

M E M O R A N D U M

TO: Roy F. Hollis

FROM: Dudley L. Davis DATE: July 20, 1966

THROUGH: A. E. Dearth

SUBJECT: Uraniferous Lake Deposits near Austin, Nevada

These deposits were visited at the request of Mr. Roy Hollis for the purpose of ascertaining ownership of the property and geologic environment of the deposit.

The properties are held in three groups:

1. First claims held by J. A. Albamonte and Francis Escobar
(Escobar -- 19227 West Lone Rock, Saugus, California
Phone: 805-252-1085)
Crash No. 1 through No. 4, inclusive
Hart No. 1 through No. 28
Tony No. 1 through No. 9
2. Second group held by Leroy Casady, Austin, Nevada
(c/o Casady Service Station; Phone 964-2652)
Roy No. 1 through No. 10, inclusive
3. Third group held by Stanley Maestretti, Austin, Nevada
Pal No. 1 through No. 11
Pal No. 12 Fraction
Pal No. 13 through No. 29, inclusive
Stan No. 2 through No. 9, inclusive

There is also a Stan No. 1 claim which is held by Mr. Bert Acree of Austin.

Proofs of labor for all of these claims except those held by Leroy Casady have been only intermittently filed. There seems to be a "gentlemen's agreement" that these people will not jump each other's claims even though proofs of labor have not been filed. Conversations with Mr. Albamonte reveal that he has been on the property each year and, even though he has not filed proof of labor since August 27, 1964, does intend to file this year and maintains that he was in possession of the ground last year. The same situation persists with regards to the Maestretti property and that held by Bert Acree. Information regarding Book and Page of recording data and proofs of labor will be submitted in the formal report.

These properties are situated in Township 24 North, Range 43 East, Sections 32 and 33 and in Township 23 North, Range 43 East, Sections 4 and 5. They are accessible from State Highway 8A which runs from Austin to Battle Mountain at a point 32 miles north of the junction of 8A and US Highway 50. There turn left on a dirt road for 2.4 miles to the approximate center of the claimed area. Highway 8A is a surfaced highway.

The ore deposit consists of low grade mineralization in lake deposits which are mudstones and other lake sediments with thin igneous flows intercalated in the lake sediments. Samples taken by AEC range from .06 to .13 and, in each case, the samples represent thin mudstones or igneous rock. Seventeen drill holes totaling 210 feet have been drilled but only one of them was probed by AEC. This one showed 1-1/2 feet of low grade mineralization at the collar and only minor radioactivity at depth.

In 1956, or thereabouts, the U.S. Smelting and Refining Company did test work on material from these properties with the following results:

- a. Acid leaching recovered 50% of the total uranium using 450 pounds of 10% sulfuric acid per ton at a -20 mesh grind.
- b. Leaching with a 10% sodium carbonate solution recovered 14% of the total uranium in 24 hours leach time.
- c. Ore which had been heated for six hours at approximately 600 degrees was subjected to basic leaching with a 7.2% recovery.
- d. Ion exchange was attempted on a cold water leach solution, but nothing was recovered. Apparently the uranium is not water soluble.

The average grade of material tested range from .05% to .07% U_3O_8 . The U.S. Smelting and Refining Company also tried upgrading but found that this was not successful because there was no appreciable difference in value by screen size.

I called Mr. Escobar and have his tentative agreement to option the property to Atlas Corporation, if they so desire, at a 5% gross royalty on any and all mineral commodities marketed and sold from the property. I have the same understanding with Maestretti and Casady. The commitment on the part of Atlas would be to do the necessary annual assessment work on these claims for the option. If you are interested, I suggest that your legal department prepare options with these terms and mail them to the several parties involved.

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Mr. Escobar is the apparent leader of these several claim-owners in the area. Each person with whom I talked said that he would go along with any kind of a deal which was agreeable with Escobar.

Mr. Escobar will be in the area of Austin in about three weeks at which time a meeting can be held with all of them to discuss details of their contracts.

I took four samples in the field which I have left for assay; and, as soon as these results are available to me, I will prepare a formal report complete with maps, et cetera.

If you have any questions regarding this memorandum or the timing of my report, I shall be at the Apache Motel through Sunday night, June 24.

DLD:bc

Enclosures 4 - Ore Sample Work Sheets