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PROSPECTUS

LONE STAR URANIUM COMPANY
504-1st. Nat'l. Bank Bldg.
Temple, Texas

INTRODUCTION

The Lone Star Uranium Company, a corporation, was organized under the laws of the State Of Texas on October 3, 1955 for the purpose of prospecting for, and the development and mining of all minerals, and the processing and sale of same, together with the right to construct all necessary and proper buildings necessity may demand to carry out said purposes.

The nature of the company's business is speculative in so far as discovery of an ore body of commercial size and richness is concerned, but uranium bearing ore has been found, and a quantity of commercial grade ore, the first from the State of Texas, has been shipped and sold to the American Smelting And Refining Company, at Globe, Arizona.

The company's business can be further designated as speculative because of its intention to explore other property now under lease to Lone Star Uranium Company, and on which has been discovered numerous promising indications of radio-active mineralization similiar to showings found on the more thoroughly explored lease from which the first load of ore was sold, and which is now being considered for intensive mining development by VANADIUM CORPORATION OF AMERICA.

On completion of the financing hereinafter proposed, it is the intention of the company management to begin at once a comprehensive exploratory and development program now in the planning stage, and which is being formulated to win for the company commercial quantities and grades of uranium bearing ores.

The Lone Star Uranium Company's common stock, as reflected by the corporation stock book on January 31, 1956, is distributed as follows:

Terry D. Sneed	250,000-	Shares
James R. Ledger	250,000-	Shares
C. C. Countess	10,000-	Shares
C. L. Sneed	50,000-	Shares
Total Outstanding	560,000-	Shares
Un-issued Stock	440,000-	Shares
Total Authorized	1,000,000-	Shares

It is proposed that 250,000- shares of the un-issued stock be offered for sale at a price of $1.00 per share, reserving the balance of the un-issued stock for a later sale when it is contemplated that some additional funds will be required for further expansion of the company's business.

If the entire sum of 250,000- shares are disposed of at this time the promoters and officers of the company will own 69.13%, or 560,000 shares of stock then outstanding, and persons or firms who purchase stock of this offering will own 30.87% of the then outstanding stock, or, 250,000- shares, for which they will have paid cash in the amount of $250,000.00.

No stock other than common stock with full voting privilege is available or contemplated.

MANAGEMENT PERSONNEL

MR. PERRY D. SNEED, President, of the corporation, has until recently been engaged in the heavy construction business. The past several years he has maintained his place of business at Temple, Texas, and prior to his coming to Temple, he was in a similiar business in the Odessa-Midland area of Texas. Mr. Sneed is extremly well qualified by education and experience to handle heavy engineering contracts involving dirt-work, paving, road - building, and all other matters concerned with engineering con - tracts for heavy construction.

Mr. James R. Ledger, vice-president and general manager, and a director of the corporation, has been associated with Mr. Sneed in the heavy construction industry. Mr. Ledger is the discoverer of the uranium bearing ores now being considered for large scale mining operations. He worked the area in a systematic manner until his prospecting methods disclosed mineralization of promising worth. Mr. Ledger has personally supervised the progress of work to this date, and he personally conducted the work of mining the first load of salable ore.

Mr. C. C. Countess, attorney for the corporation, and a director, has been a successful practising attorney in Bell County, Texas for a great many years.

Mr. V. C. Doctorman, a mining engineer, has been retained for services and specific duties having to do with direction of the company's exploration and development program.

Mr. Doctorman has a background of thirty years of professional experience as a mining engineer and geologist. His many assignments and business ventures have been attended with an unusual amount of success. During the past ten years he has been engaged in the building and operation of rockwool insulation plants. Prior to the year 1946 all of his activities have been allied with the mining industry as a professional mining engineer.

DESCRIPTION OF PROPERTIES

Property now under lease by the Lone Star Uranium Company consists of approximately 1344.25 acres of land in two leases, one of which contains 160-acres (Lease No. 1) and the other (Lease #2) which contains 1144.25- acres of land. These areas are shown in outline on map, (See Plate No. 1 at Page No. 6) and are further described as follows:

Lease No. 1: This lease is located approximately 7-miles west of the town of Burnet, Texas, and lies along the upper reaches of Hooking Hollow Creek. In outline, this lease forms a rectangle and covers an area approximately ¼-mile wide in an East-West direction and one mile long in a North-South direction. It is reached by State Highway No. 29 which crosses the lease in a NE-SW trending curve at a location roughly 1/8-mile North of the South line. It is in the northern 7/8 of this lease where most of the early exploration work was done, and where the first load of salable ore was extracted.

Lease No. 2: This lease is in the same general area as lease No. 1, and is crossed by the same highway No. 29. In area it consists of approximately 1144.25 acres, and is very irregularily shaped as will be apparent from the map. This area is very promising, and has been worked over quite thoroughly with various instruments designed to record radio-activity of minerals. It is in this area that a good part of the future exploratory work is to be done.

Lease descriptions are to be found in the deed records of Burnet County, Texas. Volume numbers and page numbers of the County records are as follows:

Lease No. 1: Vol. 105; Pages 619 and 620
Lease No. 2: Vol. 102; Page 311

HISTORICAL DATA

These lease properties, as above described, have in past years attracted a great deal of attention. Geologists and mining men have recognized the heavy mineralization of the complex formations since shortly after the turn of the century. In the year 1917 a corporation was formed and several shafts were sunk in the area described as lease No. 1, for the purpose of further exploring the copper bearing ores which were evident as out-croppings at several places on the surface. History of this operation indicates that the work was never pursued beyond the prospecting stage.

More recently the Southwest Graphite Company obtained lease rights on the property and examined the prospects of mining the fluorite found there, but for reasons unknown to officers of this company they did not exercise their lease option, and same expired several years ago. The Southwest Graphite Company is at present operating a plant located about 1-mile northwest of the uraninite discovery on lease No. 1. Here, graphite is being taken from the packsaddle schist formation which in certain parts of the general area, has the heaviest mineralization of the exposed rocks.

Early mining operations have disclosed numerous minerals which, in the opinion of competent geologists, have entered the rocks of the area in much the same way as is evident in the deposits of uraninite, which is by the process of hydro-thermal intrusion.

The early geological explorations, as well as the early mining activities, were carried out at a time when uranium was unimportant in our plans; and when our dictionaries defined the mineral as a "Worthless White Powder". It is only recently that we have come to realize the great worth of this mineral, and only recently that we have come to realize its extreme scarcity. It seems reasonable to suppose, therefore, that the early exploratory and mining operations in this area were conducted without taking into account the importance of uranium bearing ores. And it is quite probable that early investigators overlooked, or ignored, what today would constitute a so very valuable and so highly important discovery.

MODE OF OCCURRENCE

As determined by several geologists who have worked independently and at various times in this area, during the past half-century, the mineralization replacement veins in the gneiss and schist formations of the area within boundary limits of these leases may well be bedded lenticular veins, since they follow the schistosity of the country rock.

The hydro-thermal solutions which deposited the minerals found excellent ducts in these primary structures through which they entered the country rock and gradually replaced it.

Pre-Cambrian folding played an important part in localizing the the deposits of any mineral held in solution in the infiltrating hydro-thermal solutions. Folding has effected the primary bedding planes in such way as to increase their effectiveness as passageways for solutions, particularly at the axis of folding. It is interesting to note that the mineral occurrences examined by these early investigators have been found at, or very near to, the axis of folding. The solutions, of course, followed these easier courses across the country rock. This condition was most readily found in the less resistant schists.

There is general agreement among geologists who have visited the property that mineralization of the country rock came about by the intrusion of hydro-thermal solutions; that these solutions followed the bedding planes and fissures of the country rock. As this view has the advantage of of support from our most able investigators in the field of geology, it would seem that we may very well expect to locate valuable commercial deposits of uranium bearing ores on the land area contained in the two leases hereinbefore described.

THE URANIUM MARKET

As set forth in Domestic Uranium Circular No. 5 (Revised), the AEC has established a guaranteed minimum price schedule for uranium oxide (U_3O_8) and vanadium for the period March 1, 1951 to March 31, 1962. Under the minimum price schedule now in effect, payments by the AEC begin with ores assaying 0.10% (2-lbs. per ton) of U_3O_8. The price ranges from $1.50 per pound of U_3O_8 for ores assaying 0.10% to $3.50 per pound of U_3O_8 for ores assaying 0.20% and more. Ores assaying 1.0% of uranium oxide yield 20-pounds of U_3O_8 per ton.

The following bonuses are paid in addition on individual properties which the Commission may certify as being eligible for such added bonus:

On ore containing .10% U_3O_8	----------	$.150/lb. U_3O_8
On ore containing .15% "	----------	$2.50/lb "
On ore containing .20% "	----------	$3.50/lb "

The bonuses provided in this section are limited to the first 10,000 lbs. of U_3O_8 produced from each certified property or claim.

In addition, premium payments are made by the AEC at the rate of 75¢ per lb. for each pound of uranium oxide in excess of 4-lbs per ton of ore with an additional premium of 25¢ per lb. for each pound in excess of 10-lbs of U_3O_8 per ton of ore.

In addition to the premium payments, the AEC grants a development allowance of 50¢ per lb. of uranium oxide from the ores assaying @.10% or more, in recognition of the expenditures necessary for maintaining and increasing reserves of uranium ores. This development allowance must be devoted to the development or exploration of the properties of the uranium sellers and evidence of such expenditures must be given to the AEC.

In most uranium ores some vanadium is also found and is purchased to a limited degree by the AEC. The price schedule for vanadium is 31¢ per pound up to, but not exceeding, 10-pounds of vanadium for each pound U_3O_8 recovered from a ton of ore.

No set allowance is made for vanadium in excess of 10-pounds for each pound of U_3O_8 recovered from a ton of ore.

(See page No. 5 for Uranium Ore pricing chart)

URANIUM ORE PRICING CHART
(Guaranteed Minimum Prices)

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Value Of a 1000-Ton Deposit Of Uranium Ore

A deposit of 1000-tons of uranium ore will be evaluated as follows if the result of assay indicates 1.0% U_3O_8

1000-Tons of 1.0% ore (20-lbs per ton) contains 20,000- lbs. of Uranium Oxide.

20,000-lbs. U_3O_8 @ $3.50 per lb.	$70,000.00
1st. Grade Premium	12,000.00
2nd. Grade Premium	2,500.00
Mine Development Advance	5,000.00
Production Bonus (1st. 10,000-lbs)	35,000.00
Total Value Of Deposit	$124,500.00

Haulage Allowance is 6¢ per ton-mile up to 100-miles.

If Ore Has This Percentage of Uranium Oxide	10.0%	1.0%	0.6%	0.3%	0.1%
A Ton Will Contain	200-lbs.	20-Lbs.	12-Lbs.	6-Lbs.	2-Lbs.
Base Price Per Pound	$3.50	$3.50	$3.50	$3.50	$1.50
Base Price Per Ton Of Ore	$700.00	$70.00	$42.00	$21.00	$3.00
Grade Premium: Paid On Grades Above 0.2% For Each lb. over 4-Pounds (75¢/lb.)	$147.00	$12.00	6.00	None	None
Grade Premium: Paid on Grades Above 0.5% For Each lb. Over 10-lbs. (25¢/lb)	$ 47.50	$ 2.50	$ 0.50	None	None
Mining Allowance	$100.00	$10.00	$ 6.00	$3.00	$1.00
Production Bonus	$700.00	$70.00	$42.00	$21.00	$3.00
Price Per Tone Before Haulage Allowance	$1694.50	$164.50	$96.50	$46.50	$7.00

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OUTLINE OF LONE STAR URANIUM CO. LEASES IN BURNET COUNTY, TEXAS

Note: The 160-Acre lease outlined in red is sub-leased to the Vanadium Corporation of America.

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SOUTHWEST ASSAYS, INC.
INTERNATIONAL AIRPORT
SAN ANTONIO, TEXAS
Taylor 6-0667

October 28, 1955

Lone Star Uranium Company
504 First National Bank Bldg.
Temple, Texas

Gentlemen:

Please be advised that the report of the chemical analysis on the ore sample you sent us is as follows:

Sample No. 1 (our No. 326) = 1.707% U_3O_8

As there were no instructions with this sample we assayed it for uranium only. Should you desire any further analysis of this sample, please advise.

Please let us know if we can be of any further service to you.

Sincerely,

Howard L. Grant Jr.

Howard L. Grant
Vice President

HLG:sm
Enc.

Note: This sample was cut from the wall of a test pit located at the original strike, on lease No. 1.

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Vitro URANIUM COMPANY
A DIVISION OF VITRO CORPORATION OF AMERICA
600 WEST 33rd SOUTH STREET • SALT LAKE CITY 15, UTAH • TELEPHONE 7-1501

October 31, 1955

Mr. James Ed McAdams
Mid-Tex Oil and Gas Corporation
1001-2 Commercial Standard Building
Fort Worth, Texas

Dear Mr. McAdams:

Your letter of October 24, 1955, regarding samples of ore from your Johnson Ranch property in Burnet County, Texas, has been forwarded to me. Assay of the material showed a uranium content of 0.53% U_3O_8. This, of course, is very good commercial ore. The amenability tests on the ore were very satisfactory.

We would be very interested in purchasing such ore from your property, although you may find the shipping distances involved to be rather prohibitive from a cost standpoint. On such ore we may only allow a maximum of $6 per wet ton to defray the cost of both truck hauling and rail freight. Thus, you can see that you would have to stand a considerable portion of the rail freight. If this setup would at all interest you, we would be very pleased to discuss it with you.

If you have any further samples to be assayed for uranium content, we would be very glad to take care of them for you.

Yours very truly,

VITRO URANIUM COMPANY

R. B. Coleman

R. B. Coleman, Ore Buyer

RBC:jl

Notes: This sample was cut from the wall of the pit only three feet from the surface of the ground.

Test pit is on lease No. 1

Addressee is identified with Lone Star Uranium Co.

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2114 CURTIS STREET

TELEPHONE MAin 3-1552

[redacted]

CHEMISTS • ASSAYERS • ENGINEERS

DENVER 5 COLORADO

"URANIUM CENTER"

Folio 6392

Date Feb. 28, 1955.

Fred Becker,
Box 83,
Rosebud, Texas.

We hereby Certify, that the samples assayed for you gave the following results:

DESCRIPTION	URANIUM OXIDE U_3O_8	VANADIUM PENTOXIDE V_2O_5	LIME $CaCO_3$	RADIOMETRIC EQUIVALENT eU	THORIUM OXIDE ThO_2	TOTAL RARE EARTHS	COMBINED COLUMBIUM TANTALUM OXIDES
Sample:	0.767%	0.02%					

PLEASE PAY FROM THIS INVOICE AS NO OTHER STATEMENT WILL BE MAILED. THANK YOU.

Charge $ paid.

CHARLES O. PARKER & CO.
CHEMISTS, ASSAYERS and ENGINEERS

[redacted]

CHEMISTS • ASSAYERS • ENGINEERS

DENVER 5 COLORADO

"URANIUM CENTER"

Folio 6398

Date March 21, 1955.

Fred Becker,
1206 Jackson St.,
Killeen, Texas.

We hereby Certify, that the samples assayed for you gave the following results:

DESCRIPTION	URANIUM OXIDE U_3O_8	VANADIUM PENTOXIDE V_2O_5	LIME $CaCO_3$	RADIOMETRIC EQUIVALENT eU	THORIUM OXIDE ThO_2	TOTAL RARE EARTHS	COMBINED COLUMBIUM TANTALUM OXIDES
Sample No. 1	2.248%						
2	0.223%						

[redacted]

PLEASE PAY FROM THIS INVOICE AS NO OTHER STATEMENT WILL BE MAILED. THANK YOU.

Charge $ 10.00
paid.

CHARLES O. PARKER & CO.
CHEMISTS, ASSAYERS and ENGINEERS

Note: Addressee, Fred Becker, is a former owner of this leasehold.

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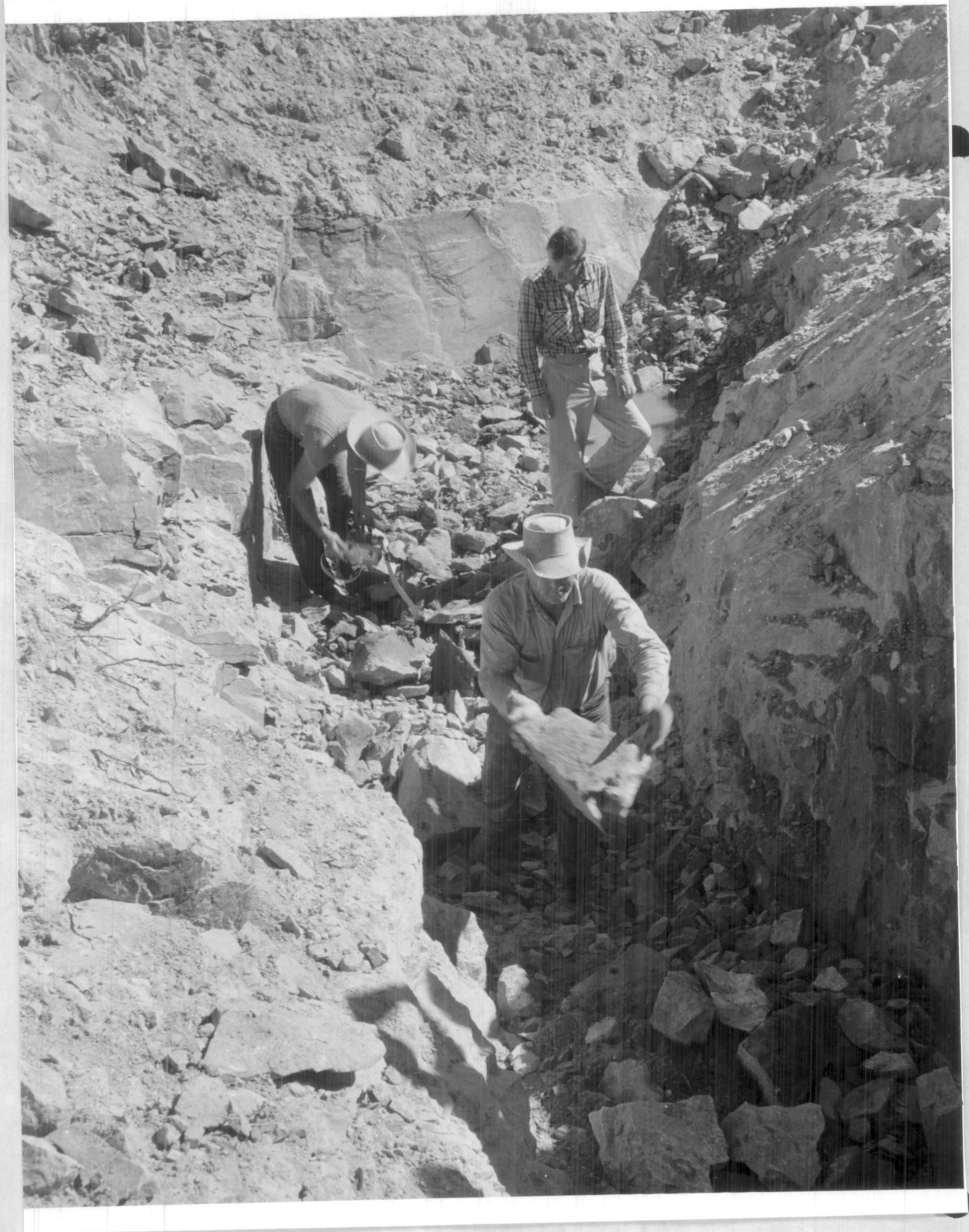

View Of Mine Workings During Early Exploratory work.

Note: This ore is only twelve feet below the surface.

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UNITED STATES
ATOMIC ENERGY COMMISSION
DIVISION OF RAW MATERIALS

July 25, 1955

Mr. Andy Wells
Killeen, Texas

Dear Mr. Wells:

The following assays have been received from the U. S. Bureau of Mines in Salt Lake City on samples cut from your Rainbow prospect in Burnet County:

Sample No.	Description	eU_3O_8	U_3O_8
F-36591	2.7' channel close to pit	0.19%	0.191%
F-36593	Small stockpile sample	0.13%	0.277%

A spectrographic analysis was also run on Sample No. F-36593 with the following elements detected: Sodium, Potassium, Copper, Magnesium, Calcium, Aluminum, Gallium (trace), Titanium, Zirconium (trace), Silicon, Lead, Vanadium (trace), Uranium, Manganese, Iron.

When other data are received, you will be advised of the results. I am enclosing two extra copies of the above for your partners.

Sincerely,

S. R. Steinhauser

S. R. Steinhauser, Chief
Austin, Sub-Office
U. S. Atomic Energy Commission
Denver Exploration Branch
P. O. Box 4216, North Austin Sta.
Austin 51, Texas

TSO:SRS:gmc

Notes: Addressee in above letter was formerly identified with this project as a joint owner of the lease.

"Rainbow Prospect", as referred to above, was the name given the project in the beginning, but was changed at the time the Lone Star Uranium Corporation was formed.

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THE MINING RECORD—THURSDAY, JANUARY 19, 1956—SECTION TWO

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Lone Star U. Co. Ships First Texas Carload

Austin, Texas—Lone Star Uranium Co. recently shipped from its property in Burnet county the first commercial carload of uranium ore ever shipped from Texas according to James R. Ledger, representing the Lone Star Company.

He states that the carload was sold to the American Smelting & Refining Co. He did not state that official returns as to the grade and value of the ore had been received as yet.

U.S. ports, du
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Nickel—64.5
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Silver—90.5
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ALL LOCAL SECURITIES OF THE ROCKY MOUNTAIN REGION

Specializing in
OIL AND
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Note: James R. Ledger, Referred to in the above news article cut from the MINING RECORD, is the discoverer of this recent Uranium Strike.

Mr. Ledger is Vice President of Lone Star Uranium Company

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FINANCIAL STATEMENT
(March 1, 1956)

ASSETS

Current Assets

Cash On Hand & In Bank	$1,000.00	
Inventory (Ore)	3,000.00	
Inventory (Office Supp.)	185.50	$ 4185.50

Fixed Assets

Buildings	$ 1,250.00	
Surveying Instruments	1,309.95	
Other Eqp't. & Tools	4,314.00	
Office Fur. & Fixtures	2,687.50	
Prospecting & Development	20,000.00	
Leases:		
No. 1, Appreciated Value	250,000.00	
No. 2, Rental Value Only	2,800.00	$282,561.45

Other Assets

Deposits	$ 1,025.00	
Organization Expense	1,100.25	$ 2,125.25
TOTAL ASSETS		$288,872.20

LIABILITIES

Current Liabilities

Accounts Payable	$ 7,993.32	
Accrued Expense- Payable	20,000.00	
Subscribed Stock	6,200.00	$ 34,193.32

SHAREHOLDERS EQUITY

Capital Stock(No-Par Common)
Authorized 1,000,000- Shares

Outstanding 560,000- Shares	$ 254,678.88
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 288,872.20

Notes:

The appreciated value placed on Lease No. 1, represents the amount of an offer to purchase, and not the actual value of the leasehold, which, in the opinion of Lone Star Uranium Company officials is a much higher figure

The item "Deposits" covers utility deposits and a down payment on a motor vehicle for use of the prospecting crews.