

The Lists will be opened on Saturday, the Ninth day of November, and close at 3 p.m. on Saturday, the Twenty-third day of November, 1901

ISSUE OF \$2,500,000 SIX PER CENT. FIRST MORTGAGE 30-YEAR GOLD BONDS NOVA SCOTIA STEEL & COAL COMPANY, LIMITED,

Iron Masters, Steel Manufacturers, Forgemmen, Ironstone and Limestone Owners, Colliery Owners, Coke Manufacturers, Etc.
(Incorporated by Special Acts of the Province of Nova Scotia.)

HEAD OFFICE: NEW GLASGOW, NOVA SCOTIA, CANADA.

DIRECTORS:

- JOHN F. STAIRS, President Halifax, N.S.
- GRAHAM FRASER, Vice-President and Man. Director, New Glasgow, N.S.
- J. Walter Allison, Halifax, N.S., Director Bank of Nova Scotia and senior member of the firm of John P. Mott & Co.
- Thomas Cantley, New Glasgow, N.S., General Commercial Manager of the Nova Scotia Steel & Coal Co., Limited.
- Simon A. Fraser, New Glasgow, N.S., Works Manager of the Nova Scotia Steel & Coal Co., Limited.
- Robert Jaffray, Toronto, Ont., Director of the Imperial Bank of Canada, President Globe Printing Co.
- Hon. L. Melvin-Jones, Toronto, Ont., General Manager Massey-Harris Co., Limited.
- James D. McGregor, New Glasgow, N.S., of the firm of R. McGregor & Sons, Merchants and Shipowners.
- Hon. James F. McKay, New Glasgow, N.S., late Manager of the Nova Scotia Forge Co.
- George F. Pitts, St. John's, Nfld., of the firm of J. & W. Pitts, Merchants and Shipowners.
- Robert Reford, Montreal, P.Q., Director Bank of Toronto, President of The Robert Reford Co., Ltd.
- Frank Ross, Quebec, P.Q., of the firm of Ross & Co., Shipowners, etc.
- George Stairs, Halifax, N.S.

Trustee for Bondholders:

THE EASTERN TRUST COMPANY, HALIFAX, N.S.

Brokers:

OSLER & HAMMOND, TORONTO, ONT.

CAPITAL:

50,000 Shares of Common Stock, \$100 each	\$5,000,000
20,000 Shares 8 per cent. Cumulative Preferred Stock of \$100 each	2,000,000
First Mortgage 6 per cent. Gold Bonds (1000 Bonds \$500 each and 2000 Bonds \$1000 each)	2,500,000
Total	\$9,500,000

of which the following remain in the treasury for the future needs of the Company, viz:

19,100 Shares Common Stock	1,910,000
9,700 Shares Preferred Stock	970,000
Total	\$2,880,000

Solicitors:

HARRIS, HENRY & CAHAN, HALIFAX, N.S.

The undermentioned Banks and their Branches and Agencies are authorized to receive subscriptions for the \$2,500,000 6 per cent. 30-YEAR FIRST MORTGAGE GOLD BONDS AT PAR, viz:

THE UNION BANK OF HALIFAX,
THE BANK OF NOVA SCOTIA,
THE BANK OF TORONTO,

THE IMPERIAL BANK OF CANADA,
THE HALIFAX BANKING CO.,
THE PEOPLE'S BANK OF HALIFAX

Subscriptions will also be received by Messrs. Osler & Hammond, Stock Brokers and Financial Agents, 18 King Street West, Toronto.

Subscriptions are payable as follows:

10 Per Cent. on Application,	20 Per Cent. on January 1st, 1902,
30 Per Cent. on Allotment,	20 Per Cent. on March 1st, 1902,
	20 Per Cent. on May 1st, 1902.

Interim receipts for payments on account of Bonds will be issued bearing interest at 6% per annum from dates of payment. Interest on such receipts will be payable on 1st January, 1902, and interest thereon from that date and accrued interest on bonds will be adjusted on 1st May, 1902, when bonds are delivered. The whole of the instalments remaining unpaid at any time may be prepaid in full, together with accrued interest on Bonds less interest accrued on instalments previously paid.

Applications will be received by the above Banks and their Branches and Agencies, and by Messrs. Osler & Hammond, from whom Forms of Application and copies of the Prospectus may be obtained.

Notice of allotment will be sent through the office at which the application is received, and payments may be made there. The Company reserve the right to allot only such subscriptions and for such amounts as the Directors may approve. If a partial allotment is made the surplus paid on application will be applied on account of amount payable on allotment. It is the intention of the Company to apply to the Stock Exchanges in Montreal and Toronto for the listing of the Bonds as well as the Stocks of the Company.

These bonds are secured by a Trust Deed or First Mortgage of all the real estate, mines, mining rights, leases of mining areas and other leases, and the collieries, smelting furnaces, steel mills, coke ovens, rolling mills, fixtures, plant, machinery, patents, railways, tracks, wharves, rolling stock, station houses, powers, rights, revenues and franchises owned and enjoyed by the Company on the 1st day of July, 1901, or which it may thereafter acquire, excepting certain lands which are unnecessary for the business of the Company, and which it is proposed to sell as soon as possible, principally to workmen, the proceeds to be applied for the purposes of the Company. The Company also reserves the right to charge by way of mortgage any mining areas or leases thereof, or other property which may hereafter be acquired by the Company from the proceeds of any bonds, debentures or other obligations hereafter issued.

The Bonds are dated on the first day of July, 1901, and are payable on the first day of July, 1931.

The interest on the Bonds is payable half-yearly, upon presentation of the coupons, on the first days of January and July, at the Union Bank of Halifax, in Halifax, or the Bank of Nova Scotia in Montreal or Toronto.

The Bonds may be registered at the office of the Eastern Trust Company, Halifax.

SINKING FUND AND REDEMPTION.

The Mortgage contains provision for periodical payments after July 1st, 1903, to the Trustee, of amounts sufficient to redeem the whole issue during the term of the Bonds, and it is further provided by a supplementary deed of trust that if the quantities of iron ore and coal sold in any one year shall exceed 275,000 tons and 500,000 tons respectively, as estimated in this prospectus, an amount equal to ten cents per ton on such additional tonnage shall be paid to the Trustee and applied toward the redemption of the Bonds. For the purpose of such redemption, the Trustee may purchase the Bonds in the open market at a price not exceeding a premium of ten per cent. and accrued interest, or, failing such purchase, may draw by lot and redeem the required number of Bonds at the price of 110 and accrued interest.

Copies of the Mortgage and form of Bond can be seen at the office of the Company, New Glasgow, N.S., at the office of Messrs. Osler & Hammond, Toronto, Ontario, and at the office of the Eastern Trust Company, Halifax, N.S.

PURPOSE OF ISSUE.

These Bonds are issued for the purpose of redeeming the short date Bonds amounting to \$1,500,000, which were issued by the Company to provide for the purchase of the property of the General Mining Association; the balance to be applied for the development of the coal mines, the erection of shipping piers, coke ovens, coal washing plant, new furnaces and other improvements.

That this Company has long since passed the experimental stage is amply shown by the following:

HISTORY.

The Nova Scotia Steel and Coal Company's undertaking, developed in the following way: In 1872 a business was established at New Glasgow, Nova Scotia, under the name of the Nova Scotia Forge Company, for the manufacture of railway and marine forgings. The enterprise prospered, and in 1882 the proprietors decided to establish another concern to engage in the manufacture of steel. The Nova Scotia Steel Company was therefore formed to manufacture steel from imported pig iron and scrap steel, by the "Siemens-Martin Open-Hearth" process. Seven years later, namely, in 1889, to ensure economy in working, these two concerns were amalgamated as The Nova Scotia Steel and Forge Company, Limited, and extensions and additions were subsequently made to the plant. In 1891 a company was incorporated called the New Glasgow Iron, Coal and Railway Company, which built a blast furnace for making pig iron at Ferrona, near New Glasgow. In January, 1895, The Nova Scotia Steel Company acquired the interests of The New Glasgow Iron, Coal and Railway Company and of the Nova Scotia Steel and Forge Company, and carried on the business previously conducted by these companies until the present year.

In the year 1900, The Nova Scotia Steel Company purchased as a going concern the business and property of The General Mining Association.

The General Mining Association was formed by Deed of Settlement in 1829, and (inter alia) took over the lease of the Duke of York's extensive coal areas in Nova Scotia. In or about 1858, by arrangement with the Provincial Government of Nova Scotia, the Association released some of its rights and secured the exclusive right to all coal seams in certain areas. The leases have been renewed, and are now held under the general law of Nova Scotia. The Association had disposed of some of these coal areas before the present year was purchased by the Nova Scotia Steel Company, but had retained the Sydney Mine and Point Aconi areas, which contain a superior quality of coal, with good facilities for shipment.

The Nova Scotia Steel and Coal Company, Limited, has acquired the whole business property and assets of the Nova Scotia Steel Company, Limited, as a going concern.

PROPERTY.

- The properties now owned by the Nova Scotia Steel and Coal Company, Limited, consist of:—
- 1. All the lands, shafts, buildings, plant and railways used in connection with the coal mines, together with the leases of the coal areas which were acquired by the Nova Scotia Steel Company, from the General Mining Association. These areas extend from Sydney Harbor to the entrance of the Great Bras d'Or, and comprise:—
- (a) The Point Aconi and Sydney Mine areas of 11,700 acres, which contained in 1871, according to the estimate of the late Mr. Richard Brown, 155,000,000 tons of coal.
- (b) The Sydney Mine submarine areas of 3,200 acres, estimated by the same authority, in 1871, to contain 66,000,000 tons of coal. Since 1871 about 5,000,000 tons only have been worked out of the Sydney Mine and Sydney Mine Submarine areas.
- The Point Aconi areas have not yet been worked.
- 2. About 7,824 acres of Freehold Land in Cape Breton.
- 3. A Freehold Iron Ore Mine situated at Bell Island, Conception Bay, Newfoundland (see note), and several deposits of Iron Ore held by the Company, in fee simple, or by lease in Nova Scotia.
- 4. Leases of coal areas, containing two coal seams of good quality, one of which is now being opened up, situate within six miles of the Steel Works at Trenton.
- 5. A Standard Gauge Railway, twelve and one-half miles in length, with 3.87 miles of sidings, with rolling stock in Pictou County, Nova Scotia.
- 6. About 160 acres of freehold land at Ferrona, Nova Scotia.
- 7. A Blast Furnace, Coal Washing and Coking Plant, built in 1892, at Ferrona, with a capacity of 100 tons of pig iron per day.
- 8. About 50 acres of land at Trenton, near New Glasgow, on which are the Steel Works, consisting of four Steel Melting Furnaces, together with the Rolling Mills, Forges and other plant, capable of turning out 100 tons of finished steel per day. Over four acres are actually covered by buildings, and the tramways in and about the works aggregate about four miles in length.
- 9. Large Limestone and Dolomite Properties, of excellent quality, in the County of Cape Breton.
- 10. Net Assets represented by cash balances, book debts and stock in trade. (These amounted to \$635,789.48 on the 1st day of January, 1901.)

NOTE--The Iron Ore Mine of this Company, situated at Conception Bay, Newfoundland, is alone estimated by R. E. Chambers, M. E., to contain 6,000,000 tons of Red Hematite Ore. The average iron contents of the present and of last year's shipments of this Ore to the United States was over 55 per cent. The mine is equipped for an output of over 300,000 tons during the shipping season. The shipping dock accommodates the largest class of modern steamers, with draft up to 28 feet of water, and boats of 6000 to 7000 tons capacity have been loaded at the rate of 1000 tons per hour. The situation of the property is central for export to either the United States or Europe, being six days' sailing from the principal foreign ore-receiving ports of the former, and eleven days from those of Europe.

TITLES.

The titles to the mining areas and other property of the Company have been examined by Messrs. Harris, Henry & Cahan, Solicitors, etc., Halifax, N.S., and their report thereon to the Eastern Trust Company, trustee for the bondholders, can be seen at the office of that Company in Halifax, N.S.

REPORTS.

The books of the Company were examined and audited by Messrs. Marwick and Mitchell, chartered accountants, of 27 Pine Street, New York, in April, 1901, who valued the property (exclusive of the good-will) at from \$4,250,000 to \$4,500,000. This report is on file and can be seen at the head office of the Company, at New Glasgow, Nova Scotia.

COAL DEPOSITS.

The geographical position of Cape Breton makes the coal deposits in this island of great value, as they are the only available deposits at tide water on the Atlantic Coast of America. The areas owned by the Company adjoin the shores of Sydney Harbor, with a coal shipping pier at North Sydney, and are therefore most favorably situated for shipment to Europe, South America and the Mediterranean; North Sydney being 1000 miles nearer Europe than the United States coal deposits.

The coal deposits owned by the Company in Cape Breton alone are estimated to contain 216,000,000 tons of coal.

DEVELOPMENT OF COAL AREAS.

The coal areas near Trenton are now being opened up, and by the close of the present year that property will supply all the coal required for steam and heating purposes at the Steel Works, Trenton. In order to increase the output from the Cape Breton areas, which during the past three years has averaged about 250,000 tons per annum, it is intended to open one or more new collieries on this property, by which it is estimated that the output will be increased to about 600,000 tons per annum.

MARKETS.

IRON ORE.—The Company has sold for delivery during the present year about 300,000 tons of its iron ore, of which 60,000 tons were sold for delivery in Philadelphia, and about 240,000 tons in Germany and Scotland; and the Company has already sold for delivery in Germany 160,000 tons in 1902 and 120,000 tons in each of the years 1903-4-5, all at prices which should yield a satisfactory profit to the Company.

COAL.—The coal from the Old Sydney Mines belonging to the Company commands a higher price than any other coal in the markets of the Maritime Provinces, and the intention of the Company is to vigorously develop this branch of the business.

STEEL AND IRON.—The iron and steel produced by the Company has always found a ready market in Canada, large quantities being shipped to the Provinces of Ontario and Quebec. It is expected that the Canadian market will in the future continue to take the larger part of the Company's output, but, in any surplus should be produced, the Company is in as good a position to sell in the foreign markets as any other company in Canada.

PROFITS.

THE NOVA SCOTIA STEEL & COAL COMPANY, Limited, have three very important sources of revenue:

- 1st—From the sale of coal.
- 2nd— " " " iron ore.
- 3rd—From the manufacture of iron and steel.

The profits of The Nova Scotia Steel Company, Limited, for the years 1898 and 1899, exclusive of bounties, as certified by the auditors, amounted to \$414,586.

The profits of the General Mining Association, Limited, for the years 1898 and 1899, as certified by the auditors, amounted to \$192,973.

The profits of the combined business for the year 1900, exclusive of bounties, as certified by the auditors, amounted to \$530,581.

This makes the profits of the combined properties, exclusive of bounties, for the three years, \$1,138,140, or a yearly average of \$379,380.

In addition to the profits already shown, the Company received by way of bounties on pig iron and steel ingots from the Government of Canada, under authority of 60 Vict., Chap. 6, amended by 62-63 Vict., Chap. 8 (Can.), the sum of \$398,506, being a yearly average of \$132,835.

The total profits for the three years, including bounties, amounted to \$1,536,646, being a yearly average of \$512,215.

These results, so far as the coal mines are concerned, were obtained notwithstanding the inefficiency of the mining plant at Sydney Mines.

From the proceeds of the present issue of bonds the mines will be equipped with modern machinery and plant, and the additions and extensions already referred to will be made, so that a large increase in the profits of this branch of the business should be realized in the future.

Unless further legislation is enacted, the bounties payable by the Government of Canada will be reduced annually after April 23rd, 1902, and will expire on June 30th, 1907.

ABSTRACT OF PROFIT AND LOSS ACCOUNT OF THE NOVA SCOTIA STEEL COMPANY FOR THE YEAR ENDING DECEMBER 31st, 1900.

To Dividend paid September 10th, 1900	\$ 41,200 00	By Balance	\$ 47,883 38
Interest on Mortgage Bonds	45,726 00	Profits for the year	655,272 86
Depreciation	20,000 00		
Reserve for Bad Debts	10,000 00		
Plant Renewals	200 000 00		
4 per cent. Dividend on Preference Stock, payable March 9th, 1901	\$41,200 00		
10 per cent. Dividend on Ordinary Stock, payable March 9th, 1901	\$103,000 00		
	144,200 00		
Balance	\$242,030 24		
	\$703,156 24		\$703,156 24

ESTIMATED FUTURE AVERAGE YEARLY PROFITS, AFTER DEVELOPMENT OF COAL MINES, ETC., AS PROVIDED FOR ABOVE.

From sale of 275,000 tons (2240 lbs.) of Iron Ore at 70 cents	\$102,500
From sale of 500,000 tons (2240 lbs.) of Coal at 80 cents	400,000
From Iron and Steel Works	150,000
Total	\$652,500
Being a yearly average profit of	\$742,500

FIXED CHARGES.

Interest on Bonds at 6 per cent. and Sinking Fund	\$200,000
Dividend on Preferred Stock at 8 per cent.	82,400
Total	282,400

Leaving for dividends on Common Stock, depreciation and reserve..... 460,100

By order of the Board of Directors,

THOS. GREEN, secretary.