of Common Stock, other than the Iron Cap Company, in exchange for each complete unit of one hundred shares of such stock, will receive one share of common stock of the New Iron Cap Corporation.*

**3. Christmas Company.**

~~*Holders of First Mortgage 6% Bonds, in exchange for said Bonds but as evidencing the principal amount of the same obligations, the continuance of the lien thereof upon the properties now covered by said First Mortgage, the assumption of said mortgage debt by the New Christmas Corporation and certain changes in the terms of said obligations as provided in this Plan, will receive the substitute evidences of said debt and lien referred to in the Plan as "First Mortgage 6% Income Bonds" of the New Christmas Corporation, which will be issued by the New Christmas Corporation in a principal amount equal to the principal amount of said First Mortgage 6% Bonds of the Christmas Company. Such holders will also receive non-cumulative preferred stock of the New Christmas Corporation on the basis of one share of such stock for each complete unit of \$10.00 of interest on said Bonds of the Christmas Company to March 15, 1935, in satisfaction of all interest on said bonds.*~~

*Creditors holding Other Indebtedness (except taxes and said claim of Foxworth-Galbraith Lumber Company) will receive, in full satisfaction of all principal and interest thereon, 6% non-cumulative preferred stock of the New Christmas Corporation, as follows:*

(a) As to such indebtedness existing prior to July 1, 1931, for each complete unit of \$10.00 principal amount thereof with all interest thereon to said date, one share of said 6% non-cumulative preferred stock of the New Christmas Corporation.

(b) As to such indebtedness arising on and after said July 1, 1931, for each complete unit of \$10.00 principal amount thereof, one share of said 6% non-cumulative preferred stock of the New Christmas Corporation.

*Holders of Preferred and Common Stock shall, subject to the approval of the Court, be entitled to subscribe for common stock of the*

*Cancelled  
by amendment  
to Plan as  
filed with  
U.S. Court  
Dec 17, 1935*

*See Amendment  
for new terms*

New Christmas Corporation within the times, upon the terms and in the manner hereinafter set out in Subdivision E, paragraph 2, of Part III of this Plan.

**4. Fractional Shares.**

*Fractional Shares* will not be issued with respect to stock of any class of either the New Iron Cap Corporation or the New Christmas Corporation under this Plan. Holders of obligations or stock of Iron Cap Company, Products Co. or Christmas Company, entitled under any provisions of this Plan to stock of either of said new corporations of any class, shall receive only the largest number of whole shares to which they are entitled under said provisions.

**E. SUBSCRIPTIONS FOR AND SALE OF NEW STOCK.**

**1. New Iron Cap Corporation.**

Subject to approval of the Court, the Committee will receive subscriptions from holders of the common stock of the Iron Cap Company, other than the Products Co., for prior preferred and common stock of the New Iron Cap Corporation on the basis of a unit consisting of one prior preferred share and five common shares of the New Iron Cap Corporation in exchange for \$10.00 cash and five shares of common stock of the Iron Cap Company; and the Committee, after the confirmation of the Plan and the receipt by the Committee of the consideration in full of each of such subscriptions, will cause the prior preferred and common stock of the New Iron Cap Corporation to be issued or delivered in the number of shares so subscribed and paid for, to or on the order of such subscribers.

The time within which the holders of common stock of the Iron Cap Company, other than the Products Co., shall be entitled to subscribe as aforesaid shall be limited to thirty days from the date of this Plan, but the Committee may extend such period one or more times on such terms and conditions as it may prescribe, provided that notice of each such extension shall be mailed to each holder of record of common stock of the Iron Cap Company who shall not theretofore have subscribed.

Cash and certificates of common stock of the Iron Cap Company to be exchanged for prior preferred and common stock of the New Iron Cap Corporation pursuant to subscriptions under this Plan, shall

accompany such subscriptions or shall be paid and delivered to the Committee forthwith upon its demand.

After the time within which holders of the common stock of the Iron Cap Company are entitled to subscribe as aforesaid, and any extensions thereof, shall have expired, and before the Plan is fully consummated, the Committee may accept from any person or persons subscriptions for all or any part of the prior preferred and common stock of the New Iron Cap Corporation not required to be issued to such holders as aforesaid, on the basis of \$10.00 for each unit consisting of one share of prior preferred stock and not exceeding five shares of common stock of the New Iron Cap Corporation, and the Committee may employ any investment house or other corporation, firm or person to procure purchasers of such stock and may pay compensation to such investment house or other corporation, firm or person.

Cash from subscriptions for stock of the New Iron Cap Corporation shall be received by the Committee and shall be deposited by the Committee in the State Street Trust Company, Boston, or such other bank in the City of Boston as the Committee may designate; after the confirmation of the Plan and the issuance of the stock of the New Iron Cap Corporation as provided in the Plan, or after such issuance is provided for, such cash shall be applied in the following order: (1) to the payment by or on behalf of the New Iron Cap Corporation of such expenses of this reorganization as shall be allotted to the New Iron Cap Corporation and which shall not have been paid in cash or otherwise provided for; (2) for the purchase by the Committee of common stock of the New Christmas Corporation as hereinafter provided; and (3) the balance of such cash shall be the property of the New Iron Cap Corporation.

All the prior preferred, preferred and common stock of the New Iron Cap Corporation, not required to carry out the obligations of the Committee with respect to subscriptions as aforesaid, or otherwise to carry out the provisions of this Plan, shall be returned by the Committee to the Treasury of the New Iron Cap Corporation to be disposed of by the New Iron Cap Corporation in such manner and for such consideration as its Board of Directors may deem proper.

## **2. New Christmas Corporation.**

Subject to the approval of the Court, the Committee will receive subscriptions from holders of the preferred and/or common stock of

the Christmas Company, other than the Products Co., for common stock of the New Christmas Corporation on the basis of one share of such new common stock in exchange for \$3.00 in cash and one hundred (100) shares of preferred and/or common stock of the Christmas Company. After the confirmation of the Plan and the receipt by the Committee of the consideration in full of each of such subscriptions the Committee shall cause the New Christmas Corporation to issue its common stock, in the number of shares so subscribed and paid for, to or on the order of the subscriber.

The time within which the holders of preferred and/or common stock of the Christmas Company, other than the Products Co., shall be entitled to subscribe as aforesaid, shall be limited to thirty days from the date of this Plan, but the Committee may extend such period one or more times on such terms and conditions as it may prescribe, provided that notice of each such extension shall be mailed to each holder of record of common stock of the Christmas Company, who shall not theretofore have subscribed.

Cash and certificates of preferred and/or common stock of the Christmas Company to be exchanged for common stock of the New Christmas Corporation pursuant to subscriptions under this Plan shall accompany such subscriptions or shall be paid and delivered to the Committee forthwith upon its demand.

For the purpose of fulfilling his subscription for such common shares subscribed for as aforesaid, any subscriber may use, in lieu of cash, his interest in the Foxworth-Galbraith Lumber Company lien mentioned in Subdivision G, paragraph 5 (c), of Part III of the Plan, to the extent of the amount paid by him for such interest.

The entire amount of preferred and common stock of the New Christmas Corporation which is to be issued under this Plan, including the entire authorized common stock, will be issued to or on the order of the Committee in consideration of the properties to be acquired by said New Christmas Corporation as hereinafter set out, plus the sum of Thirty Thousand Dollars (\$30,000.) in cash less such amount of the Foxworth-Galbraith Lumber Company lien as is used in the fulfillment of subscriptions under the preceding paragraph hereof, and all said common stock not subscribed and paid for by said holders of preferred and/or common stock of said Christmas Company under this paragraph 2 shall be vested in the New Iron Cap Corporation as hereinafter provided.

*See page 2  
of amendment.*

All cash received by the Committee from subscriptions to the stock of the New Christmas Corporation shall be deposited in State Street Trust Company, of Boston, or such other bank in the City of Boston as the Committee may designate. After the confirmation of the Plan and the issuance of the new common stock as provided in the Plan, or after such issuance is provided for, such cash shall be applied by or on behalf of the New Christmas Corporation as follows: (1) to the payment of such expenses of this reorganization as shall be allotted to the New Christmas Corporation, and (2) the balance, together with interests, if any, in the Foxworth-Galbraith Lumber Company lien which may have been received by the Committee as aforesaid, shall be the property of the New Christmas Corporation.

## **F. SUMMARY OF CERTAIN CHARACTERISTICS OF NEW SECURITIES.**

### **1. New Iron Cap Corporation.**

#### **Prior Preferred Stock.**

The prior preferred stock shall have a par value of \$10.00 per share, shall be entitled to non-cumulative dividends at the rate of 7% per annum, shall be non-convertible, shall be callable, in whole or in part, upon thirty days' notice at \$11.00 per share, shall entitle the holders to one vote for each share issued and outstanding and shall be preferred as to assets and dividends over the preferred and common stock.

#### **Preferred Stock.**

The preferred stock shall have a par value of \$10.00 per share, shall be entitled to non-cumulative dividends at the rate of 6% per annum, shall be callable at par, in whole or in part, on thirty days' notice, shall be convertible share for share into the common stock at any time prior to date fixed for redemption, shall entitle the holders to one vote for each share issued and outstanding, and shall be preferred as to assets and dividends over the common stock.

#### **Common Stock.**

The common stock shall have a par value of \$10.00 per share and shall entitle the holders to one vote for each share issued and outstanding.

## 2. New Christmas Corporation.

First Mortgage 6% Income Bonds dated March 15, 1935 and due March 15, 1946.

### (a) GENERAL—PRINCIPAL AMOUNT AND SECURITY.

The First Mortgage debt of the Christmas Company, now represented by its First Mortgage Bonds, will be changed with respect to interest, date of maturity and otherwise, as herein set out, particularly in the following provisions of this paragraph 2, and as so changed, said debt shall be assumed by the New Christmas Corporation; and such changes and such assumption shall be evidenced by the substitution for said Bonds of an equal principal amount of "First Mortgage 6% Income Bonds" of the New Christmas Corporation embodying such changes and such assumption (and being in such form otherwise as shall be approved by the Committee but consistent with the following provisions of this paragraph 2) and shall be further evidenced by the execution of the Supplemental Indenture hereinafter referred to; such Income Bonds shall be issued under the Indenture dated July 1, 1931, to Karl Singer, Trustee, securing the present Bonds of the Christmas Company, as amended as hereinafter set out by Supplemental Indenture which shall contain such provisions as shall be deemed by the Committee to give effect to the changes provided in this Plan; and such Income Bonds shall not take effect as payment of said debt or any part thereof; but said existing mortgage debt, as so changed, and the lien created under said Indenture of July 1, 1931 securing the same, shall continue in full force and effect, and neither the validity of said lien nor its priority in relation to any other claims against the Christmas Company or its property shall be in any manner affected by the terms of this Plan or by any action which may be taken in consummation hereof.

### (b) MATURITY.

The maturity of said mortgage debt shall be extended to March 15, 1946.

### (c) INTEREST AND COMPUTATION THEREOF.

The interest obligation on said mortgage debt shall be so changed that interest up to but not exceeding 6% per annum will be payable on September 15, 1935, and thereafter semi-annually on March 15 and September 15 of each year prior to maturity, only if and to the extent there is surplus income as defined in the Indenture, as amended, sufficient for such payment; if the full interest is not payable as afore-

*This page  
cancelled by  
Amendment  
filed with  
U.S. Court  
Dec. 17, 1936*

*For new  
conditions  
see pages  
of amendment  
relative to  
issue of prior  
P.M. stock*

said on any interest payment date or dates, the deficiency in respect thereof will accumulate (but without interest) and will be payable in whole or in part on subsequent interest payment dates, if and to the extent there is surplus income sufficient for such payment; in the event the principal of the bonds shall become due prior to March 15, 1946, either by redemption or by acceleration of maturity due to default, all unpaid accumulated and accrued interest thereon to such date of redemption or acceleration of maturity shall be due and payable whether or not there is sufficient surplus income available for such payment. At or after the due date of said bonds as stated therein holders are entitled in any event to accumulated interest only to the extent to which it has been or shall be determined by the Board of Directors that there is surplus income to said due date sufficient for such payment. Surplus income shall be defined and be determined substantially as follows and in accordance with accepted principles of accounting:

Gross Income of the Corporation from all sources actually received (including interest accrued and currently paid but excluding, however, gains from the sale or other disposition of capital assets or retirement of its bonds or from any increases in the value of its capital assets) beginning on the date of organization, and ending on the first day of July or January next prior to the interest payment date in question, from which there shall be deducted for the same period:

- (1) All costs of operation, including such depreciation and depletion as shall be determined by the Board of Directors to be proper, all taxes and all other items commonly or properly chargeable to expense;
- (2) All interest on indebtedness and amortization of debt, discount and expense, excluding accumulated interest not theretofore determined to be payable on these Bonds;
- (3) Such additional amounts, if any, as the Board of Directors of the Corporation shall determine to be properly chargeable as a deduction from Gross Income.

Such net amount shall be the surplus income available for the payment of interest on the Bonds on the next interest payment date and such amount of surplus income figured at the nearest  $\frac{1}{4}$  of 1% which does not exceed the amount of surplus income so available, (but not exceeding the total accumulated interest unpaid

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Dec. 17, 1935*

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conditions*

to said date) shall be the amount of interest payable on such next interest payment date and shall be paid by check to the registered holders of the Bonds.

(d) **FORM AND DENOMINATION.**

The Bonds will be without coupons, fully registered and may be issued in any principal amount or amounts as required.

(e) **REDEMPTION PROVISIONS.**

At the option of the Corporation such Bonds may be redeemed as a whole or in part at any time at the principal amount thereof and unpaid accumulated and accrued interest, if any, whether or not earned, to the redemption date, upon at least thirty days' prior notice mailed to registered holders; before Bonds can be called for redemption in part, all unpaid accumulated interest, if any, shall be paid or provision made for such payment upon the Bonds called and all other outstanding Bonds.

(f) **MISCELLANEOUS.**

The Supplemental Indenture will provide:

1. For modifications in the provisions of the Indenture dated July 1, 1931, (a) so that, with the consent of holders of a majority of the Bonds at any time or times outstanding, the lien of said Indenture may be subordinated in favor of an underlying lien to be created to secure advances of money which may be made to the Corporation at any time or times hereafter for maintenance, construction, rehabilitation, development, equipment, working capital, and/or any other purpose which in the opinion of the Board of Directors of the New Christmas Corporation is advantageous to said Corporation with a view to a resumption and/or continuance by it of successful mining operations upon its properties; (b) so that the principal and interest of the Bonds may be payable in lawful money of the United States in lieu of payment in gold coin as now provided therein; and (c) so as to incorporate therein the provisions above described.

2. Such other terms and provisions as shall be approved by the Committee subject to the approval of the Court.

**Preferred Stock.**

The Preferred Stock shall have a par value of \$10.00 per share and shall be entitled to non-cumulative dividends at the rate of 6%

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per annum, shall not be convertible, shall be callable in whole or in part at par, shall be preferred as to assets and dividends, and shall entitle the holders to one vote for each share issued and outstanding. *over the common stock (as amended)*  
*Page 12 of amended*

**Common Stock.**

The Common Stock shall be of the par value of Three (3) Dollars per share and shall entitle the holders to one vote for each share issued and outstanding.

**G. CERTAIN REQUIREMENTS OF SECTION 77B.**

(1) The rights of Creditors and Stockholders are to be modified and altered as herein set forth.

(2) All costs of administration and other allowances to be made by the Court shall be paid in cash by or on behalf of and shall be equitably allocated between the new Corporations to be organized pursuant to the Plan, as may be directed and allowed by the Court. Without limiting the generality of the foregoing, reasonable compensation for services rendered and reimbursement for actual and necessary expenses incurred in connection with the proceedings and the promulgation and consummation of the Plan by the parties in interest, the Trustees under Mortgages, the Committee and the attorneys and agents of any of the foregoing and of the Companies will be paid to the extent allowed by the Court.

(3) The consummation of the Plan and issuance of the securities thereunder are subject to its acceptance by creditors holding at least two-thirds in amount of the claims of each class whose claims have been allowed and would be affected by the Plan, and by the holders of a majority of each class of stock of the companies involved unless the Court shall have determined that the Iron Cap Company is insolvent or that the Plan provides in respect of each class of the stockholders of which less than a majority shall accept the Plan such adequate protection for the realization by them of the value of their equity, if any, in the property of their respective companies dealt with by the Plan as will do substantial justice to such stockholders under and consistent with the circumstances of the case.

(4) It is not proposed that any contracts which are executory in whole or in part shall be rejected.

(5) The following classes of creditors will not be affected by the Plan:

**(a) Holders of the First Mortgage Bonds of the Iron Cap Company.**

The property of the Iron Cap Company will be transferred to the New Iron Cap Corporation, subject to the lien of the mortgage securing said Bonds, and payment of these Bonds will be assumed by the New Iron Cap Corporation.

**(b) Taxes and tax liens against any of the Companies involved and/or their assets.**

Taxes and tax liens, in the amount of \$1,497.73 as aforesaid plus additional interest lawfully accrued thereon, against the Iron Cap Company and/or its assets, and any other taxes and tax liens which may be proved and allowed by the Court in these proceedings, against the Iron Cap Company and/or the Products Co. and/or their respective assets, will be paid in cash in connection with the consummation of the Plan or assumed by the New Iron Cap Corporation, and such assets will be transferred, in accordance with the Plan, subject to such liens; and taxes and tax liens, in the amount of \$17,556.33 as aforesaid plus additional interest lawfully accrued thereon, and any other taxes and tax liens which may be proved and allowed in said proceedings, against the Christmas Company and/or its assets will be paid in cash in connection with the consummation of the Plan or assumed by the New Christmas Corporation and such assets transferred, in accordance with the Plan, subject to such liens.

**(c) Lien of Foxworth-Galbraith Lumber Company against the principal operating properties of the Christmas Company, the amount of which is in dispute.**

The property of the Christmas Company will be transferred to the New Christmas Corporation subject to such lien, if any, and all liability, if any, of the Christmas Company with respect to such lien shall continue as a liability of the New Christmas Corporation with the same but no greater effect, notwithstanding the confirmation and consummation of the Plan and shall be payable by the New Christmas Corporation, when, as and if and to the extent finally established, either by agreement or by final decision of any court having jurisdic-

tion of the matter, except to such extent, if any, as said lien may be merged by the use of interests therein in part payment of subscriptions under Subdivision E, paragraph 2 of Part III of this Plan; provided that nothing in the Plan shall in any manner affect any liability of either the Christmas Company or the New Christmas Corporation or prejudice said Companies with respect thereto.

(6) Upon the confirmation of the Plan by the Court and appropriate corporate action taken by the respective corporations involved, the means of executing the Plan will be substantially as follows:

(a) The New Iron Cap Corporation will acquire:

(1) All the assets of the Iron Cap Company (subject to the lien of the mortgage securing the First Mortgage Bonds of the Iron Cap Company and to valid tax liens, if any), including the First Mortgage Bonds of the Christmas Company now held by Iron Cap Company, as changed in accordance with the provisions of this Plan, and as thus changed represented by the evidences of said indebtedness referred to in Subdivision F, paragraph 2 of Part III of this Plan as "First Mortgage 6% Income Bonds" of the New Christmas Corporation, but excepting the capital stock of the Products Co. now held by Iron Cap Company and the receivables owing to said Company by the Products Co. and the Christmas Company;

(2) All the assets of the Products Co., including the First Mortgage Bonds of the Christmas Company now held by Products Co. as changed in accordance with the provisions of this Plan, and as thus changed represented by the evidences of said indebtedness referred to in Subdivision F, paragraph 2 of Part III of this Plan as "First Mortgage 6% Income Bonds" of the New Christmas Corporation, but excepting the capital stock of the Iron Cap Company now held by the Products Co. and receivables owing to said Products Co. by the Christmas Company;

(3) Preferred stock of the New Christmas Corporation, as provided in this Plan, in lieu of interest on First Mortgage Bonds of the Christmas Company now held by both the Iron Cap Company and the Products Co.;

(4) Preferred stock of the New Christmas Corporation, as provided in this Plan, in lieu of the receivables owing by the

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Christmas Company now held by both the Iron Cap Company and the Products Co.;

(5) All cash received by the Committee from subscriptions to prior preferred and common shares of the New Iron Cap Corporation, except such amounts as shall be used by the Committee in the purchase of common stock of the New Christmas Corporation as provided in Subdivision E, Part III of the Plan;

(6) Such common stock of the New Christmas Corporation as shall be purchased by the Committee as aforesaid.

Upon acquisition of the assets aforesaid or in connection therewith, and in consideration thereof, the New Iron Cap Corporation will:

(1) Execute such instrument or instruments as may be necessary or desirable to assume the obligations of the First Mortgage on the property of the Iron Cap Company and the Bonds secured thereby;

(2) Assume payment of all taxes and tax liens against the Iron Cap Company and the Products Co. and/or their respective properties.

(3) Issue to the Committee, or on its order, its entire prior preferred, preferred and common stock, which will be distributed and used by the Committee in accordance with the terms and provisions of this Plan.

(b) The New Christmas Corporation will acquire all of the assets of the Christmas Company, subject <sup>only</sup> to the lien of the First Mortgage ~~securing the First Mortgage Bonds of the Christmas Company~~, to valid tax liens, if any, and to the lien, if any, of the Foxworth-Galbraith Lumber Company, (subject, however, to merger of said last mentioned lien to the extent that interests therein are used by preferred and/or common stockholders of the Christmas Company in fulfillment of their subscriptions for common stock). It will acquire also the sum of Thirty Thousand Dollars (\$30,000.) in cash less the amount of the interests in said last mentioned lien which may be merged as aforesaid.

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Part 3 of  
amendment*

Upon acquisition of the assets aforesaid or in connection therewith, and in consideration thereof, the New Christmas Corporation will:

(1) ~~Execute with the Trustee under the First Mortgage securing Bonds of the Christmas Company, a Supplemental Inden-~~

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~~ture assuming the payment of such Bonds and amending the provisions of said Bonds and Mortgage as hereinbefore provided;~~

~~(1) ~~X~~ Assume payment of all taxes and tax liens, if any, against the Christmas Company or its properties, also the lien of the Foxworth-Galbraith Lumber Company, if any, upon the properties of the Christmas Company, except to the extent that said lien may be merged as aforesaid;~~

~~(3) Cause to be delivered to or on the order of the Committee its so-called "First Mortgage 6% Income Bonds" which shall evidence the assumption by it of said mortgage debt as changed in accordance with the provisions of this Plan, the said "Income Bonds" to be distributed to the holders of said mortgage debt in exchange for an equal aggregate principal amount of the present First Mortgage Bonds of the Christmas Company;~~

~~(4) Issue to or on the order of the Committee all its preferred stock which is required to be distributed under the provisions of the Plan to the holders of claims for accrued and unpaid interest on the present First Mortgage Bonds of the Christmas Company and to the creditors of the Christmas Company in the manner and to the extent hereinbefore provided.~~

~~(3) ~~X~~ ~~X~~ Issue to or on the order of the Committee its entire authorized common stock.~~

If the Plan shall be confirmed by the Court and consummated, the new securities being made available in accordance with Subdivision D, of Part III hereof, then from and after the date of such confirmation:

(1) The Iron Cap Company shall be released and discharged from all of its liabilities; the holders of the First Mortgage 8% Coupon Bonds of the Iron Cap Company shall be entitled to look only to the new Iron Cap Corporation and to the security of the First Mortgage securing such Bonds, for payment thereof; the owners of claims for taxes against the Iron Cap Company and/or its properties, to the extent not paid in cash, shall be entitled to look only to the New Iron Cap Corporation and/or to their liens, if any, for payment of such claims; and the owners of all open accounts of the Iron Cap Company shall be entitled only to receive prior preferred and common stock of the New Iron Cap Corporation, as provided in Subdivision D, paragraph 1, of Part III of the Plan;

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*See amendment  
page 3 for new  
section 2*

*See amendment  
for addition to  
this section.*

(2) The Products Co. shall be released and discharged from all of its liabilities; and the owners of the open accounts of the Products Co., excepting the Iron Cap Company, shall be entitled only to receive prior preferred and common stock of the New Iron Cap Corporation, as provided in Subdivision D, paragraph 2, of Part III of the Plan;

(3) The Christmas Company shall be released and discharged from all its liabilities; the First Mortgage 6% Bonds of the Christmas Company shall cease to represent the mortgage debt of said Company under said Indenture of July 1, 1931 to Karl Singer, Trustee, and shall entitle the holders only to exchange said bonds for (a) the new evidences of said debt referred to in this Plan as "First Mortgage 6% Income Bonds" of the New Christmas Corporation of an equal principal amount, which will be made available in accordance with the provisions of this Plan, evidencing the assumption by said New Christmas Corporation of said mortgage debt as changed in accordance with the provisions of this Plan; and (b) preferred stock of the New Christmas Corporation in satisfaction of the interest on said First Mortgage Bonds, as provided in Subdivision D, paragraph 3, of Part III of the Plan; the owners of claims for taxes and tax liens, to the extent not paid in cash, and the Foxworth-Galbraith Lumber Company lien shall be entitled only to look to the New Christmas Corporation and/or their respective liens, if any, for payment of such claims; and the holders of other indebtedness of the Christmas Company, including such part, if any, of the Foxworth-Galbraith Lumber Company claim as is not secured by any valid lien, shall be entitled only to receive 6% non-cumulative preferred stock of the New Christmas Corporation, as provided in Subdivision D, paragraph 3, of Part III of the Plan.

The Iron Cap Company, the Products Co. and the Christmas Company will cease to exist as active companies, their stock of all classes will be cancelled and their stockholders shall be entitled only to the rights given to them by the Plan. The First Mortgage Bonds of the Christmas Company will be cancelled. If deemed advisable by the Committee, these Companies will be dissolved in accordance with the laws of the respective states of their organization.

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*See page 3  
of amendment  
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#### **H. CONDITIONS AND METHOD OF PARTICIPATION IN PLAN.**

The Creditors (except the Bondholders) and Stockholders of the Iron Cap Company, the Creditors and Stockholders of the Products Co., and the Bondholders and Other Creditors and Stockholders of the Christmas Company desiring to approve and accept the Plan may do so by signing Letters of Approval and Acceptance in the form approved by the Committee and forwarding them on or before July 1, 1935 to the Committee at such address as the Committee shall designate. Such Letters of Approval and Acceptance will provide that if and when so required by the Committee in furtherance of the Plan prior to the confirmation thereof by the Court, the signers of such Letters of Approval and Acceptance will deposit the bonds or stock referred to therein with the Committee at such address as the Committee may designate or with such Bank or Trust Company as the Committee may designate as its agent for that purpose. The time within which holders of any one or more of the classes of the securities or open accounts above described, may file evidences of approval and acceptance may be extended or renewed by the Committee (one or more times) on such terms and conditions as it may prescribe. All such creditors, bondholders and stockholders who at any time shall have signed and forwarded such Letters of Approval and Acceptance are sometimes herein referred to as Acceptors.

All approvals, acceptances and authorizations contained in such Letters of Approval and Acceptance will cease and determine if the Plan is abandoned or is not confirmed prior to May 15, 1936.

Except as otherwise expressly provided herein, no Acceptor shall have any right to withdraw his approval and acceptance of the Plan, unless with the written consent of the Committee or the approval of the Court.

#### **I. POWERS OF COMMITTEES.**

The Committee in its discretion may determine when the holders of sufficient securities and other creditors affected by the Plan and holders of sufficient amounts of stock of the Companies involved have filed approvals and acceptances of the Plan to render it advisable to request confirmation of the Plan by the United States District Court for the District of Massachusetts in the proceedings above referred to.

In case at any time after the expiration of the period allowed for subscriptions by stockholders of the Iron Cap Company under this Plan and any extensions thereof, the Committee shall determine that the amount of subscriptions received and to be received for stock of the New Iron Cap Corporation and the New Christmas Corporation is not sufficient to justify further proceeding with this Plan, said Plan may be abandoned in the discretion of the Committee, and in any case it will be abandoned if the Committee shall determine after the period aforesaid with any extensions thereof that the amount of subscriptions to the stock of the New Iron Cap Corporation is or will be insufficient to enable the Committee to pay the costs of administration and to carry out the purchase by it of the common stock of the New Christmas Corporation, as provided in Subdivision E, paragraph 2, of Part III of this Plan. In case of such abandonment, any money, or other consideration theretofore paid on account of subscriptions, will be returned to the respective subscribers.

The Committee may adopt its own rules of procedure and shall appoint a Chairman and Secretary, and the Secretary need not be a member of the Committee.

The Committee is fully authorized and empowered to construe the Plan of Reorganization including authority to make such changes in the terms and provisions contained herein as shall be approved by the Court and shall not in the opinion of the Committee change the substance thereof, and the Committee's construction thereof and its action thereunder in good faith shall be final and conclusive unless otherwise ordered by the Court.

The Acceptors by signing and filing Letters of Approval and Acceptance of the Plan with the Committee approve and accept the Plan and irrevocably appoint, empower and request the Committee, as the same shall from time to time be constituted, as attorney and agent for such Acceptors and each of them, in its name as a Committee or in their names in the discretion of said Committee to take or cause to be taken all such steps and action, as may be incidental to the effectuation of the Plan of Reorganization, with any changes or modifications approved by the Court, as fully as such Acceptors might do if personally acting individually or collectively, including (but not in any manner by way of limitation) the following powers:

- (a) To take such steps and action as may be incidental to the effectuation of the Plan of Reorganization pursuant to the pro-

visions of Section 77B (Corporate Reorganizations) of Chapter VIII of the Acts of Congress relating to Bankruptcy in the aforesaid proceedings in the United States District Court for the District of Massachusetts, including without limiting the generality of the foregoing, whatever steps or action are necessary or appropriate to propose the Plan of Reorganization to the Court for confirmation, to obtain such confirmation by the Court and to effectuate the Plan, and to carry out the terms and provisions thereof with any changes or modifications approved by the Court, and in connection therewith to intervene, join or otherwise become a party to said proceedings in the United States District Court for the District of Massachusetts hereinbefore referred to, and to file for and on behalf of each Acceptor as a separate claimant or collectively as a class, proofs of claim, evidences of interest and/or written approvals and acceptances of or assents to said Plan with or without the presentation of any securities which may be deposited with the Committee or any Agent of the Committee as aforesaid; and to dispose of all deposited securities in accordance with the Plan as confirmed by the Court and generally to do in the name of the Committee or of the Acceptors all things necessary or appropriate to carry out and consummate such Plan.

(b) In carrying out said Plan, including any such changes or modifications therein approved by the Court, to determine all terms and provisions having to do with the charter or certificate of incorporation and by-laws of the New Iron Cap Corporation and the New Christmas Corporation, ~~the Indenture supplemental to the Christmas Company first mortgage and~~ the terms and conditions both as to form and substance, of all securities, stock certificates, and all other instruments at any time to be issued or entered into in pursuance hereof, so far as not inconsistent with the Plan, including any such changes or modifications aforesaid, subject, however, to the approval of the Court.

The Committee as at any time constituted and notwithstanding any existing vacancy shall have all the powers of the Committee as originally formed. Any member of the Committee may resign by filing written notice of his resignation with the Chairman or Secretary of the Committee. In case any vacancy shall occur in the Committee for any reason such vacancy shall be filled by appointment thereto by the remaining members of the Committee.

*Revised as  
amended*

*See page 3  
of amendment*

All the powers of the Committee may be exercised by a majority of its members, either at a meeting, or in writing or by cable or telegram or radiogram without meeting.

Any member of the Committee or any of its agents, and any firm or corporation of which he may be a member or officer and any officers, agents or employees of the Iron Cap Company, the Products Co. or the Christmas Company may make deposits under and may execute and file approvals and acceptances of the Plan and shall be entitled to all the rights and benefits accruing hereunder the same as any other Acceptor. They or any of them may participate on their, his or its own individual account, in any syndicate or underwriting in connection with any measures taken in furtherance of the purposes of the Plan of Reorganization. They or any of them may be or become pecuniarily interested in any financial investments or transactions arising out of or connected with the affairs of the Iron Cap Company or either of its subsidiaries or the New Iron Cap Corporation or the New Christmas Corporation or in any property or matters which are or may become subject to the Plan. They or any of them may become officers, directors, voting or other trustees, or stockholders of any corporations now existing or hereafter formed in pursuance of the Plan of Reorganization and may be financially interested in loans to the Iron Cap Company or either of its subsidiaries or the New Iron Cap Corporation or the New Christmas Corporation or in the purchase of securities or obligations of any of them.

Financial information and other statements of fact have been furnished by officers of the Iron Cap Company and its subsidiaries and are accepted by the Committee as substantially correct and no statement, explanation or suggestion contained in the Plan of Reorganization or in any letter, notice or circular heretofore issued by advertisement or otherwise, or which may hereafter be issued by the Committee, or any agent of the Committee, is intended or is to be accepted as a representation or warranty by the Committee, or as a condition of assent under the Plan of Reorganization. No defect or error shall release any deposit under, or approval and acceptance of, the Plan except with the written consent of the Committee, or upon order of the Court.

No member of the Committee shall be personally liable for any malfeasance or neglect or any act or omission of another member or any agent or agents of the Committee, nor shall the Committee or any

of its members, or any agent or agents of the Committee be liable to anyone for any act or omission of any agent, attorney or employee selected in good faith, nor for any error of judgment or mistake of law, nor for any action taken in good faith in the belief that any bond, coupon, note, stock certificate or other document or paper, or any signature, is genuine, nor for the legality, validity, or genuineness of any transfers nor for the legality, validity or genuineness of any of the new securities issued pursuant to the Plan, nor for anything whatever done or omitted to be done under or in connection with the Plan of Reorganization other than his or its own wilful malfeasance or gross neglect. In addition, the New Iron Cap Corporation and the New Christmas Corporation, subject to the approval of the Court, are to agree that they will indemnify and save harmless the members of the Committee against any and all loss, cost, damage and expense occasioned by any claim, action or suit which shall be asserted or brought against them or any of them for the purpose of enforcing any liability from which it is provided in the foregoing provisions of this paragraph they shall be exempt or any claim for any such liability, whether founded or unfounded.

The Committee by approving the Plan, assumes no obligation, legal or equitable, expressed or implied, to any holder of securities of the Iron Cap Company, the Products Co. or the Christmas Company who shall not accept the Plan nor to any person whomsoever other than Acceptors hereunder, and to them only as affirmatively expressed in the Plan.

#### **J. NOTICES.**

Every notice to be given to Acceptors under any of the provisions of the Plan, unless otherwise ordered by the Court, shall be mailed to the several Acceptors at their respective addresses as furnished by them to the Committee. All notices so mailed shall be effective and binding upon the Acceptors as of the date of such mailing irrespective of whether or not actual notice is received by them. The certificate of the Secretary or any Assistant Secretary of the Committee shall be conclusive evidence of the mailing of any notice given pursuant hereto, and of the date of such mailing.

**K. CHANGES AND MODIFICATIONS AND CONSUMMATION OF PLAN.**

It is the purpose and intent of all parties hereto that the Plan shall be if possible confirmed and carried out without material change or modification; but in case it shall appear to the Committee that any change or modification is necessary or advisable and is fair and equitable to all classes of security holders, and holders of open accounts and other claims, then the Committee shall be at liberty to propose such change or modification, subject, however, to the provisions of subdivision (f) of said Section 77B. Either the Iron Cap Company, the Products Co. or the Christmas Company shall also be at liberty to propose any change or modification which may appear to it appropriate, subject always to the provisions of said subdivision (f) of said Section 77B.

On acceptance of the Plan of Reorganization by the creditors holding two-thirds in amount of the claims of each class whose claims have been allowed and would be affected by the Plan and by the holders of a majority of each class of stock affected by such Plan, the Committee will request the Court for confirmation. In case the Plan shall be accepted by the necessary proportion of each class of creditors but holders of a majority of each class of stock of the Iron Cap Company fail to approve and accept the Plan within the time fixed by the Committee for evidencing such approval and acceptance, the Committee may in its discretion ask the Court to determine (a) whether the Iron Cap Company is insolvent or (b) whether in respect of the class of stockholders whose acceptance is not obtained, the Plan provides adequate protection within subdivision (b), clause (4) of said Section 77B, for the realization by them of the value of their equity, if any, in the property of the Iron Cap Company dealt with by the Plan, and, if the Court shall determine either that the Company is insolvent or that the class of stockholders, a majority of whom have not accepted the same, is given adequate protection as aforesaid, then the Committee will request the Court for confirmation without such acceptance by such class of stockholders and with such changes and modifications as may be appropriate.

The consummation of the Plan is subject to its confirmation by said Court, the ability of the respective companies involved legally to carry out their respective obligations under it, and to the condition set out in Subdivision I of Part III of this Plan with respect to the obtain-

ing of a sufficient amount of subscriptions to the stock of the New Iron Cap Corporation.

## **L. INTERESTS OF VARIOUS PARTIES.**

### **1. Reorganization Committee and Counsel.**

This Committee was formed on May 1, 1935, and consists of Messrs. William H. Kirkbride, Harry P. Kitfield and Frank P. Knight. Mr. Kirkbride is the owner of Preferred and Common Stock of the Iron Cap Company and Common Stock of the Christmas Company. Mr. Kitfield is the owner of Preferred and Common Stock of the Iron Cap Company, Preferred A Stock of the Products Co. and Common Stock of the Christmas Company. Mr. Knight is the owner of Preferred and Common Stock and a creditor of the Iron Cap Company, is the owner of Preferred B and Common Stock of the Products Co. and is a creditor of the Christmas Company. Mr. Knight has been President and a director of each of the Iron Cap Company, the Products Co. and the Christmas Company since their respective dates of organization.

Members of the Committee may be reimbursed for their expenses in the furtherance of the Plan, and may receive reasonable compensation for their services, such reimbursement and compensation to be in such forms and amounts as shall be approved by the Court.

Messrs. Tyler, Eames, Wright & Reynolds, counsel for the Committee, have (with their predecessors) acted as counsel for the Iron Cap Company, the Products Co. and the Christmas Company for many years, are creditors of all of said Companies and filed in their behalf the Petitions for Reorganization referred to in Part II of this Plan.

### **2. Directors and Officers.**

The Directors of the Iron Cap Company are Messrs. F. P. Knight, F. J. Merrill, H. A. Rossell and R. H. Knight. The Directors of the Products Co. and the Christmas Company include the foregoing as well as Mr. F. P. Knight, Jr.

The President of each of said three companies is Mr. F. P. Knight, who is the owner of Preferred and Common Stock and is a creditor of the Iron Cap Company, is the owner of Preferred B and Common Stock of the Products Co. and is a creditor of the Christmas Company. The Vice-President of each of said three companies is Mr. F. J. Merrill,

who is the owner of Preferred and Common Stock and is a creditor of the Iron Cap Company, is the owner of Preferred B and Common Stock of the Products Co. and is the owner of Common Stock and a creditor of the Christmas Company. The Treasurer and Secretary of each of said three companies is Mr. R. H. Knight, who is the owner of Preferred and Common Stock and a creditor of the Iron Cap Company, is the owner of Preferred A and Common Stock and a creditor of the Products Co. and is the owner of Common Stock and a creditor of the Christmas Company. The General Manager of the Christmas Company is Mr. H. A. Rossell, who is the owner of Preferred and Common Stock and a creditor of the Iron Cap Company, is the owner of Preferred A, Preferred B and Common Stock of the Products Co., and is the owner of Common Stock and a creditor of the Christmas Company. Mr. F. P. Knight, Jr., is the owner of Preferred Stock of the Iron Cap Company, Preferred A, Preferred B and Common Stock and a creditor of the Products Co.

IRON CAP COPPER COMPANY,

By FRANK P. KNIGHT  
Its President

MINERAL PRODUCTS Co.,

By FRANK P. KNIGHT  
Its President

CHRISTMAS COPPER COMPANY,

By FRANK P. KNIGHT  
Its President

The undersigned, being all the members of the Reorganization Committee referred to in the foregoing Plan, hereby approve said Plan and agree to act as such Reorganization Committee pursuant thereto.

WILLIAM H. KIRKBRIDE

HARRY P. KITFIELD

FRANK P. KNIGHT

**EXHIBIT A.**  
**(Financial Information)**  
**(Pages 34 to 37, inclusive)**

Financial figures contained in the Balance Sheets as of December 31, 1934, shown in Exhibit A have been taken from the books of the respective Companies. The Companies do not make or intend to make any representation whatsoever as to the values of the assets or any of them shown in such Balance Sheets.

**Basis for Distribution of New Securities in Exchange for Outstanding Securities upon Consummation of Plan.**

<i>Holder of</i>	<i>Will Receive in Exchange Therefor</i>		
	<i>Prior Preferred Shares</i>	<i>Preferred Shares</i>	<i>Common Shares</i>
<b>(a) Iron Cap Copper Company</b>			
Current Indebtedness; for each complete unit of \$10.00 principal and interest as per Plan...	1		2½
Preferred Stock; for each share.		1	1
Common Stock			
Holders who subscribe; for each five shares and \$10.00 .....	1		5
Holders who do not subscribe; for each complete unit of 50 shares .....			1
<b>(b) Mineral Products Co.</b>			
Current Indebtedness; for each complete unit of \$10.00 principal and interest as per Plan..	1		2½
Preferred A Stock; for each share		1	1
Preferred B Stock; for each complete unit of 10 shares .....		1	1
Common Stock; for each complete unit of 100 shares .....			1
<b>New Christmas Corporation</b>			
	<i>Preferred Shares</i>		<i>Common Shares</i>
<b>(c) Christmas Copper Company</b>			
Interest accumulated and accrued unpaid on First Mortgage Bonds; for each complete unit of \$10.00 as per Plan.....	1		
Current indebtedness; for each complete unit of \$10.00 principal and interest as per Plan..	1		
Preferred and Common Stock; holders who subscribe; for each complete unit of 100 shares and \$3.00 .....			1
First Mortgage Bonds; for principal amount .....			Equal principal amount of First Mortgage Income Bonds

*Cancelled by amendment see page 4 of amendment*

**Securities of New Christmas Corporation to be Owned by New Iron Cap Corporation.**

		<i>Approximate Percentages of total issues</i>
<i>Cancelled by amendment see page 4 of amendment</i> First Mortgage Income Bonds, principal amount	\$567,051.96	87.6
Preferred Stock, approximately	24,007 shares	89.3
Common Stock,	Not less than 7,300 shares	Not less than 73

**IRON CAP COPPER COMPANY**  
Balance Sheet as at December 31, 1934

ASSETS		
Capital Assets		
Mining Property	\$2,155,367.49	
*Less—Depletion Reserve	1,426,172.27	\$729,195.22
Buildings and Machinery	\$ 115,141.61	
*Less—Depreciation Reserve	104,004.61	11,137.00
Tailings Disposal Site		11,995.00
		<u>\$ 752,327.22</u>
**TOTAL CAPITAL ASSETS		
Investment in Stock of Subsidiary Company (per Books)		
Mineral Products Co.—Pfd. A 3,650 shares	\$ 36,500.00	
Mineral Products Co.—Pfd. B 29,210 shares	276,875.00	
Mineral Products Co.—Common 9,850 shares	98,500.00	411,875.00
Investment in Bonds of Christmas Copper Company (\$120,325.58 Principal Amount)		120,325.58
Accrued and Unpaid Interest		18,048.87
Due from Subsidiary and Allied Companies		
Mineral Products Co.	\$ 242,860.60	
Christmas Copper Company	21,079.43	263,940.03
Current Assets		
Cash	\$ 81.14	
Notes Receivable	780.00	
***Bonds	13,000.00	13,861.14
Funds in Hands of Trustee of 8% Bonds		3,235.00
Bond Discount Unamortized		351.90
Cash in Closed Bank		44.83
		<u>\$1,584,009.57</u>

\* Note: No provision has been made for depletion and depreciation since the company stopped operations.  
 \*\* The company has until Jan. 1, 1938 to redeem the mining property to which the State of Arizona has taken tax title.  
 \*\*\* First Mortgage 6% Bonds due 1937, of Tennessee Mineral Products Corporation which F. E. Haag and United Feldspar Corporation are obligated to purchase during the year ending Dec. 31, 1935 at par and accrued and unpaid interest.

**LIABILITIES AND CAPITAL**

Capital Stock		
Preferred Par Value \$10.		
Authorized and Issued	31,027 shares	\$ 310,270.00
Common Par Value \$10.		
Authorized and Issued	200,000 shares	\$2,000,000.00
Less—Donated Stock in Treasury	4 shares	40.00
Issued and Outstanding	199,996 shares	1,999,960.00
		<u>\$2,310,230.00</u>
TOTAL CAPITAL STOCK		
Bond Indebtedness		
First Mortgage 8% Coupon Bonds—Issued	\$ 500,000.00	
Less—Bonds Retired	476,540.00	23,460.00
Current Liabilities		
†Accounts Payable	\$ 40,993.59	
Reserve for Bond Interest	477.20	
Unpaid State and County Tax, including interest	1,497.73	42,968.52
Deferred Income		4,000.00
Surplus		
Balance	\$ 813,079.04	
Add—Donated Surplus	16,390.09	
Reserve for Donated Treasury Stock at Par Value	40.00	796,648.95
		<u>\$1,584,009.57</u>
TOTAL LIABILITIES AND CAPITAL		

† Interest has not been included in this item on certain of the accounts therein, which interest to December 31, 1934 would amount to \$4,091.05.

**CERTIFICATE**

Having completed an examination of the financial records of Iron Cap Copper Company as at December 31, 1934

WE HEREBY CERTIFY that this balance sheet, in our opinion, presents a true statement of the condition of that company as disclosed by their books at December 31, 1934.

**COBB, REYNOLDS AND COMPANY**  
Certified Public Accountants

By HERBERT K. REYNOLDS, C. P. A.

Of the Bonds of Tennessee Mineral Products Corporation, \$4,000. were sold at par and accrued interest subsequent to December 31, 1934.

**MINERAL PRODUCTS CO.**  
Balance Sheet as at December 31, 1934

ASSETS			
Investments in Stock of Parent and Subsidiary Companies—per Books			
Iron Cap Copper Company—Preferred Stock	3,744 Shares	\$ 27,176.51	
Iron Cap Copper Company—Common Stock	22,371 Shares	77,964.92	
Christmas Copper Company—Common Stock	715,000 Shares	839,269.64	\$ 944,411.07
<hr/>			
Bonds of Christmas Copper Company			
First Mortgage 6's 1941 (\$446,726.38 principal amount)			446,726.38
Accrued and Unpaid Interest			67,008.95
Due from Subsidiary Company			
Christmas Copper Company Account		\$ 165,245.97	
Christmas Copper Company Mortgage Note		10,000.00	175,245.97
<hr/>			
Outside Investments (cost)			1,041.10
Current Assets			
Cash		\$ 421.03	
*Bonds		11,000.00	
Notes Receivable		1,200.00	12,621.03
<hr/>			
Deferred Charges			15,502.47
<b>TOTAL ASSETS</b>			<b>\$1,662,556.97</b>

\* First Mortgage 6% Bonds due 1937 of Tennessee Mineral Products Corporation which F. E. Haag and United Feldspar Corporation are obligated to purchase during the year ending December 31, 1935 at par and accrued and unpaid interest.

LIABILITIES AND CAPITAL			
Capital Stock			
Preferred A—Par Value \$10.			
Authorized and Issued	9,875 Shares		\$ 98,750.00
Preferred B—Par Value \$10.			
Authorized and Issued	35,786 Shares		357,860.00
Common—Par Value \$10.			
Authorized and Issued	50,000 Shares	\$ 500,000.00	
Less—Stock Donated to Treasury	23,994 Shares	239,940.00	
Issued and Outstanding	26,006 Shares		260,060.00
<hr/>			
<b>TOTAL CAPITAL STOCK</b>			<b>\$ 716,670.00</b>
Due Iron Cap Copper Company			
			242,860.60
Current Liabilities			
†Accounts Payable			15,968.70
Deferred Income			60,000.00
Earned Surplus			46,483.04
Capital Surplus			
Reserve for Donated Treasury Stock at Par Value		\$ 239,940.00	
Retired Treasury Stock		19,060.00	
Revaluation of Investments		414,540.71	673,540.71
<hr/>			
<b>TOTAL LIABILITIES AND CAPITAL</b>			<b>\$1,662,556.97</b>

† Interest has not been included in this item on certain of the accounts therein, which interest to December 31, 1934 would amount to \$168.66.

**CERTIFICATE**

Having completed an examination of the financial records of Mineral Products Co. as at December 31, 1934

WE HEREBY CERTIFY that this balance sheet, in our opinion, presents a true statement of the condition of that company as disclosed by their books at December 31, 1934.

**COBB, REYNOLDS AND COMPANY**  
Certified Public Accountants

By HERBERT K. REYNOLDS, C. P. A.

All of the Bonds of Tennessee Mineral Products Corporation were sold at par and accrued interest subsequent to December 31, 1934.

**CHRISTMAS COPPER COMPANY**  
Balance Sheet as at December 31, 1934

ASSETS		
Capital Assets		
Mining Properties		\$1,006,250.00
Buildings, Machinery and Equipment	\$ 642,919.63	
*Less—Reserve for Depreciation	90,596.08	552,323.55
No. 4 Shaft Development		86,393.73
**TOTAL CAPITAL ASSETS		<u>\$1,644,967.28</u>
Current Assets		
Cash	\$ 97.35	
Cash on Deposit with Arizona Industrial Accident Commission	1,179.30	
Mining Supplies	10,285.03	
Store Merchandise	485.15	
TOTAL CURRENT ASSETS		12,046.83
Deferred Charges		5,832.65
TOTAL ASSETS		<u><u>\$1,662,846.76</u></u>

\* No provision has been made for depreciation since January 1, 1933 as the properties have not been operated.

\*\* Company is advised that the State of Arizona will take tax title to the mining Property January 1, 1935 subject to the company's right of redemption within five years thereafter.

LIABILITIES AND CAPITAL		
Capital Stock, Preferred—No Par Value		
Authorized 1,000,000 shares		
Issued 2,700 shares	\$ 2,700.00	
Payments received on Installment Subscriptions	1,634.74	\$ 4,334.74
Capital Stock, Common—No Par Value		
Authorized 2,500,000 Shares—Issued 971,770 Shares		
Issue Value	\$ 142,994.18	
Capital Surplus	988,022.00	
Earned Surplus	460,617.32	670,398.86
TOTAL CAPITAL		<u>\$ 674,733.60</u>
Bond Indebtedness		
Ten Year 6% Gold Bonds due July 1, 1941		
First Mortgage on Operating Property		646,769.45
Claim of Foxworth Galbraith Lumber Co.		8,815.61
Current Liabilities		
Notes Payable	\$ 5,699.97	
Accounts Payable	15,930.82	
Unpaid and Accrued State and County Taxes, including interest	17,556.33	
Bond Interest Past Due:		
Due Parent and Allied Companies	68,046.26	
Due Others	9,566.21	
Bond Interest Accrued due January 1, 1935		
Due Parent and Allied Companies	17,011.56	
Due Others	2,391.55	
TOTAL CURRENT LIABILITIES		136,202.70
Due Parent and Allied Companies		
Mineral Products Co.	\$ 165,245.97	
Iron Cap Copper Company	21,079.43	
Mortgage Note Payable (Mineral Products Co.)		
Due Dec. 31, 1932—Lien on Non-Operating Properties	10,000.00	196,325.40
TOTAL LIABILITIES AND CAPITAL		<u><u>\$1,662,846.76</u></u>

**CERTIFICATE**

Having completed an examination of the financial records of Christmas Copper Company as at December 31, 1934

WE HEREBY CERTIFY that this balance sheet, in our opinion, presents a true statement of the condition of that company as disclosed by their books at December 31, 1934.

**COBB, REYNOLDS AND COMPANY**  
Certified Public Accountants

By HERBERT K. REYNOLDS, C. P. A.

**AMENDMENT  
TO  
PLAN OF REORGANIZATION  
of  
IRON CAP COPPER COMPANY  
AND ITS SUBSIDIARIES  
DATED AS OF MAY 27, 1935**

**I.**

**General Statement of Amendment.**

The Plan of Reorganization of Iron Cap Copper Company and its Subsidiaries Dated as of May 27, 1935, now provides that the New Christmas Corporation will issue First Mortgage 6% Income Bonds in exchange for the existing First Mortgage 6% Bonds of the Christmas Company but as evidencing the principal amount of the same obligations, the continuance of the lien of the first mortgage securing said Bonds of the Christmas Company upon the properties now covered thereby to secure said Income Bonds, the assumption of said mortgage debt by the New Christmas Corporation and certain changes in the terms of said obligations as provided in said Plan, and further provides that the New Christmas Corporation will issue 6% non-convertible, non-cumulative preferred stock, par value \$10.00, in full satisfaction of all accrued and unpaid interest on said Bonds of the Christmas Company, and additional preferred stock of the same issue in payment at par of other indebtedness of the Christmas Company except taxes and the claim of Foxworth-Galbraith Lumber Company.

The Iron Cap Company, the Products Co., the Christmas Company, and the Reorganization Committee under said Plan believe it would be desirable that said Plan be amended by providing that said First Mortgage 6% Bonds of the Christmas Company with all accrued and unpaid interest thereon, shall be fully paid and satisfied by the issuance in exchange therefor of prior preferred stock of the New Christmas Corporation instead of its First Mortgage 6% Income Bonds and Preferred Stock as now provided in said Plan, and by providing that the claims of all judgment creditors whose judgments legally constitute liens on property of the Christmas Company (with a stated exception) shall be treated on a parity with the holders of said First Mortgage Bonds and that said judgment claims with all interest thereon, shall also be fully paid and satisfied with said prior preferred stock instead of preferred stock, as now provided in said Plan.

**II.**

**Statement of Specific Changes in Plan to Effect Amendment.**

Said Plan is hereby amended in the following particulars:

1. Strike out all of paragraphs 8 and 9 of Subdivision C, Part III, (Page 8) of said Plan and insert in place thereof the following paragraphs:

8. The New Christmas Corporation will acquire all the assets of the Christmas Company, including those now covered by the mortgage securing that Company's First Mortgage Bonds.

9. The New Christmas Corporation will issue three classes of stock:

(a) Prior Preferred stock: Par value \$10.00 per share; dividend rate 6%; cumulative; preferred as to assets and dividends over preferred stock and common stock; callable at par, in whole

or in part, upon thirty days' notice; not convertible; each share having equal voting power with each share of preferred stock and each share of common stock;

(b) Preferred stock: Par value \$10.00 per share; dividend rate 6%; non-cumulative; preferred as to assets and dividends over the common stock; callable at par, in whole or in part; not convertible; each share having equal voting power with each share of prior preferred stock and each share of common stock;

(c) Common stock: Par value \$3.00 per share; each share having equal voting power with each share of prior preferred stock and each share of preferred stock.

10. Said prior preferred stock of the New Christmas Corporation will be issued to the holders of the First Mortgage 6% 10-year Bonds due July 1, 1941, of the Christmas Company in exchange for and in full satisfaction of said Bonds and accrued and unpaid interest thereon, on the basis of one share of said prior preferred stock for each complete unit of \$10.00 of principal amount of said Bonds and accrued and unpaid interest to March 15, 1935.

11. Said prior preferred stock of the New Christmas Corporation will also be used to satisfy the claims of the holders of judgments which legally constitute liens upon property of the Christmas Company (except the holders of said claim of lien of Foxworth-Galbraith Lumber Company), on the basis of one share of said prior preferred stock for each complete unit of \$10.00 of principal amount of such judgments with interest to March 15, 1935.

12. The preferred stock of the New Christmas Corporation will be issued at par in payment of other indebtedness of the Christmas Company, except taxes and the claim of Foxworth-Galbraith Lumber Company, hereinafter mentioned, to the following extent—as to such indebtedness existing prior to July 1, 1931, on the basis of one share for each complete unit of \$10.00 of the principal amount thereof with interest to said date, and as to such indebtedness arising on and after said date on the basis of one share for each complete unit of \$10.00 of the amount of principal only.

Subject to the approval of the Court, subscriptions to said common stock of the New Christmas Corporation will be invited from holders of the present preferred and common stock of the Christmas Company as hereinafter provided.

2. Strike out from Paragraph 3, Subdivision D, Part III (Page 10) of said Plan the paragraph commencing with the words "Holders of First Mortgage 6% Bonds," and ending with the words "in satisfaction of all interest on said bonds." and insert in place thereof the following paragraphs:

*Holders of First Mortgage 6% Bonds*, will receive, in full satisfaction of all principal and accrued and unpaid interest thereon, 6% cumulative prior preferred stock of the New Christmas Corporation on the basis of one share of such stock for each complete unit of \$10.00 principal amount of said Bonds with all interest accrued and unpaid thereon to March 15, 1935.

*Holders of judgments* which legally constitute liens upon property of the Christmas Company (except the holders of said claim of lien of Foxworth-Galbraith Lumber Company), will receive in full satisfaction of such judgments and costs and all interest thereon, 6% cumulative prior preferred stock of the New Christmas Corporation on the basis of one share of such stock for each complete unit of \$10.00 of principal amount of such judgments and costs with interest to March 15, 1935.

3. Insert after the word "of" where it first appears in the first line of the last paragraph on page 13 of said Plan the words and punctuation: prior preferred,.

4. Strike out all the provisions in Paragraph 2, Subdivision F, Part III of said Plan, which relate to the First Mortgage 6% Income Bonds of the New Christmas Corporation, as the same appear on pages 15, 16 and 17 of said Plan, beginning with the title "First Mortgage 6% Income Bonds dated March 15, 1935 and due March 15, 1946" and ending with the words "approved by the Committee subject to the approval of the Court", and insert in place thereof the following title and paragraph:

*Prior Preferred Stock.*

The prior preferred stock shall have a par value of \$10.00 per share and shall be entitled to cumulative dividends at the rate of 6% per annum, shall not be convertible, shall be callable at par, in whole or in part, upon thirty days' notice, shall be preferred as to assets and dividends over the preferred stock and common stock and shall entitle the holders to one vote for each share issued and outstanding.

5. Insert after the word "dividends" in the second line on page 18 of said Plan the words: over the common stock.

6. Strike out all of paragraphs (1), (2) and (3) on page 20 of said Plan beginning with the words "All the assets of the Iron Cap Company" and ending with the words "held by both the Iron Cap Company and the Products Co.;" and insert in place thereof the following paragraphs:

(1) All the assets of the Iron Cap Company (subject to the lien of the mortgage securing the First Mortgage Bonds of the Iron Cap Company and to valid tax liens, if any), excepting the First Mortgage Bonds of the Christmas Company and the capital stock of the Products Co. now held by Iron Cap Company and the receivables owing to the Iron Cap Company by the Products Co. and the Christmas Company;

(2) All the assets of the Products Co., excepting the First Mortgage Bonds of the Christmas Company and the capital stock of the Iron Cap Company now held by the Products Co. and receivables owing to said Products Co. by the Christmas Company;

(3) Prior preferred stock of the New Christmas Corporation, as provided in this Plan, in lieu of the First Mortgage Bonds of the Christmas Company now held by both the Iron Cap Company and the Products Co., with all accrued and unpaid interest thereon;

7. Strike out from the second and third line of paragraph (b) on page 21 of said Plan the words "to the lien of the First Mortgage securing the First Mortgage Bonds of the Christmas Company," and insert in place thereof the word: only.

8. Strike out all of paragraph (1) beginning at the bottom of page 21 of said Plan with the figure and words "(1) Execute with the Trustee under the First Mortgage" and ending at the top of page 22 of said Plan with the words "Bonds and Mortgage as hereinbefore provided;".

9. Designate paragraph numbered (2) at the top of page 22 of said Plan as paragraph (1).

10. Strike out all of paragraphs numbered (3) and (4) on page 22 of said Plan beginning with the figure and words "(3) Cause to be delivered to" and ending with the words "to the extent hereinbefore provided." and insert in place thereof the following paragraph:

(2) Issue to or on the order of the Committee all its prior preferred stock and preferred stock which is required to be distributed under the provisions of the Plan to the holders of the present First Mortgage Bonds of the Christmas Company and to the creditors of the Christmas Company in the manner and to the extent hereinbefore provided.

11. Designate the paragraph numbered (5) on said page 22 as paragraph (3).

12. Strike out all of paragraph numbered (3) on page 23 of said Plan beginning with the figure and words "(3) The Christmas Company shall be released" and ending with the words "New Christmas Corporation, as provided in Subdivision D, paragraph 3, of Part III of the Plan." and insert in place thereof the following paragraph:

(3) The Christmas Company shall be released and discharged from all its liabilities; the holders of the First Mortgage 6% Bonds of the Christmas Company and the holders of judgments legally constituting liens upon property of the Christmas Company shall be entitled only to receive 6% cumulative prior preferred stock of the New Christmas Corporation in satisfaction of the principal of and interest on said Bonds and in satisfaction of the principal of and costs and interest on said judgments, respectively, as provided in Subdivision D, paragraph 3, of Part III of the Plan; the owners of claims for taxes and tax liens, to the extent not paid in cash, and the Foxworth-Galbraith Lumber Company lien shall be entitled only to look to the New Christmas Corporation and/or their respective liens, if any, for payment of such claims; and the holders of other indebtedness of the Christmas Company, including such part, if any, of the Foxworth-Galbraith Lumber Company claim as is not secured by any valid lien, shall be entitled only to receive 6% non-cumulative preferred stock of the New Christmas Corporation, as provided in Subdivision D, paragraph 3, of Part III of the Plan.

13. Strike out from the fifth and sixth lines of paragraph (b) on page 26 of said Plan the words "the Indenture supplemental to the Christmas Company first mortgage and" and strike out from the seventh line of said paragraph (b) the word "securities,".

14. Strike out all that portion of page 34 of Exhibit A of said Plan relating to the basis for distribution of new securities of the New Christmas Corporation, designated (c) on said page, and insert in place thereof the following:

NEW CHRISTMAS CORPORATION  
 Prior Preferred Shares    Preferred Shares    Common Shares

(e) Christmas Copper Company

First Mortgage Bonds; for each complete unit of \$10.00 principal and interest as per Plan	1		
Judgments constituting liens; for each complete unit of \$10.00 principal and interest as per Plan .....	1		
Current indebtedness; for each complete unit of \$10.00 principal and interest as per Plan		1	
Preferred and Common Stock; holders who subscribe; for each complete unit of 100 shares and \$3.00 .....			1

15. Strike out all that portion of page 34 of Exhibit A of said Plan under the title of "Securities of New Christmas Corporation to be Owned by New Iron Cap Corporation." and insert in place thereof the following:

		Approximate Percentages of total issues
Prior Preferred Stock .....	65,919 shares	86.6
Preferred Stock, approximately .....	16,454 shares	93.2
Common Stock            Not less than.....	7,300 shares	Not less than 73

IRON CAP COPPER COMPANY  
 By FRANK P. KNIGHT  
*Its President.*

MINERAL PRODUCTS CO.  
 By FRANK P. KNIGHT  
*Its President.*

CHRISTMAS COPPER COMPANY  
 By FRANK P. KNIGHT  
*Its President.*

The Reorganization Committee under said Plan hereby approves the foregoing amendment thereto.

REORGANIZATION COMMITTEE  
 By HARRY P. KITFIELD

**STATEMENT REGARDING**  
**CERTAIN CONDITIONS AND PROSPECTS**  
of the  
**CHRISTMAS MINE**

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This statement is prepared and submitted to common stockholders of Iron Cap Copper Company and preferred and/or common stockholders of Christmas Copper Company in connection with certain rights of subscription pursuant to the "Plan of Reorganization of Iron Cap Copper Company and its Subsidiaries Dated as of May 27, 1935." No statement, explanation or suggestion contained herein is intended or is to be accepted as a warranty or representation by Christmas Copper Company or as a condition of any subscription.

The statements and information contained herein are addressed solely to the stockholders above mentioned, and no statement or information contained herein is to be deemed a solicitation, offer, prospectus, communication or representation to any one other than the stockholders aforesaid and no person other than such stockholders shall be entitled to rely thereon for any purpose.

*Original  
in Prospectus  
File*

## SUMMARY AND CONCLUSIONS

(1) The Christmas copper mine in Gila County, Arizona, was operated for many years prior to 1932, with occasional interruptions. Shortly before the last suspension of operations of the concentrating mill important ore discoveries were made in new openings in the lower levels of the mine.

(2) With a production of the same tonnage as for the last year of mill operation, earnings on the bases set forth herein, including 3.18% ore, actual costs for that period with adjustments as set out herein, and a copper price of 8.775 cents, are estimated at \$209,335.10 per year, after depreciation and Federal and Arizona income taxes, but before interest and depletion.

(3) There are estimated to be not less than 1,100,000 tons of ore averaging 3.18% or more copper, in the lower series of ore beds, west of the Christmas fault. There is justification for expectation of higher grade ore than 3.18%. The ore in the three important ore disclosures in the lower limestones averages approximately 4% copper.

(4) There is estimated to be a minimum of 2,200,000 tons of ore east of the Christmas fault, of which approximately one-half should correspond to the west side ore of the previously mined upper series, and one-half to the ore of the newly discovered west side lower series. This total of 3,300,000 tons should provide ore for operations at present capacity for a period of about 15 years.

(5) The position of the copper industry has improved to an extent that is not generally realized and the Christmas mine should be able to sell in the domestic market its capacity output of copper by the time it can be made ready for such production, although if capacity operations were now being conducted a part of the output would probably have to be marketed at the export price.

(6) Although the figures of estimate herein are based upon the present domestic price, some betterment is expected.

(7) The Christmas mine is well equipped for the production of 700 tons per day. The present capacity of the concentrating mill is 500 tons of ore per day.

(8) Mining operations were suspended in 1932 and it is believed a minimum of \$150,000 of new capital will be required to get operations under way in the lower ore beds.

1935

## PROPERTY AND EQUIPMENT

The Christmas mining property is situated in the Banner Mining District in Gila County, Arizona, on the north bank of the Gila River some twenty miles below Coolidge Dam. It consists of 37 patented claims, comprising 553 acres, and 39 unpatented claims. All of the known and probable ore lies within the limits of the patented claims. A branch of the Southern Pacific Railroad runs to the property.

The Company owns more than 100 buildings on the property, including store, club-house, school and dwellings, with a water supply system and hydrants for fire protection. There were 150 children in the school and 900 people living in Company houses in 1930.

A crushing plant and concentrating mill were completed in 1929 and treated an average of 540 tons of ore per day during the last year of operation. A filter plant at the railroad handled the concentrates which were piped from the mill. There is ample provision for future tailings disposal. A power plant was erected in 1929 and 1930, having four Diesel engine-generators with an aggregate capacity of 1800 horse-power. The entire equipment is modern, efficient and of ample capacity for the production of the tonnage formerly handled.

## THE CHRISTMAS MINE

### History

The Christmas mine was originally located in 1883 but was found to be within the San Carlos Indian Reservation and the owners had to withdraw. In 1902 a portion of that reservation, including the Christmas area, was restored to public domain. Thereupon it was relocated on Christmas eve and the locality was named Christmas by the locator. The mine was operated on a small scale for many years, with some interruptions.

The mine has yielded upwards of 1,050,000 tons of ore averaging 2.4% copper from the upper series of ore beds, above the 500 level. Over 600,000 tons of that production were mined prior to 1929 from the higher grade portions of the beds of the upper series and shipped as direct smelting ore averaging about 2.7% copper. Following completion of the concentrating mill in 1929, mining from the remaining and less promising portions of such beds yielded the lower grade ore, about 2%, treated in the mill. Operations were continued successfully until the drastic slump in the price of copper, which began before the new high grade ore beds were disclosed, and forced a shutdown as above stated.

### Geology and Ore Occurrence

The following discussion of Geology and Ore Occurrence is based on and substantiated by reports of the following mining engineers and geologists, viz., Oscar H. Hershey, Gelasio Caetani, Augustus Locke, Guy N. Bjorge, Roland Blanchard, all now or formerly of San Francisco, California, and George A. Packard of Boston; all of which reports are in substantial agreement. Copies of such reports are on file in the office of Iron Cap Copper Company at Beverly Farms, Massachusetts, and are available to all stockholders of that Company and its subsidiaries.

The ore occurs in rather flat limestone beds near their contact with a large mass of diorite porphyry which has intruded up through them. These beds in the upper levels vary in thickness from 3 or 4 feet to some 68 feet, the average being about 20 feet, as shown in Plate II. Each bed has local variations but all have remarkable continuity and uniformity of ore content and grade. The limestone is partially altered to garnet near its contact with the porphyry mass and the ore is contained in this garnetized limestone.

The ore in the upper levels has an average width of about 80 feet adjacent to the porphyry contact, although in places it reaches a width of 170 feet. Approximately 4000 feet of the contact have been explored on the upper levels and ore has been found in the favorable beds along practically that entire length, as shown by the map, Plate I.

The ore in the upper levels was found to be remarkably uniform in composition; to quote Mr. Caetani, "One is impressed with the great uniformity of the grade of the ore itself." The copper occurs as sulphides, principally chalcopyrite with some bornite and chalcocite. There is considerable oxide ore near the surface, particularly on the south side.

The ore-bearing geological formations at Christmas are the Pennsylvanian and Mississippian Limestones of the lower Carboniferous, here called the Tornado Limestone, and beneath these the Devonian, Martin Limestone. These formations are all well known in the southwest as favorable for copper deposits. The ore mined to date has come from well above the bottom of the Tornado Limestone, most of it from a thickness of about 125 feet of limestone on the south side of the porphyry and 200 feet of limestone on the north side, or at least 5000 tons for each foot of thickness of favorable beds. The average yield per linear foot of contact explored, from beds mined to date, is about 260 tons. Practically all of this yield has come from above the 500 level, west of the Christmas fault.

The Christmas fault (see Plates I and II) crosses the property

and divides the main mass of porphyry approximately in halves, of which the easterly portion was dropped possibly 1000 feet or more with respect to the westerly portion in which all mining has been conducted. As a result of this great movement of ground, the continuations of the ore beds heretofore mined should be found east of the fault 1000 feet, more or less, below their position west of the fault.

The length of contact of limestone beds with the portion of the main mass of porphyry, east of the Christmas fault, is estimated at 6000 feet, 50% more than on the explored west side, and because west of the Christmas fault the favorable limestone beds of the upper series have yielded ore along practically the entire length of the contact, there is, to quote Bjorge, "an excellent chance that similar ore beds continue at greater depth on the east side of the fault."

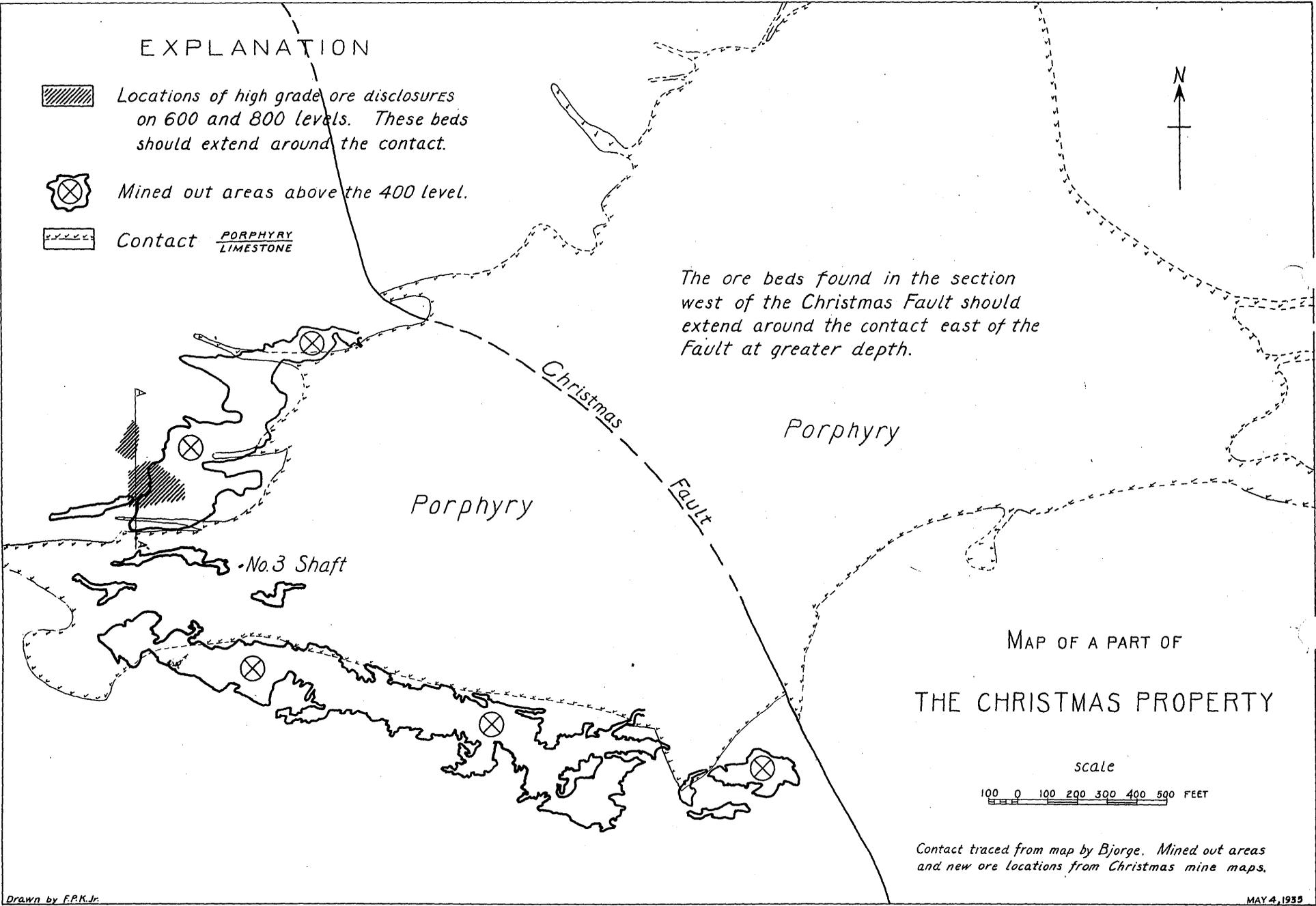
His remark is equally applicable to the new ore in the lower limestone series. Furthermore, there is increased mineralization in the andesite east of the fault which, according to Bjorge, "promises well for the underlying limestone." Because of these conditions he reported, "There is a fair chance, therefore, that the area east of the fault will yield considerably more ore than that west of the fault but with the disadvantage that it will occur at much greater depth."

#### **Important New Ore**

Past production has come almost entirely from regions above the 500 level in which little known ore of importance at present metal prices remains. The ore does not have vertical continuity and development work between the 400 and 600 levels has not encountered important ore, although it has not been sufficient to indicate the non-existence of such ore. However, it was at and below the 600 level that development work, in May and June, 1931, resulted in what are believed to be the most important ore discoveries in the history of the mine. Three important, high-grade ore discoveries were made, the so-called 604, 817, and No. 3 shaft beds. These call for careful consideration of their details, set forth under "Ore Reserves." They appear to confirm Hershey's, Locke's, Bjorge's, Packard's and others' opinions that the lower limestones should be more favorable for ore than the upper.

#### **Ore Reserves**

There never has been any considerable quantity of Christmas ore actually blocked out and at no point in the history of the mine has it been possible to determine with accuracy reserves of "proven ore," in the accepted sense; but the continuity of the ore beds, while somewhat broken by faults and porphyry tongues, has justified estimates



EXPLANATION

-  Locations of high grade ore disclosures on 600 and 800 levels. These beds should extend around the contact.
-  Mined out areas above the 400 level.
-  Contact PORPHYRY  
LIMESTONE

The ore beds found in the section west of the Christmas Fault should extend around the contact east of the Fault at greater depth.

MAP OF A PART OF  
THE CHRISTMAS PROPERTY

scale  
100 0 100 200 300 400 500 FEET

Contact traced from map by Bjorge. Mined out areas and new ore locations from Christmas mine maps.

Drawn by F.P.K.Jr.

MAY 4, 1935

of practically proven and probable ore reserves, based on comparatively limited areas only partially blocked out. In his 1919 report Mr. Packard estimated in beds then exposed near the shaft above the 400 level, practically proven and probable ore equal to 770,000 tons. Subsequent to that report 715,000 tons were taken out and it is not questioned that more than 55,000 tons of ore remain in the upper series of beds upon which he based that estimate.

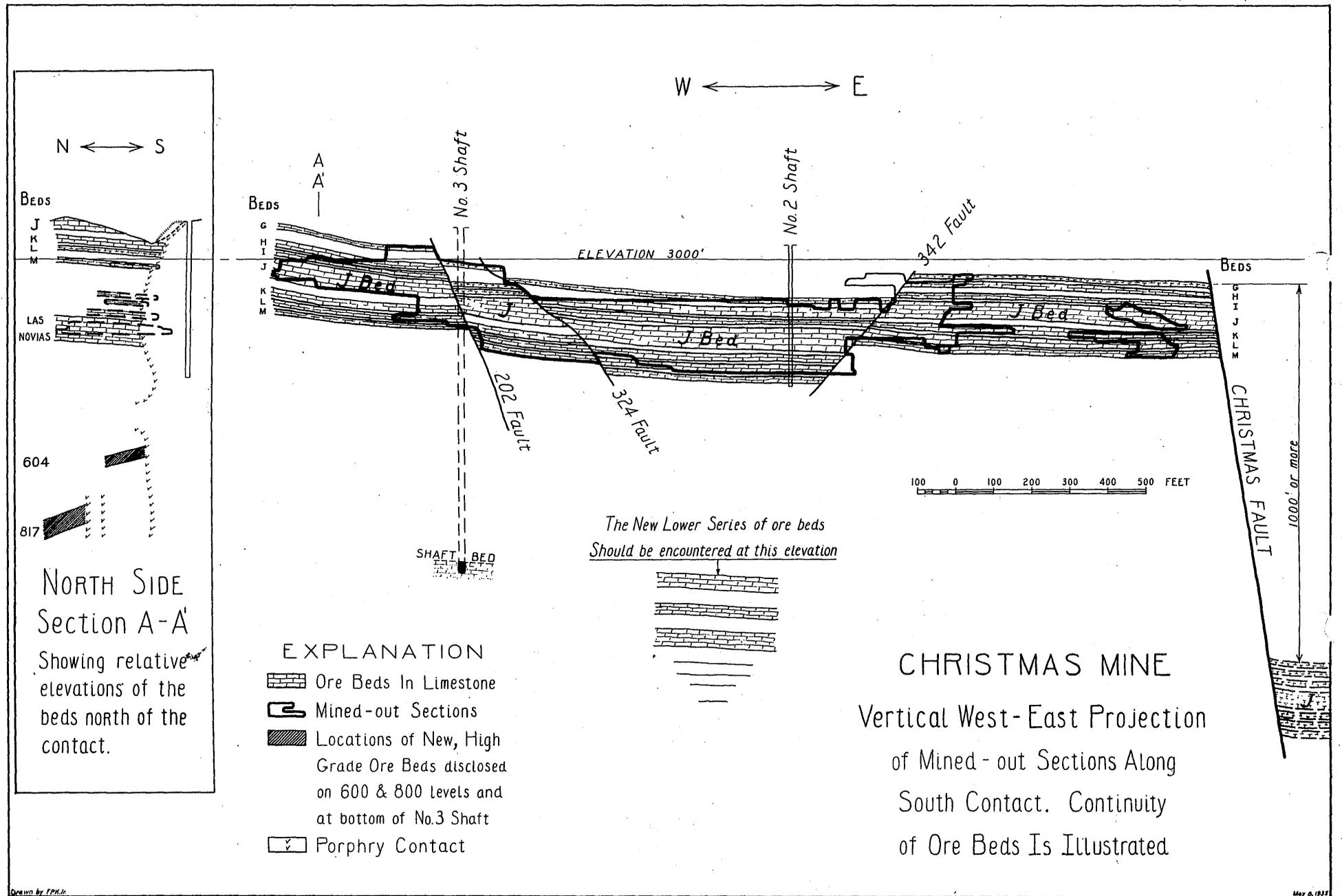
Mr. Packard, in a statement dated February 11, 1935, based on the Company's records, gave his estimate of "proven ore" in the new 604 and 817 beds as 44,390 tons of an average of 4.7% copper and his determination of the amount of ore "indicated" in the beds already disclosed in the lower levels as "400,000 tons, which, with copper at 9c a pound, will have a net value of \$400,000 or more." He states, furthermore, "I restate my opinion that there will be found in the remaining 6,000 to 10,000 feet of contact on both sides of the Christmas Fault, and in the unexplored lower, elsewhere more favorable, beds, 3,000,000 tons, and possibly much more ore of a grade equal to or better than past production."

The minimum average expected grade of the entire lower series tonnage is 3.18% copper. All of the lower level openings driven in 1931 by the Company in ore beds north and west of the No. 3 shaft and in the shaft itself were sampled, as the work progressed, by cutting channel samples at five foot intervals. The average of all such samples was 3.18% copper. Furthermore, a shipping test from these openings, on 1351 tons of ore, showed an average of 3.27% copper as per smelter settlement statements. The channel samples from the 604 and 817 beds averaged 4.7% copper and the bed in the bottom of the shaft, 3.42% copper. The Company prefers to rely, however, upon the sampling over the broadest area possible even although there is included much ground that would not be mined in actual operation. Should the average grade of the ore exceed 3.18% the estimates of earnings with operations at capacity would be increased to the extent of about \$20,000. per annum for each one-tenth of one per cent increase in grade.

#### **Details of New High Grade Ore Beds**

##### **604 Bed**

This is a well-defined bed of ore in garnetized limestone, exposed on the 600 level and probably in the top of 810A raise. It overlies the large 809 bed of ore in shaly limestone which is exposed and delimited to the north, east and south on the 800 level by some 846 feet of drifts and raises. The 604 bed has a thickness where exposed of 16 feet and



Drawn by E.P.H.

May 6, 1913

a probable 25 feet is estimated. There is strong foundation for belief in its uniform extension over the limits of the 809 bed, and sound geological reason to expect it to be part of a highly favorable bed extending around the entire porphyry contact.

#### **817 Bed**

This is a well-defined bed of ore in garnetized limestone, typical of the ore beds above it and having a proven thickness where exposed of 45½ feet. Channel samples taken at 5-foot intervals in all openings in the bed average 4.7% copper. This thickness and high grade indicate that it is probably the most important bed yet discovered in the Christmas mine.

#### **Shaft Bed**

This is a well-defined bed of ore, proven where exposed to be more than 28 feet thick, in garnetized limestone typical of the great beds above it along the south contact with the main porphyry mass. It was encountered in the sinking of No. 3 shaft shortly before work was suspended, and the bottom of the shaft is in excellent ore with no sign of the lower limit of the bed. Other than this exposure by the shaft itself there are no openings in the bed.

The location and characteristics of the 604, 817 and Shaft beds indicate in the opinion of Mr. Packard that they are three separate beds which should yield 440,000 tons or more of ore along the contact west of the fault. The average grade for this tonnage should closely approximate that demonstrated in the openings made in these beds, namely, 4.0% copper.

#### **Mine Equipment**

The mine is equipped with hoists, compressors, pumps, bins, change house, machine shop, tools, etc., all sufficient, when necessary repairs are made, for a production of 700 tons per day.

#### **Methods and Costs of Operation\***

The mine is operated through the main, three compartment, vertical, No. 3 shaft, 908½ feet deep. Four other shafts help supply ventilation. There are levels opened extensively at approximately 100, 200, 300, 400, 500, and, to a somewhat limited extent, 600, 800 and 900 feet below the surface. These levels and the vertical connections, called "raises," between them are the result of approximately 10 miles

\*This description of "Methods of Operation" is a description of the methods formerly used and proposed to be used upon resumption of mining. It is of course understood that the mine is not being operated at present.

of underground tunnelling. Of this 10 miles, about 6 miles on the upper levels are abandoned because the ore near them has been taken out.

The room and pillar method of mining is used. The large underground rooms are called stopes. The largest extend hundreds of feet, the ceiling being supported, while the ore is being taken out, by pillars of rock left in place. The ore is drilled and blasted from the sides and ends of these rooms. The broken ore is then shovelled or trammed into vertical openings called "chutes," through which it is "drawn" into cars on a main level below. These cars are hauled by electric locomotive to the shaft and hoisted to the 400 level, where a larger electric locomotive takes the ore through the 400 tunnel, which reaches the surface, by an approximately horizontal route, near the Christmas fault, and thence over the surface railway to the mill. A certain amount of ore which in the past has gone directly to the smelter for fluxing purposes without being milled was hoisted to the surface at No. 3 shaft and taken by an overhead cableway down the mountain to railroad cars.

No. 4 shaft was sunk to a depth of 518 feet, which corresponds approximately to the proposed 1000 level at No. 3 shaft, with a view to connecting with said No. 3 shaft at said 1000 level of the latter. At some future date it is planned to raise all ore through this No. 4 shaft.

At the mill, the ore is crushed and then ground in large, revolving mills to a fine sand. This sand goes to flotation cells which float the particles of concentrated ore over the sides in an oily froth while the waste drops to the bottom. These ore particles are called "concentrates" and the waste, "tailings." The concentrates are piped down the mountain, allowed to settle in tanks, filtered and dropped into railroad cars. The tailings from each month's capacity production would cover approximately an acre of ground to a depth of about ten feet, and therefore a large acreage is required for their future disposal. The company owns ample area for such disposal in the valley north of the town.

The mine workings have required the pumping of only 35,000 gallons of water per day. Water for the mill is pumped from wells located on the property near the Gila River.

Table I sets forth detailed costs for the last year of operation of the Christmas mine and mill.

### Estimated Future Costs, Receipts and Earnings

Tables II and III herewith set out estimates of future costs of, and production, receipts and earnings from, operations in the lower series of ore beds. The average grade of the ore to be produced from the entire lower series is taken as 3.18% copper in accordance with the sampling over a considerable area as above set out.

The estimated costs and receipts are based upon capacity operations. Under the selling quotas provided in the recent copper code restrictions, capacity production could not now be marketed as "Blue Eagle" copper at the present domestic price of 8.775c f.o.b. refinery, and about 50% would have to be marketed at the export price, now about 8c f.o.b. refinery. In the discussion of the copper situation below there is set forth the basis for the belief that, by the time the Christmas mine can be brought into full production, any existing restrictions will have been removed and its output will be marketable at the domestic price then obtaining.

It should be noted that in case the full production of the Christmas mine at any period in the future cannot be marketed at current prices, the ore discoveries above referred to would seem to indicate that there is a tonnage of higher grade ore that should allow profitable operation on a part capacity basis at present copper prices.

It is estimated that the amount of copper which will be recovered in the milling operations will be 90% of that in the ore, which percentage was approximately the percentage resulting from tests of representative samples from the 817 and 604 beds. The recovery obtained in the early months of operation of the present mill, when the percentage of copper in the form of oxides was kept low by selective mining, was approximately 90%. However, such a large amount of the developed ore was near the surface and highly oxidized that it soon became necessary to mine the oxidized ore as it was encountered and the recoveries in milling dropped materially. So far as yet appears, there is little oxidation in the 604, the 817 and the No. 3 shaft ore, which has the characteristics of excellent milling ore. No milling tests were run upon the shaft bed ore for the reason that work was suspended within a brief period after that ore was first disclosed. It was, however, described at the time by the superintendent as excellent milling ore.

The smelting charges used in the estimates are those in force during the last year of mill operation. The Hayden smelter is now closed and we have no information as to when it will be reopened. However, the Smelting Company has indicated that it will treat the Christmas concentrates at its El Paso smelter with practically the same net results

to the Christmas Company, on present metal prices, as would be received from its Hayden smelter. Crude smelting ore could not be shipped profitably to El Paso and it is possible that all of the ore production will be concentrated in the future, in which case the net result to the Company would be almost exactly the same on the former basis of smelting rates, although some additions to the concentrating mill would probably be necessary to handle the increase of 17% in the tonnage to be treated in the mill.

Gold and silver credits are calculated at the present prices of \$35.00 per ounce and 75c per ounce, respectively, and upon the recovery of the same quantity of gold and silver per pound of copper recovered in the mill as for the last full year of operation. We believe that this is the most reliable basis upon which to estimate, in the absence of sampling and assaying concentrates from the lower levels for gold and silver. Samples of crude ore from those levels were assayed by a commercial laboratory for gold and silver but the quantities, particularly of gold, were so minute that we do not regard them as accurate bases to forecast the gold recovery from the production of concentrates. For example, in tests run before the present mill was built, the gold assay of the crude ore was determined to be .003 ounces per ton and assay of the concentrates resulting from this ore showed the gold content actually to have been .006 ounces per ton of crude ore instead of the .003 determined by the crude ore assay. The metallurgist at a large laboratory, who conducted that test, attributed this disproportion to the "impossibility of sampling and assaying of ore for such a small amount of gold."

Power costs used are those of the average of the last year of capacity operation at the property. There has been some increase in the price of oil and the present cost of generating power would be about \$4,300. per year higher. However, this is offset by the fact that there is surplus power available from the Government plant at Coolidge Dam, and the power line from that plant crosses the Christmas property. On the basis of use of that power during the periods when it is estimated to be available, and at prices which have been quoted to the Christmas Company, there should result an annual saving compared with former costs of approximately \$14,000.

The development cost of .196c per ton of ore for the last year of operation appears low to Mr. Packard, who believes that, based upon the past records of development and production of the mine, it would be expected to average in the future about 33c per ton. Mr. Packard's figure is based upon past records showing that 24.3 tons of ore have been obtained for each foot of development in the history of the mine.

We are of the opinion that, with the somewhat haphazard mining methods of the early operators, there was considerable duplication and misdirection in development work and that a higher production per foot will be obtained in the future. Furthermore, we believe that, if the expenditure for development which Mr. Packard recommends is actually made in the future, there will result savings in mining costs greater than the increased development costs. The difference between the actual development cost for the last year of operation and Mr. Packard's estimate would amount to about \$29,000. per year.

The actual base rates for labor for the last 12 months of mill operation are set forth in the tables herewith. They cover a rather wide range and adjustment has been made, as shown, to base rates of 35c and 40c per hour, which, it is believed, are fair rates for the particular district under present copper prices; they are about in line with minimum rates prescribed by the copper code for the Ray district, which may be said to include Christmas.

The figures of estimate herewith are not intended as representations of results that can be obtained immediately upon resumption of work, but are set out as the best opinion of the management as to results after the rate of production shall have reached capacity.

#### **Necessary Before Resuming Production**

Before production can be resumed it will be necessary to dewater and retimber the main working shaft, to repair equipment where necessary and to clean out the underground openings to be used in connection with work on the lower levels. New underground openings will have to be made to permit economical extraction of ore from the new beds. Many of the buildings will require repairs. The minimum amount of new capital needed is estimated as follows:

Dewatering No. 3 shaft	\$7,000.
Retimbering shaft and stations, underground cleaning out and repair work	33,750.
Surface repairs and replacements	15,570.
New underground openings	30,000.
Taxes and interest accumulated thereon	18,000.
Additional deposit with Arizona Industrial Commission, increased supply and store inventories, contingencies and working capital	45,680.
	<hr/>
	\$150,000.

While it is impossible to determine the actual amount of underground caving, we believe that the foregoing includes sufficient allowance for contingencies in that respect. There is not included in these estimates a sufficient allowance for new underground openings to prepare for full operation, but we are confident that after the expenditure of such amount and with a resumption of operations on a part capacity basis at the start, the mine will pay its way and will gradually resume full operations on a sounder basis than if full operation were to be attempted from the outset.

#### **THE COPPER OUTLOOK\***

The condition and outlook of the copper metal market is a factor of greatest importance in the consideration of the outlook for the Christmas property. The following discussion is presented in support of our belief that the situation warrants the earliest possible resumption of production at Christmas.

#### **Summary of Discussion and Conclusions Indicated**

1. That by early 1936 stocks of copper metal should be normal.
2. That the total productive capacity of the mines of this country is approximately 1,100,000 tons of copper annually.
3. That the productive capacity of United States mines having costs under present conditions, before depletion, of 9c and lower is not more than 770,000 tons of copper annually, or about 70% of the total.
4. That by early 1936 there should be needed for United States "consumption" the production at capacity of all of its mines which can produce copper at or below 9c per pound. United States "consumption" in 1936 should arrive at an annual rate of 800,000 tons.
5. That following resumption of a normal increase in the consumption, the supply of copper obtainable at 9c will be inadequate and the price will increase.

\*The facts set out in this discussion are largely taken from various Government and trade reports and statistics. They are not within our personal knowledge, but we believe them to be substantially correct.

### **Stocks of Copper**

Stocks of refined, blister and process copper in this country started to increase in 1929 from a normal level of about 300,000 tons to a peak of nearly 700,000 tons in 1932 and have since steadily declined. The excess of apparent consumption over production for 1934 was 73,000 tons. At the end of 1934, stocks were 462,000 tons, of which 101,000 tons were held for the account of domestic consumers. At the 1934 rate of decline, stocks of copper in this country will be down to the normal level of about 300,000 tons by early in 1936, several months before the Christmas mine can be made ready to go into full production. Foreign stocks at the end of 1934 were less than 90,000 tons.

### **Low Cost United States Productive Capacity**

The productive capacity of the mines in this country with costs, under present conditions, of 9c per pound and lower, including depreciation but not including depletion and interest, is not over 770,000 tons of copper annually. The report of the United States Tariff Commission to the United States Senate, dated November 30, 1931, sets out on page 71 that for the year 1928, 60% of the production of this country was produced at a cost, without depletion or interest, below 10c per pound, and 40% at above 10c, and, on page 73, that less than 40% was produced at a cost of 9c or less.

There are no published statistics available from which to determine accurately present actual costs of operating approximately at capacity. The United States Bureau of Mines Information Circular 6773, dated March, 1934, sets out that the average yield per ton of ore in 1928 in United States copper mines was 28.2 pounds per ton and for 1932 was 37.53 pounds per ton. It is obvious that the cost per ton is increased on account of the sharply curtailed production of the past few years, but it is likewise clear that, because of the small tonnage mined, producers have been able, by selection, to raise the average grade of ore mined to its highest level since 1910, so reducing costs per pound. Thus a property with an average yield under capacity operation of 25 pounds per ton and a mining and milling cost of \$1.50 could for a time hold its cost per pound of copper constant by selection of its ore to yield 35 pounds per ton if its cost per ton of ore increased to \$2.10 by reason of a low rate of production. It is obvious that this increase in yield could not be obtained indefinitely with capacity operation.

The cost of smelting, refining, freight and selling is only slightly changed from 1928. The report of the Tariff Commission above re-

ferred to sets out that there was a variation for the three years 1928, 1929 and 1930 of only .04c per pound in the cost of refining; likewise .04c per pound in the cost of smelting. There has been no general change in freight rates. The cost of smelting, freight and refining is roughly 3c per pound, leaving the balance of the total cost as the variable factor. The total average cost of mining and concentrating, without depletion or interest, for the United States for the year 1928 was 6.55c. At the present prices of gold and silver the additional by-product credit for 1928 would have been about .45c per pound of copper. A reduction of 15% in the 1928 labor costs for mining and concentrating would account for about .53c per pound of copper. Costs of the major supply items at the present time seem to be about the same as during 1928. Although no general statistical information is at hand whereby an accurate statement can be made, it is believed from the foregoing that capacity costs at the present time would be approximately 1c per pound less than for 1928. In that year, as set forth above, 60% of the total copper was produced at a cost of 10c per pound or less, without depletion or interest. Accordingly, it would appear that 60% of the total productive capacity could now be produced at 9c per pound, without depletion and interest. To allow for borderline production an additional 10% is added to arrive at the 70% which is estimated to be the maximum percentage of the total productive capacity of this country which can be produced at 9c per pound without depletion and interest.

#### **Total United States Productive Capacity**

The total productive capacity of the United States mines is not greater than 1,100,000 tons of copper annually. This is approximately the amount produced in 1929. The Code of Fair Competition for the Copper Industry, approved April 21, 1934, set out that "The relative annual productive capacities of such members, arrived at solely for the purpose of establishing sales quotas" amounts in the aggregate to 1,001,000 tons. There have been no new mines of importance in this country brought in since 1929.

#### **United States Low Cost Productive Capacity Needed by 1936**

Statistics of consumption of copper do not purport to represent for any given year the amount of copper which actually went into manufacture in that year. Just how much cannot be determined, but it seems clear that a part of the decline from an "apparent consumption" of approximately 1,100,000 tons in 1929 to 312,000 tons in 1932 is

counterbalanced by reductions in the holdings of refined copper by manufacturers and dealers. So long as there are accumulated excess stocks in the hands of the refiners it is probable that manufacturers and dealers by and large will continue with extremely low holdings, but that upon the close approach of refinery stocks to normal these buyers will return to something like normal holdings. Thus, while the stocks of copper in the hands of producers, according to the report of the Tariff Commission above referred to, declined from 560,000 tons at the end of 1920 to 300,000 tons at the end of 1922, the "apparent consumption" (United States) increased from 370,000 tons in 1921 to 740,000 tons in 1923 (figures given are approximate). It would seem that a similar situation exists at present. According to our information and computations, stocks of copper in the hands of producers at the end of 1934 were about 462,000 tons, have been declining since that time and are expected to reach normal (about 300,000 tons) within less than a year; the United States "apparent consumption" in 1934 was about 435,000 tons, and if a similar relation is maintained between stocks on hand and "apparent consumption," we may hope that the "apparent consumption" in 1936 may reach an annual rate of 800,000 tons.

#### **Influence of Foreign Copper**

Because of the considerable resources and low costs of foreign copper, the average price which will obtain in this country for the metal is expected to be lower than past averages in spite of the tax on imported copper of 4c per pound. This tax expires shortly but is expected to be renewed. Consumption of copper outside the United States has been going on at a record high level for the past year and surplus stocks other than in this country are negligible. Moreover, an agreement was reached among world producers in the early months of this year which promises to regulate the amount of copper to be made available for sale outside the United States at a point commensurate with the amount required for consumption. The effect of that agreement has been a substantial increase in the world price for copper. There has been as yet no change in the domestic price but there is foundation for it and when the change comes it is believed most probable that it will be upward.

**CHRISTMAS COPPER COMPANY.**

June 15, 1935.

UNITED STATES  
COPPER

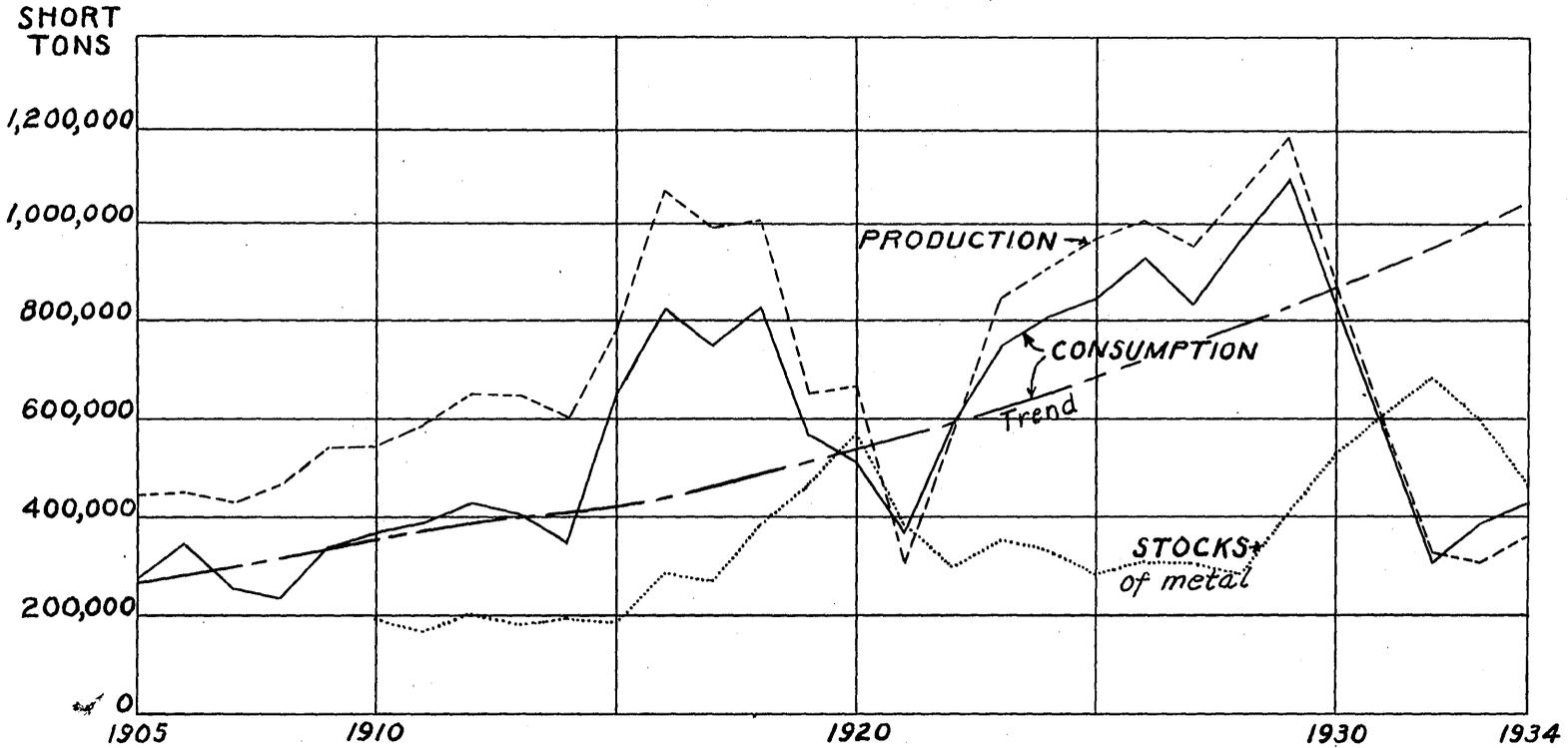


PLATE III

TABLE I.

ACTUAL COSTS FOR TWELVE MONTHS' OPERATION OF MINE AND  
CONCENTRATING MILL, MAY 1, 1930 TO MAY 1, 1931  
AS PER COMPANY'S BOOKS.

Dry tons of ore mined .....	219,782	
Dry tons of ore milled .....	189,382	
Dry tons of ore shipped crude	30,400	
	<i>Total</i>	<i>Per dry ton</i>
Ore extraction .....	\$351,211.64	\$1.598
Development .....	43,077.27	.196
Pumping .....	2,417.60	.011
Assaying .....	6,373.68	.029
Aerial tramway .....	7,252.81	.033
Mine office .....	9,670.41	.044
General .....	29,958.18	.136
	<hr/>	<hr/>
Total Mining .....	\$449,961.59	\$2.047
Haulage to mill .....	10,360.75	.047
Haulage drift amortization .....	9,469.10	.043
Milling .....	121,224.56	.552
	<hr/>	<hr/>
Total mining and milling .....	\$591,016.00	\$2.689
Credits, Rents, Store Profits, etc.....	35,861.28	.163
	<hr/>	<hr/>
Net operating cost .....	\$555,154.72	\$2.526
Eastern expense .....	7,409.88	.034
	<hr/>	<hr/>
Total—before depreciation .....	\$562,564.60	\$2.560
Depreciation .....	42,533.53	.193
	<hr/>	<hr/>
Total .....	\$605,098.13	\$2.753

## TABLE II.

## CHRISTMAS MINE.

ESTIMATED PRODUCTION, RECEIPTS AND EARNINGS.  
(On bases set out in the foregoing statement.)

## PRODUCTION:

Ore from the Christmas Mine:

Milling ore: 190,000 dry tons per year, average grade 3.18% copper.

Smelting ore: 30,000 dry tons per year, average grade 3.18% copper.

Total	220,000 dry tons per year, average grade 3.18% copper.
-------	--

## Copper:

Net from milling ore ..... 10,494,954 lbs.

Net from smelting ore ..... 1,668,000 lbs.

Total net production	12,162,954 lbs.
----------------------	-----------------

NOTE: 3.18% copper ore contains 63.6 lbs. of copper, gross per ton. Net production above is copper recovered and paid for. Estimated loss from concentration of milling ore is 10% and of the 90% recovered and shipped to the smelter, approximately 3½% is lost in smelting. The total copper in smelting ore is shipped to the smelter which pays for the excess above 8 lbs. per ton.

## Silver:

Net from milling ore ..... 56,560 ozs.

NOTE: Silver in the concentrates from milling ore is estimated as .005673 ounces per pound of copper net (the actual average ratio for the full year of operation ended April 30th, 1931). The smelter pays for 95% of such silver. The silver content of smelting ore is not accounted for separately but is taken into consideration in the smelting rates.

## Gold:

Net from milling ore ..... 1,718.55 ozs.

NOTE: Gold in the concentrates from milling ore is estimated as .00016375 oz. per pound of copper net (the actual average for the full year of operation ended April 30th, 1931). The smelter pays for 100% of such gold. The gold content of smelting ore is not accounted for separately but is taken into consideration in the smelting rates.

## RECEIPTS:

## Gross

From Copper 12,162,954 lbs. @ 8.775c..... \$1,067,299.21

From Silver 56,560 oz. @ 75c..... 42,420.00

From Gold 1,718.55 oz. @ \$35. less \$1.17 smelter  
deduction ..... 58,138.55

Total carried forward	\$1,167,857.76
-----------------------	----------------

Brought forward .....		\$1,167,857.76
Less:		
Smelting Charges:		
19,000 tons concentrates @ \$2.....	\$38,000.	
30,000 tons smelting ore @ 25c....Cr.	7,500.	30,500.00
		<u>30,500.00</u>
		\$1,137,357.76
Freight Charges:		
19,000 tons @ \$1.15 .....	\$21,850.	
30,000 tons @ .31 .....	9,300.	31,150.00
		<u>31,150.00</u>
		\$1,106,207.76
Freight east, refining and selling:		
12,162,954 lbs. copper @ \$0.025.....		304,073.85
		<u>304,073.85</u>
Net Receipts .....		\$802,133.91
Less Costs:		
Actual (see Table I) .....	\$562,564.60	
Less: adjustment of wages to 35c and 40c base rates* .....	28,921.15	
		<u>28,921.15</u>
		533,643.45
Balance, operating gain .....		\$268,490.46
Less: Depreciation .....		42,533.53
		<u>42,533.53</u>
		\$225,956.93
Less: Income Taxes:		
State of Arizona .....	\$4,106.27	
Federal .....	12,515.56	16,621.83
		<u>16,621.83</u>
Net earnings, before interest and depletion...		\$209,335.10

\*The base wage rates paid for the period May 1, 1930 to October 8, 1930 were 43 $\frac{3}{4}$ c and 50c; thereafter to January 15, 1931, 35c and 40c; and thereafter to May 1, 1931, 31 $\frac{1}{2}$ c and 36c. Wages in the past have varied and presumably in the future will vary, generally, with the price of copper.

**TABLE III.**  
**ESTIMATED FUTURE COSTS BEFORE INCOME TAXES**  
**AND DEPLETION.**

(On bases set out in the foregoing statement including 3.18% ore)

Milling Ore, dry tons per year	190,000		
Smelting Ore, dry tons per year	30,000		
Copper, total lbs. net per year	12,162,984		
		Total	Per dry ton of ore
Ore Extraction	\$351,211.64	\$1.598	2.888c
Development	43,077.27	.196	.354
Pumping	2,417.60	.011	.019
Assaying	6,373.68	.029	.052
Aerial Tramway	7,252.81	.033	.059
Mine Office	9,670.41	.044	.079
General	29,958.18	.137	.248
Total Mining	<u>\$449,961.59</u>	<u>\$2.047</u>	<u>3.699c</u>
Haulage to mill	10,360.75	.047	.085
Haulage drift amortization	9,469.10	.043	.078
Milling	121,224.56	.552	.997
Total Mining and Milling	<u>\$591,016.00</u>	<u>\$2.689</u>	<u>4.859c</u>
Credits, Rents, Store Profits, etc.	35,861.28	.163	.295
Net Operating Cost	<u>\$555,154.72</u>	<u>\$2.526</u>	<u>4.564c</u>
Less adjustment of wages to 35c and 40c base rates for labor	28,921.15	.131	.238
Total	<u>\$526,233.57</u>	<u>\$2.395</u>	<u>4.32c</u>
Eastern expense	7,409.88	.034	.061
Total	<u>\$533,643.45</u>	<u>\$2.429</u>	<u>4.387c</u>
Freight to Smelter	31,150.00	.141	.255
Smelting	30,500.00	.138	.250
Freight east, refining & selling	304,073.85	1.381	2.500
Total	<u>\$899,367.30</u>	<u>\$4.089</u>	<u>7.392c</u>
Less credit for gold and silver	100,558.55	.457	.824
Total, before depreciation	<u>\$798,808.75</u>	<u>\$3.632</u>	<u>6.568c</u>
Depreciation	42,533.53	.193	.349
Total	<u>\$841,342.28</u>	<u>\$3.825</u>	<u>6.917c</u>