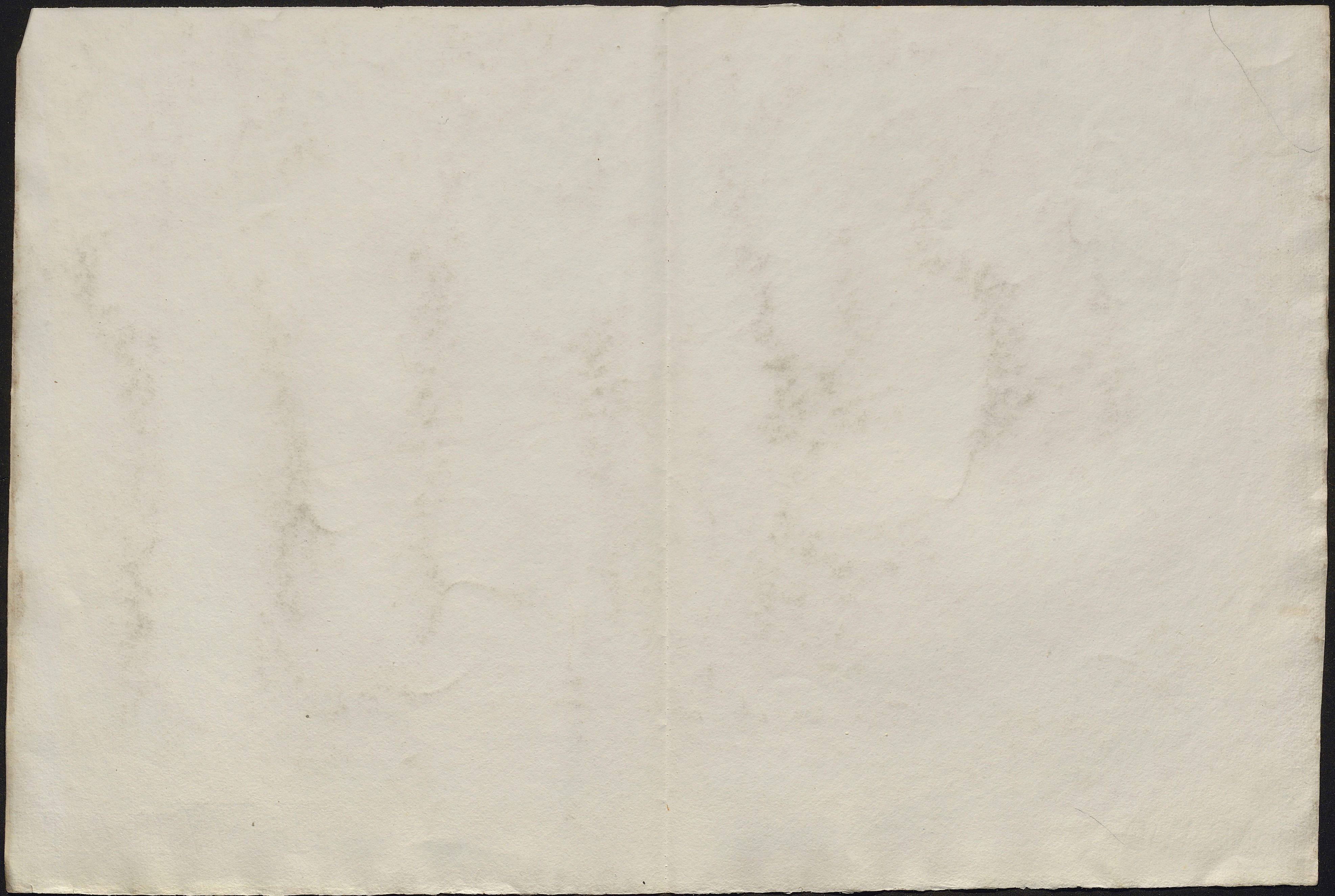


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ASBESTOS AND GENERAL TRUST, LTD.**Company in Voluntary Liquidation—New Company to be Formed to Reorganise Mine—Favourable Provisional Contracts Entered Into for Supply of Asbestos—Offers by Oversea Customers to Purchase Entire Output.**

At the extraordinary general meeting of this Company, which was convened in London on July 6th, for the purpose of placing it in liquidation, Mr. J. W. Meldrum, Chairman of the Company, who presided, intimated that, although every avenue had been explored whereby a scheme of reconstruction might be formulated, pressure of liabilities now made it necessary to go into voluntary liquidation. He, however, told the shareholders that a proposal had been put forward by means of which they will be afforded an opportunity of preserving their interest in the business.

The privilege of explaining this scheme to the meeting fell to Mr. E. Scott Robinson, representing the Debenture-holders, who said:

As your Chairman has already explained, the company which I represent advanced money to your company on the security of a mortgage on your Rhodesian properties, and we have further done our best to help you by allowing the interest to stand over for considerably over twelve months. When it became evident to us that owing to the lack of financial resources and the heavy liabilities which your company had to meet, there was no prospect of our interest or capital being repaid, we had no alternative but to take the necessary steps to protect our interests.

We feel, however, that shareholders who have already invested their money should have an opportunity of participating in any profits which may be made. With this object in view we have considered various methods by which we could give you such opportunity. It is not possible for me at the moment to give you the exact details of a scheme which will best achieve this object, but I will endeavour to put the position before you as briefly and concisely as possible.

Sketch of Proposed Scheme.

In the first place we propose to form a new company to be called the "General Asbestos Company, Limited," with a capital of £60,000 in 1s. shares. This capital, as you will observe, is little more than one-quarter of the original capital. Notwithstanding this, however, the new company will possess the whole of the old company's Rhodesian assets as well as some additional properties. This, as you will readily appreciate, places the new company in an infinitely better position than the old company.

There are, however, many other favourable points to be taken into consideration, among which I may mention that in the first place we are spending close on to £2,000 for the reorganisation of the milling plant, which, in accordance with our consulting engineer's plans, will be capable of turning out 300 tons of asbestos per month of the qualities required by asbestos buyers. This should be in proper working order by September next. I may also mention that this plant is being reorganised in such a manner that the output can be doubled if required at a comparatively small additional expense.

In order to ensure that there should be no delay in production, we have entered into provisional contracts for the supply of asbestos cobs from various outside sources, thus placing the new company in a position to earn immediate profits.

Guarantees of Success.

When I tell you that the working costs as given by our engineers should not exceed £11 per ton, and that our freight charges are about £5 6s. 6d. per ton, you will see that the total costs do not amount to more than £17 per ton.

We have enquiries from buyers both in this country and the Continent, in Japan and in New Zealand, who are ready to take the whole of our output at a minimum price of £25 per ton. This would work out at a gross profit of £2,400 per month, or £28,800 per annum. To be on the safe side, however, we are only estimating that we shall get half this output, immediately, with a corresponding profit of approximately £14,000 per annum. To pay a 20 per cent. dividend upon the total capital would only require £12,000.

I merely quote these figures to show you the very great possibilities there are for dividends and capital appreciation on the shares.

We will own the entire shares in the new company, having not only acquired the properties, but paid all expenses in connection with the registration, and in addition to this we are definitely assuring the success of the company so far as it is possible to assure the success of any mining venture, by guaranteeing a further sum of £5,000 as working capital. You will see, therefore, that we ourselves have every belief in the success of the undertaking.

MINERAL RIGHTS' CORRESPONDENCE.**Condition Precedent to Discussion of Purchase.**

From Sir Henry Birchenough, president, British South Africa Company, to the Hon. H. U. Moffat at the office of the High Commissioner for Southern Rhodesia in London, dated July 8, 1932:

"I am asked by the board of the British South Africa Company to communicate to you on their behalf the following reply to the representations made to them to-day by yourself and Mr. Fynn regarding the ownership of the mineral rights of Southern Rhodesia.

"The British South Africa Company regret that they cannot take any step which would in any way facilitate litigation of any kind on the question of the company's ownership of the mineral rights. If the Southern Rhodesia Government wishes to discuss the question of the purchase by it of the mineral rights the company will feel obliged to make it a condition precedent to such discussion that the Southern Rhodesia Government should make an admission in a form which will satisfy the company's legal advisers as being binding on the Southern Rhodesia Government and its successors that the company is the owner of the mineral rights."

From the Hon. H. U. Moffat to Sir Henry Birchenough, July 12:—

"I have to acknowledge the receipt of your letter of July 8, conveying the reply of the board of the British South Africa Company to the representations made through our Treasurer, Mr. Fynn, and myself, with regard to the possibility of the submission of the question of the ownership of the mineral rights of Southern Rhodesia to the Privy Council, or to some other high authority for a ruling, also of the further question of the purchase of these mineral rights by the Government.

"The reply of the B.S.A. Co. is noted and will be conveyed to the Government in Salisbury."

From Major the Hon. R. J. Hudson, Salisbury, Acting Premier, to Sir Henry Birchenough, August 10, 1932:

"Mr. Moffat has transmitted to me for attention your letter to him of July 8, together with his reply of July 12, on the subject of the ownership of the mineral rights in Southern Rhodesia. I regret to learn from the second paragraph of your letter that the British South Africa Company cannot take any steps to facilitate litigation on this question.

"The Government nevertheless intends to take such steps as it may be advised are necessary to settle the question, and in the circumstances is not prepared to make the admission asked for in the last paragraph of your letter under reply."

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