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Item 3

BRIEF HISTORICAL REVIEW OF CORTEZ, NEVADA,
WITH EMPHASIS ON RECENT EVENTS.

Due to a modern-day gold discovery last year, the Cortez District has recently received considerable public attention. A review of events leading up to this gold discovery is in order.

The district was discovered in 1862 by prospectors from the silver camp of Austin, about fifty miles to the south. From 1864 to 1867, Simeon Wenban and George Hearst, in partnership, mined rich ores in the district. In 1867 Wenban bought out Hearst, acquired all the important mines in the district and operated them until his death in 1895. The period from 1864 to 1895 was the most productive in the district's history with the larger part of the production in silver, although minor gold, lead and copper were recovered. Much of the ore was very rich, running into hundreds of ounces of silver per ton. During the period 1923 to 1930, Consolidated Cortez Silver Mines Company operated a 100 ton per day concentration plant mining deeper ore and also recovering some of the lower grade back-fill residue from earlier operations. In other periods from 1895 to 1959 various lessees conducted small operations in the district.

In 1959, at the instigation of Mr. Max Harcourt, Mr. A. G. Horton, of American Exploration & Mining Co. examined the Cortez Mine, following which our company entered into a lease and option agreement on the properties of the Cortez Metals Company. At this time Mr. E. A. Scholz of Amex recognized the possibilities of the larger mineralized district. A program of preliminary geologic mapping and property consolidation on the part of American Exploration & Mining Co. ensued.

In 1963 Amex entered into an exploration agreement with Idaho Mining Corporation who, through the astuteness of W. L. Wilson and associates, had acquired large areas of mineralized ground. In the same year, Amex brought in Mr. R. G. Garwood, who supervised the program very ably until the early part of 1966 when he was called to what seemed a more important project in Alaska.

By 1964 our investigations led us to the conclusion that effective exploration in the area would require a large amount of high-risk capital. In order to spread this risk we joined in joint venture with the Bunker Hill Company, Vernon Taylor, Jr. and Webb Resources, Inc. The Joint Venture now had both financial strength and depth of competent personnel. Especially to be noted are the important parts of R. J. McRae, John A. Wood and J. H. Cazier, representing, respectively, The Bunker Hill Company, Vernon Taylor, Jr. and Webb Resources, Inc. in guiding the Joint Venture.

Starting in 1964 a program of exploration involving extensive drilling footage and underground openings plus geological, geophysical and geochemical coverage was initiated and carried through until 1966. Much of this work has so far proved to be economically unfruitful, although moderate encouragement was encountered in underground exploration work in the old Cortez Silver Mine. During this period several holes were drilled in the altered frontal area, some of which narrowly missed parts of the presently known gold deposit.

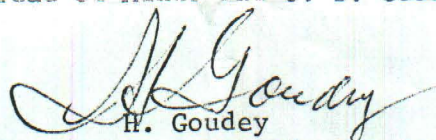
During the period between 1960 and 1966 the U. S. Geological Survey had been making extensive geological and geochemical studies in the area embracing the Cortez district. In 1966, following previously developed geochemical trends by means of

new techniques in the altered frontal area, the Survey discovered anomalous amounts of gold in a largely gravel covered area. As this discovery was of possible economic significance and occurred on properties controlled by the Cortez Joint Venture, exploration of the gold area was commenced by drilling in September of 1966. As drilling results became progressively encouraging and configuration of the ore deposit began to take shape, the rate of drilling was increased to a practical maximum. This program has been carried on to date under the supervision of Messrs. Lee Stoiser and W. C. Cheesman, both of whom are currently active here, along with their very able staffs.

Early in 1967 sufficient drilling results had been accumulated to indicate that a significant tonnage of low-grade, open-pit ore existed in this area. Our last compilation shows approximately three million tons of potential open-pit gold ore containing an average of approximately 0.3 ounces of gold per ton. For the present, exploration is being continued, along with continued feasibility studies as to the possibility of an economic operation.

The Cortez district is an outstanding example of the results that can be achieved by cooperation between private industry and government agencies (in this case the U. S. Geological Survey), utilizing advanced exploration techniques. From my personal standpoint contacts with Ralph Roberts, Hal Masursky, Ralph Erickson, Al Marranzino and John Wells have been especially instructive toward an understanding of the Cortez district.

In a larger sense, after many years and exploration projects in the State of Nevada, I gratefully acknowledge the courteous and constructive cooperation of personnel of The Nevada Bureau of Mines, U. S. Bureau of Mines and U. S. Geological Survey.



H. Goudey

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