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SILVER PROJECT

DIAMOND MINING DISTRICT AND OTHER DISTRICTS IN NEVADA

SEPTEMBER 1972

SILVER PROJECT

DIAMOND MINING DISTRICT AND

OTHER DISTRICTS

IN

NEVADA

A SUMMARY REPORT

I. GENERAL:

The Diamond Mining District, central district in the Silver Project, only 12 miles north of Eureka, Nevada, is one of the least known mining districts in Nevada. Production records for the period 1864 to 1939 are not available. After 33 years of inactivity the district was rediscovered again, and during 1939 to 1941, the Eagle Roost Mining Company, and the Silver Ledge Mining Company produced high grade silver ore from several glory holes, underground workings, and surface outcrops. Shipments of 12 to 108 ounces of silver per ton were made to Nevada Consolidated Copper Corporation located at McGill, Nevada. The last shipment of ore seems to have been made in March 1941, records indicate the main person doing the work was killed in a fire accident and shut the mines down. The properties, held by an old partner, now over 88 years old, who lives in Carson City, Nevada remained idle since then.

The Diamond Mining District was investigated in 1964 as part of a silver project that commenced in 1956. Samples taken from various workings and surface areas assayed 1 to 450 ounces of silver per ton. The areas was added to the growing number of files on silver districts. At the time of examination the region was quite remote and inaccessible because all previous roads had deteriorated and the area overgrown. During the summer of 1970, the Bureau of Land Management, and the County, to accomodate the development of a cattle industry in Diamond Valley, west of the mine area, prepared new fence roads and access roads making the mine area generally accessible again. Field work was resumed in the fall of 1970. Further sampling and work indicated a possible large potential of ore 1 to 12 ounces of silver per ton and so a drilling program and exploration activity was planned and executed.

2. HISTORY:

The Diamond Mining District is 12 miles north of Eureka, Nevada on the Black Point Ridge, jutting southwest off the west flank of the Diamond Mountains (See Eureka Topographic Map).

DISCOVERY:

A prospector out of Austin, Nevada, A. Phillips, first discovered silver in the region in 1864, and shortly after the district was one of the first four organized in Eureka County. The discovery became known as the Phillipsburg Mine, it is fives morth of the Silver Ledge and Eagle Roost mineralized areas subject of the recent drilling program.

Silver ore was shipped to Austin, Nevada some 90 miles west, until 1866. A small city, Diamond City, was soon established, which for more than eight years had a post office, and included a stage and freight stop facility. The economic depression culminating in the depressed price of silver by 1882 closed all of the mines down and the region was abandoned. The old city site has never been re-found, and is only mentioned in obscure passages discussing the Fish Creek region south of Eureka.

One of the rich silver zones, hot air caves, found north of the Silver Ledge area, was lost and not found again until 1906 when illegal distilling activities were established in the vicinity making use of springs near the head of Pedrioli Creek. The low price of silver prevented the re-opening of the caves, and the mine areas and a knowledge of the caves were lost again when Pedrioli after whom the creek was named died.

Stories of the rich hot air caves brought a Montana miner into the area in 1937-38, W. Gergen, and trusting stories of hot air coming out of the hidden caves, waited until a snow storm and re-found the caves by visible emmission of condensations from the caves. Gergen and Jack Bay then re-opened the mines, and operated the area under the name of the Wynona Mining Co. They discovered the Silver Ledge and Eagle Roost areas, and mined and operated these areas as well. The last shipments made from the area were from the new discoveries. Records of the shipments are available and show high grade silver was mined and shipped from the region.

In 1941 W. Gergen was killed in a fire-accident, and the mines shut down, some of the properties were retained and kept by Jack Bay, but no work was done in the region after 1941, and soon the knowledge and location of the hot air caves and rich silver zones was lost.

RECENT WORK:

Through William Gergen, son of the man who found and operated the mines until March 1941, records were obtained and a knowledge of the old mines re-established. In 1964 the region was examined and sampled, and a file created on the field results. Early production from the Eagle Roost Mine came from a rugged rocky portion of the top of the southwestern ridge of Black Point, where a glory hole was developed from which selected samples assayed 32 to 450 ounces of silver per ton. On the north side of the same ridge, and 400 feet lower in topography, early miners had attempted to drive an adit into the ridge to get below silver zones found on the surface. The adit was completed to 200 feet, and several silver zones that assay 19 ounces per ton were intercepted, however, the declining price of silver in the early days resulted in termination of the work. Recent drilling above the tunnel, drilled to evaluate the 19 ounce silver zones, has disclosed a silver zone that is up to 112 feet thick assaying from 1-21 ounces of silver per ton, now designated the DOT DEPOSIT. The adit is now called the BAY TUNNEL. Much work remains to be done to evaluate these two silver zones.

Gergen and Bay produced silver ore from the Silver Ledge Area as well, where they developed an adit, glory hole, and a 70 foot incline with varying stopes, exposing and mining 12 to 60 ounce silver. The underground workings have been mapped and sampled, and the silver values verified. Drilling on a limited basis, east and west of the underground workings suggests that the old mine was developed in the center area of a large silver ore zone that has not been fully delimited by the present drilling program, and that considerable tonnage and good silver content from 1-49 ounces of silver may be expected from this zone. (See Map MP-C-1)

The hot air caves, seven in all, have been refound, and samples assaying 136 ounces of silver per ton have been obtained from the main cave. The grandsons of W. Gergen found the main cave by again waiting for a snow storm and detecting the condensations of the hot air. An aunt of theirs later found a box containing photographs of the original discovery as it appeared in 1939 with ropes lowered into it. The box also contained a sample of ore, which, along with ore found during preparation of roads into the region, not as yet completed, was melted down into a 5 ounce bar of silver to be used in a commemorative bar at a later date.

During the 1971-1972 exploration program, some 82 holes were drilled in the district in an effort to partially establish the merit of the mineralized zones of which more than seventeen have now been found. This report is essentially a summary of the results of this exploration work.

3. PROPERTIES:

Unitization of the Diamond Mining District, when completed, will result in a package of more than 8,000 acres, and some 400 claims. In this land position the following claim groups are important:

BLACK POINT CLAIM GROUP:

This group consists of the following claims:

SILVER CLAIMS 1-8

BLACK POINT and BLACK POINT NO. 1

A total of 10 claims. It is on these claims that the CONDOR ORE BODY has been partially delimited and where a considerable unexplored potential at depth and at shallow depths exists.

EDITH OHLEN GROUP:

This groups consists of the following claims:

EDITH OHLEN CLAIMS 6 claims

RIDGE CLAIMS 1-14

A total of 20 claims. It is on these claims that the BAY TUNNEL, DOT AND EAGLE ORE BODIES are partially drilled out, and where a number of other zones exist that have as yet not been fully prospected.

SILVER CREVICE CLAIM GROUPS:

The claims in this group consist of the following:

SILVER CREVICE

NORTH CREVICE

OLD CROW

QUEVA GROUP

A total of 32 claims. The hot air caves are located on these claims, and a number of surface areas of considerable merit are also present, but have as yet not been drilled or explored. All of the claims are unpatented claims of 20 acres each.

4. LOCATION AND ACCESSIBILITY:

The INDEX MAP on page 6 shows the location of the DIAMOND MINING DISTRICT in Eureka County, in Nevada, and its location with respect to main travel ways.

On page 7 the INDEX MAP shows more details of the geographic features and mining districts in Eureka County, and the location of the SILVER PROJECT AREA in the DIAMOND MINING DISTRICT located on the west slope of the Diamond Mountains flanking Diamond Valley.

The claims cover most of the jutting area designated Black Point on current topographic maps, and extend from there northward for six miles to Homested Canyon. The general region covered by the claims, though not all contiguous, is shown on the map -EUREKA QUADRANGLE. Most of the favorable silver mineralization is at an elevation along the western flank of the Diamond Mountains of about 6800 feet.

ACCESS:

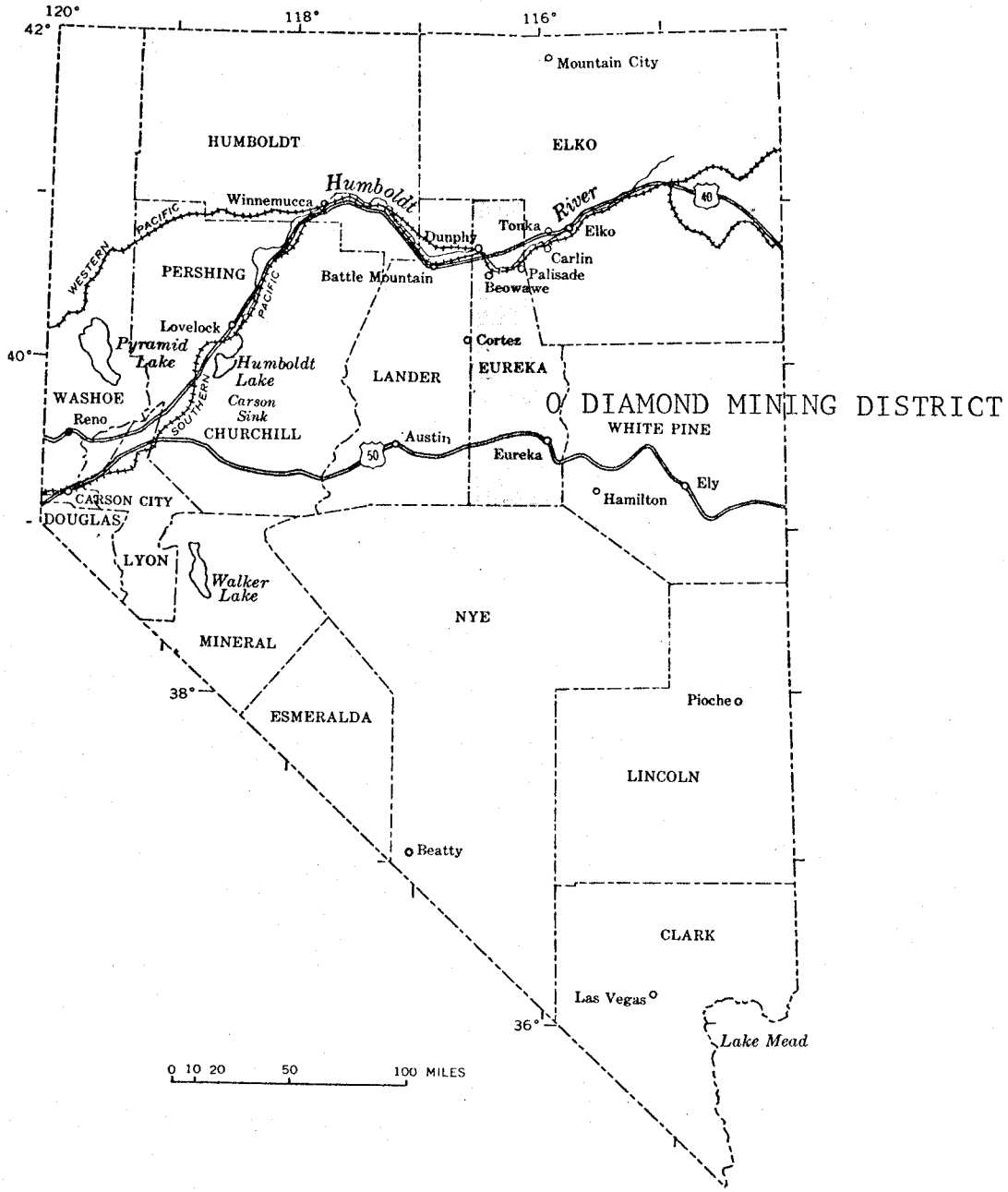
A new access road running east-west connects adjoining areas of the mineralized region with HIGHWAY 20, 10 miles to the west of the claims. A new dirt road has been prepared by the BLM and the County, which runs southward 12 miles to Eureka, and five miles of this road has been paved during 1972. Paved roads will eventually extend to within two miles of the property. Drill site roads and exploration roads permit access to most of the mineralized areas in the vicinity of Pedrioli Creek, which would be the water supply for a milling operation. For the most part, however, at this writing, the vast majority of areas of merit on the properties are not as yet accessible.

The property area is approximately 90 miles west of Ely, Nevada where supplies, rail and air transportation facilities are available, and about the same distance south of the Beowawe-Carlin-Elko supply areas with their rail and air facilities. The town of Eureka, 12 miles south of the property area has only limited supplies and facilities.

5. CLIMATE-VEGETATION:

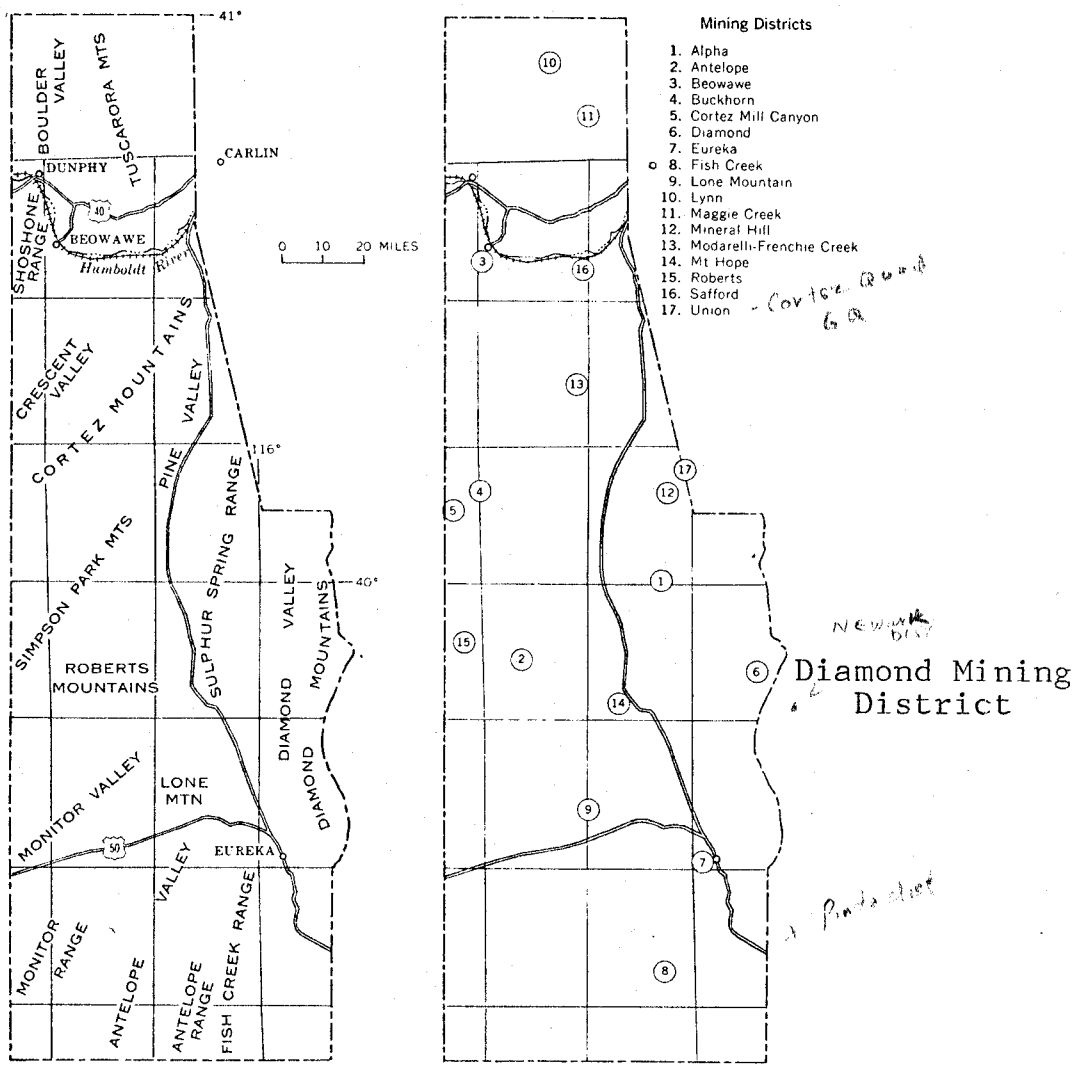
The claims are located in a sage-pine biome. The ground is sparsely covered with sage and some pine and juniper tree growth. Over the silicified and mineralized areas, there is only low brush growth. Bed rock and surface exposures are abundant and permit geological work to be done efficiently and in detail.

The climate is very equable with summer heat not exceeding 90 degrees, and winters dry and mild conditions assure an all-



Index map of Nevada showing location of Eureka County.

Eureka County, Nevada



Index map of Eureka County showing location of major geographic features and mining districts.

2

The Eagle Roost Mine and Silver Project located in the Diamond Mining District.

year round mining and milling activity. Annual precipitation varies from 8 to 15 inches per year, and is seldom concentrated, so operations can be conducted throughout the year.

Open pit and underground operations that might develop on the property would be conducted without any difficulty.

WATER:

For much of the year water runs in Pedrioli Creek which is supplied by several undeveloped springs at the head of the Creek. Considerably more water could be developed by opening these springs, and the geological conditions and geographic conditions are good for a dam to pond the water if necessary.

POWER:

Mount Wheeler Power Company, affiliated with the Sierra Power Company, have recently completed power lines and stations coming within two miles of the property. Thus commercial power would be available for any operations contemplated in the region.

The various requirements for a commercial interprise in mining, ore, water, power, access, are all available in the Diamond Mining District.

GEOLOGY

1. GENERAL:

King and Hague began their geological work in the district in 1869. Work since then has been compiled by the Nevada Bureau of Mines into Bulletin No. 64 - GEOLOGY AND MINERAL RESOURCES OF EUREKA COUNTY, NEVADA, by Roberts, Montgomery, and Lehner, available as of 1967. Professional Paper No. 661 by the U.S.G.S. also provides details on regional and local geology as does several other U.S.G.S. papers and reports. Details contained in these published materials will not be repeated in this summary, since most of the above publications are available.

The silver properties are located on the Diamond Mountain which lies on the eastern border of Eureka County. This mountain range crests at altitudes from 7,500 to 8,500 feet, with Diamond Peak at 10,614 feet. Black Point, the main area of present interest, a southwesterly jutting ridge on the west flank of the range, is at an elevation of 7,132 feet. The mine portal of the Condor Silver Ore body, is at about 6800 feet. The Bay Tunnel Portal is at about 6600 feet, just above the level of Pedrioli Creek.

The Diamond Mountains are composed mainly of Paleozoic rocks of the eastern, western, and overlap assemblages described in Bulletin 64. The Eastern Rock assemblages, mostly carbonate, predominate in the region. The Western Assemblage rocks are on the west side of the range, and the Overlap Rock assemblage occur mostly in the northern part of the region. Volcanic rocks flank the range at the south end.

For practical purposes, it is the Devonian rocks, essentially the Devil's Gate limestone, and mostly carbonates of the Eastern Assemblage, that are important in the region. The silver ore deposits so far found occur in the Devonian rocks which have been extensively silicified and altered.

High angle reverse faults parallel folding of the rocks. The zones of mineralization that have been most drilled are at about the eastern limit of the Roberts Thrust, with all that implies. The Black Point Ridge has been mapped and found to be comprised of the Eastern Assemblage rocks, and in addition to the Devil's Gate limestone, the Silurian Lone Mountain formation is also present. These formations correlate well with the Guilmette and Nevada formations of eastern Nevada, which are most often host to ore deposits, and prospected extensively.

2. MINERAL DEPOSITS AND SILVER ZONES:

The silver mineralization occurring in the Condor, Eagle, Dot, Bay, and other areas are of a type that falls into one of the four principal geological settings studied and identified in Eureka County.

The four types of ore deposits found in Eureka County include the following:

1. Gold-Silver
2. Lead-zinc-silver-copper
3. Silver-Lead
4. Manganese-antimony-nickel deposits

Recently deposits containing only copper have been found, and in the Diamond Mining District, the discoveries are essentially silver with only minor gold. Pyritic zones are also known that contain only lead or zinc, very little other values. Much more work has to be done on the ore deposits of the county to elucidate their varying features.

Characteristically the silver deposits are found in carbonate rocks that have been extensively altered-mainly silicified. Silver and gold values vary considerably, which is characteristic of peripheral silver deposits that are generated by intense centers of mineralization often leading to base metals deposits at depth.

The mineralization in the Condor, Eagle, Dot, and related areas is essentially silver with only minor gold, but in the Queva, Silver Star, and Silver Crevice areas, gold-lead-zinc play an important role as well, indicating important zoning which needs to be studied in detail. It is possible at depth, or laterally to the north, mineralization may reveal base metal deposits with high silver content. At this writing less than 5 % of the mineralized area has been prospected and studied.

IGNEOUS ROCKS:

There are no associated igneous rocks or intrusive rocks or bodies in the claim area now known, but drilling and other studies indicate that some near surface dacite or latite bodies may exist. Detail mapping of the district is now only getting underway with aerial photo coverage and base maps in progress. Eventually more information on intrusive rocks and their possible genetical relationship to the mineralization will be assembled.

Aereomagnetic anomalies, flown by the government, show the region now being prospected to be part of a high anomaly which may suggest extensive igneous masses residing below the surface. Effusive rocks are abundant south of the area, and while much younger in age than the mineralization now being drilled, may reflect long continuing igneous activity in the region.

ZONING:

Mineral zoning seems to prevail in the region. Lead-zinc ores have been mined from the northern portion of the district. The Phillispburg Mine was essentially a lead-silver mine. In the Black Point area silver lies to the south and west with

copper-silver and lead-copper-silver zoned to the east and north. Since the formations in which they lie have been tilted, the mineralization may represent both lateral as well as vertical zoning. Detailed mapping when completed will permit a greater evaluation of this feature. Petrographic analyses on samples obtained from various portions of the district when compiled will no doubt add to the understanding of the zoning and the emplacement and distribution of the various ore values in the region.

3. STRUCTURAL SETTING:

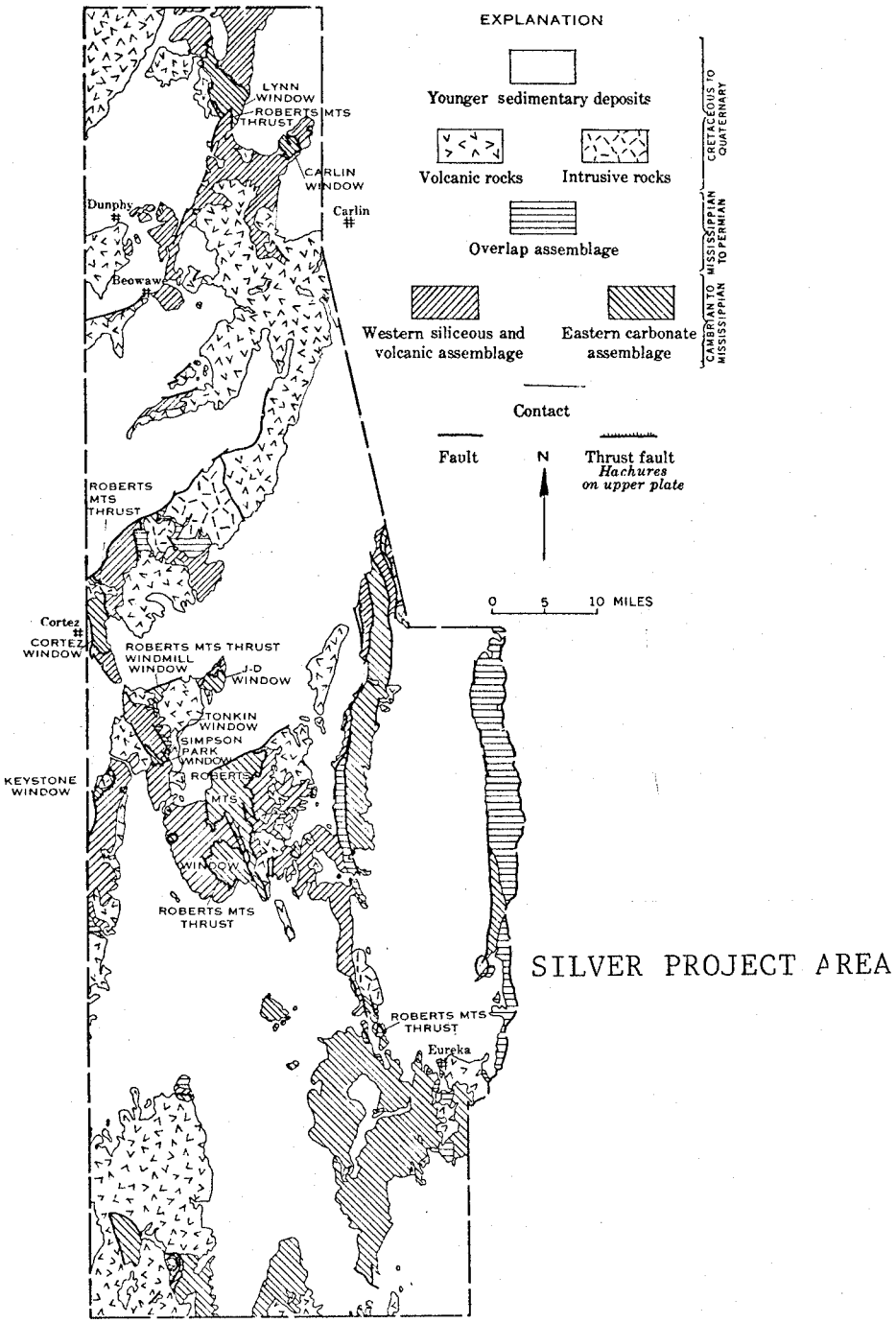
There are east-west and north-south structures, including normal and reverse faulting. The east-west features seem to be post-ore, having displaced ore bearing strata in several places. Re-curring movement along the structures also seem to have played a vital role. Basic control seems to reside with the north-south structures and these are being investigated in detail.

Pervasive silicification, related to ore, seems structurally controlled. The generalized geological and structural settings for the silver areas can be observed on the maps in Bulletin 64, and the recently compiled geological maps for Eureka County. Also see the summary map on page 12.

4. STRATIGRAPHY:

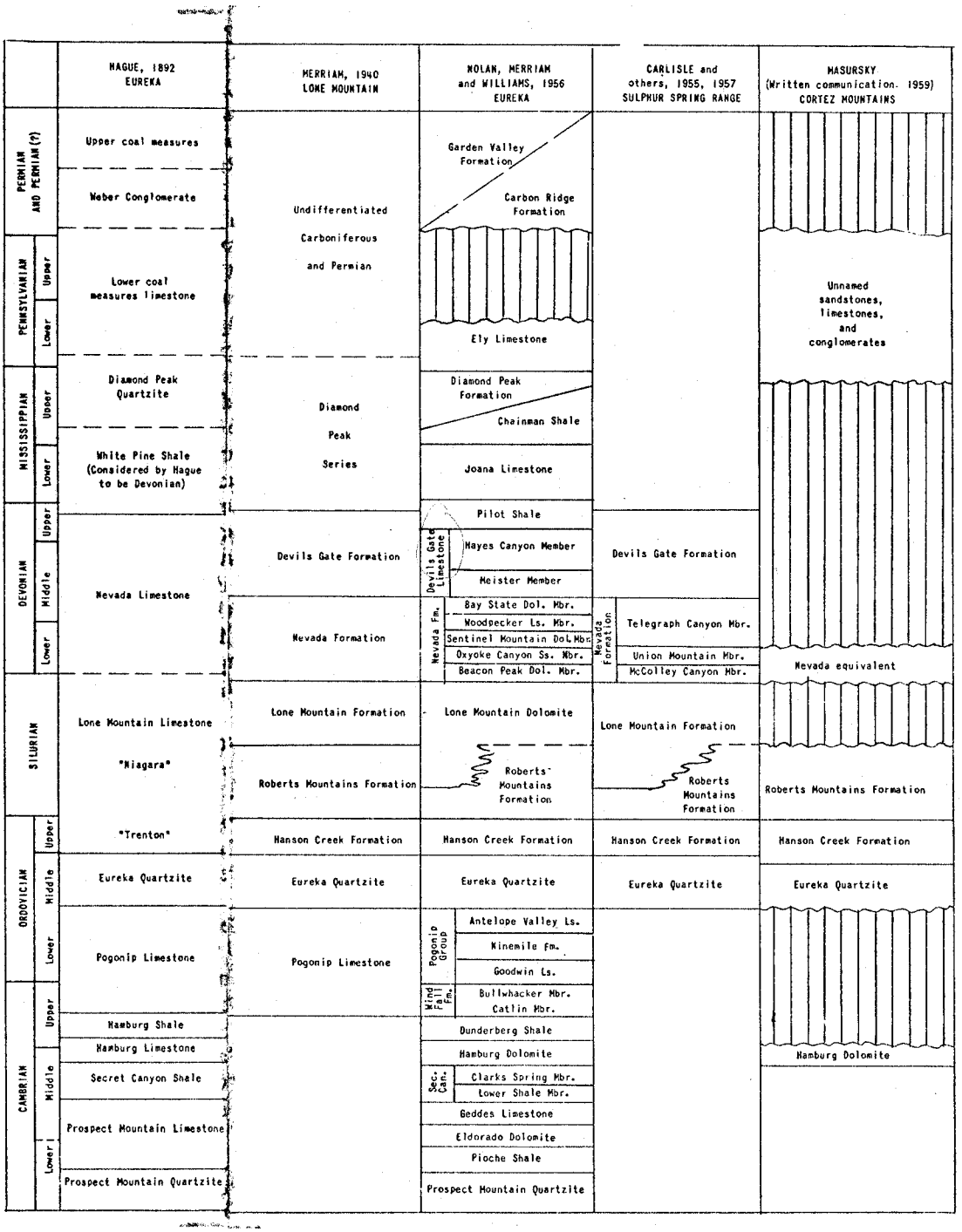
A summary of the formations and rock correlations pertinent to the project area is provided on page 13. Bulletin 64 also provides other details. The Devonian formations are the most important. The carbonates, limestones and dolomitic rocks of the Devil's Gate formation, and the Silurian Lone Mountain limestone are the most important, and host to the mineralization drilled to date. The formations are extremely altered and locally well mineralized. The massive limestones dip westward but have been deformed by structures mentioned above. The most important guide to ore is the alteration described in this report under MINERAL INVESTIGATIONS. A summary geological map showing the Diamond Mining District is provided on page 14.

Detailed maps are now in preparation. High and Low level aerial photography has been completed, topographic maps and geological maps are being prepared, and invidisual areas are being mapped on larger scale. The project is, of course, a continuing one, and until the district has been fully evaluated, drilled, and all zones delimited, the work will not be finished. What is reported herein, is therefore, but a preliminary and a progress report.



Map of Paleozoic assemblages and major structural features in Eureka County.

GENERAL STRATIGRAPHY



MAIN ROCKS ARE THE DEVONIAN FORMATIONS

EXPLANATION

Qs — Surficial deposits (QUATERNARY)

TKfn — Tertiary(?) fanglomerate and Cretaceous Newark Canyon Formation (CRETACEOUS AND TERTIARY(?))

Pcr — Carbon Ridge Formation (PERMIAN)

IPMe — Ely Limestone (PENNSYLVANIAN)

Mdpa — Diamond Peak Formation above Bold Bluff thrust (MISSISSIPPIAN)

Mdpb — Diamond Peak Formation below Bold Bluff thrust (MISSISSIPPIAN)

Mcb — Black Point facies of Chainman Formation (MISSISSIPPIAN)

Mcw — Water Canyon facies of Chainman Formation (MISSISSIPPIAN)

Mj — Joana Limestone (MISSISSIPPIAN)

MDp — Pilot Shale (DEVONIAN)

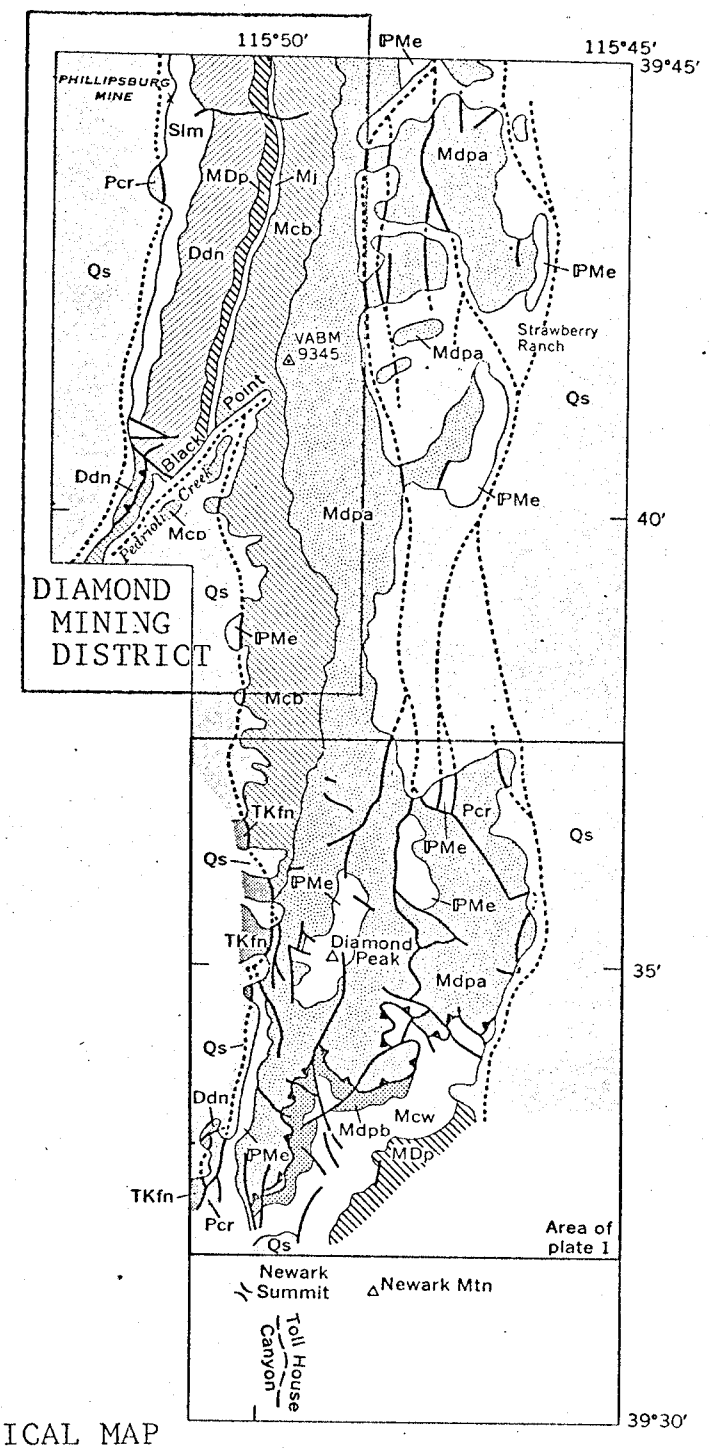
Ddn — Devils Gate and Nevada Formations (DEVONIAN)

Slm — Lone Mountain Dolomite (SILURIAN)

Contact

High-angle fault
Dotted where concealed

Low-angle or thrust fault
Sawteeth on upper plate



GEOLOGICAL MAP
DIAMOND MINING DISTRICT

0 1 2 3 MILES

MINERALIZATION

1. GENERAL:

Mapping and sampling is now in progress. In the District drilling was continued until February 1972. Earlier samples taken in 1964 indicated silver contents from 12 to 450 ounces in the various mineralized areas. Shipping records show ores of 12 to 108 ounces were shipped regularly. The average seems to have been more than 40 ounces, but not enough is known about the very early shipping history.

BAY TUNNEL:

A sample from the lower tunnel which was never completed, and which enters the mountain not more than 200 feet, assayed .01 ounce of gold, and 19.38 ounces of silver. The tunnel intercepted silver ore. The tunnel is now being mapped and channel samples taken along its walls every five feet. The objective of the tunnel was to intercept at depth the mineralization found to the south at the top of the ridge, but the work was never completed. Drilling can now best evaluate the subsurface potential, and this is being done above the tunnel area and to the south. A series of holes were attempted to be drilled from the surface just beyond the end of the tunnel these holes, as will be described below, intercepted silver mineralization only a few feet below the surface and as yet the objective at tunnel level, 200 feet below the surface where the drilling commenced, is still to be achieved.

CONDOR MINE:

Originally mined as the Wynona, then the Silver Ledge, the most extensive underground workings in the region is now known as the Condor deposit. Some 24 holes have been drilled in this region and the results will be discussed briefly below.

SILVER MINERALIZATION:

The primary silver ore seems to be argentite and locally, tetrahedrite. The argentite is common in the upper portions of a silver mineralized region, suggesting that the mineralization as now known may extend to some depth. Tetrahedrite has been found in abundance on the east flank of the Diamond Mountains at the Meister Mine and Bay State Mines where the writer is also conducting exploration and drilling to enhance the reserve position. This is a higher temperature zone, however. The argentite in the Diamond District seems to have oxidized, formed chlorargyrite, a yellow film, and to have formed zones of enriched silver along certain broken and fractured areas in the altered host rocks.

Accompanying the silver is minor amounts of gold. Previous shipping records show the gold value averaged .01 to 0.04 ounces per ton. But silver is the predominant value. The mine area recommended for future exploitation is essentially a silver mine. However, locally, and extending northward increasing amounts of copper--lead-zinc occur in the ore.

ASSAYING:

Assaying, still in progress, is only partially summarized on the drill logs or drill hole maps. When all of the petrographic results and laboratory data has been received, detailed drill logs will be compiled for each hole completed. Underground and surface samples also appear on some of the maps so far compiled from the field data, but field work is still in progress.

Therefore, this report is subject to constant revision and updating, as are the maps. With more than 95 % of the region that is favorable yet to be evaluated, this present report is to be considered only preliminary in character.

2. SILVER ZONES:

For the purpose of this report only the results of the most pertinent silver zones will be summarized as they constitute immediate reserve potential and can be evaluated in more detail at less cost than the other zones. They also lend themselves to open pit mining and constitute a reserve of easily mined and processed material while continuing exploration goes on in the district.

At this time the most important and largest of the silver zones is now designated the CONDOR DEPOSIT. A summary of its features will follow:

THE CONDOR DEPOSIT:

An extensive zones of altered and silicified Devonian rocks are exposed on the west slope of the first hill north of Pedrioli Creek, and is known as the Silver Ledge area. The most extensive underground workings in the district are found in this area.

Mapped as MP-SL-1, the surface drill holes and underground workings together suggest an appreciable reserve of silver ore running an average of at least 6 ounces, but the total tonnage and average will require confirmational drilling since the zones of mineralization at present has been delineated only on one side and perhaps as much as 75 % of the mineralized area remains to be drilled. When such work has been complted, it may very well be that a conjectured tonnage of 4 million tons will be confirmed, at present, there is sufficient data to suggest that at least 1 million tons of ore exists in the project area of the Condor Deposit.

On page 17 the assay data for samples taken from the underground sampling and mapping project are provided. The map MP-SL-1 summarizes this data as well as showing the drill results so far obtained of holes drilled east and west of the mineralized underground workings. Additional holes can now be drilled in the designated areas to confirm the dimensions of the deposits and its limits.

DRILLING:

Percussion drilling was employed because of the extremely brecciated and broken character of the silicified rock. Holes were 5½ inches in diameter, and recovery was effected by high pressure air (250 psi). Samples were collected on 4 foot intervals.

Hole SL-1 intercepted only low grade mineralization and may reflect the northwest edge of the deposit. Hole Sl-2 intercepted a zone of mineralization which averages 1.83 ounces and is 84 feet thick, and since this would have to be removed to mine the richer portions, and is high enough grade to pay for mining and milling, it represents a portion of the reserve for the Condor zone.

Hole SL-3 intercepted only 60 feet, indicating the zone of mineralization is thinning southward, but gets richer, and hole SL-4 was aborted because of bad ground, SL-7 was drilled as an off-set and intercepted 24 feet of ore averaging 6.64 with some assays intervals for 4 feet as high as 29 ounces per ton. SL-5 was aborted because of bad ground, and off-set hole SL-6 intercepted silver mineralization up to nearly 6 ounces per ton. Surface samples south of hole SL-6 assayed 32.11 ounces per ton, and future drilling is contemplated for the area to the south. Surface alteration extends for another 500 feet south of the last drill hole.

The holes Sl-8 to Sl-11 did not intercept silver mineralization above 1 ounce per ton, and therefore constitute a west edge and northwest corner for the silver zone, but several holes should be drilled west of the last holes to make sure that the holes showing far less values may only be a lean zone.

Holes drilled eastward in January are still being evaluated, and some show values sufficient to be included in a reserve, and may indicate the boundary of the silver mineralization on the east. The sites are only about 150 feet from the top of the ridge which would limit the deposit in that direction anyway.

Hole SL-21 does still indicate mineralization is extending far to the north, so the map shows nearly 75 % of the favorable ground remains to be drilled. With the drilling and underground assays as shown, the present possibilities of an ore deposit of at least 1 million tons seems assured, and the silver values seem to indicate that from 6 to 12 ounces may be the average, but this will be confirmed as the drilling proceeds. The average could well be more as the areas undrilled are prospected.

The stockpile of 12,000 tons outside the adit assays an average of 12 ounces per ton. Shipping records indicate there was considerable high grade removed. The work now planned for the region will establish the character of the deposit in detail.

EAGLE DEPOSIT:

On the west side of the hill south of Pedrioli Creek, and several thousand feet south of the Condor Deposit, some wire silver was found. A 50 foot trenched area opened by earlier miners in the district exposed mineralized limestone intensely silicified that assayed 7 ounces of silver per ton.

Roads and drill sites were prepared in order to evaluate this zone. A preliminary series of holes were attempted and those completed permit one to conclude that the area drilled is the west portion of an ore body that may have considerable dimension, and have a large reserve of ore with good silver values of 1 to 49 ounces of silver per ton. The reserves of this area, when fully delimited, added to the reserves of the Condor Ore Body will augment a milling operation and provide a long range program.

Hole ER-1, in the series of holes drilled on the Eagle Zone (See Map MP-ER-1) was a difficult hole to drill and what material was recovered below the limestone did not assay high silver. ER-2 was drilled in loose ground later identified as altered latite either a portion of the basal Pilot Shale beds, or an igneous dike. Future drilling will attempt to work out the lithological picture in this area. Hole ER-3 obtained little recovery for the first 100 feet, and samples below 100 feet assayed 1.51 ounces of silver per ton.

The experience in the drilling of this area soon resulted in improved drilling methods, and utilizing a water injection approach, off-set holes were drilled and these yielded much better results because of the improved recovery. Hole ER-11 obtained fair recovery down to 100 feet where a facture zone was intercepted and at the time of drilling no attempt was made to seal it off. Samples for the first 76 feet assayed 4.04 ounces of silver, and the bottom 40 feet, where less recovery was achieved assayed more than 6-8 ounces of silver per ton. Thus, when good recovery is achieved, the values in the ore zones are excellent and indicate an appreciable thickness and good silver values. It is now recommended that off-set drilling be done east of the ER-series drilled on the Eagle Roost to continue to delimit the zone.

Hole ER-9 intercepted ore up to 49 ounces per ton, and as yet no off-set holes north and northeast of this hole have been drilled. With the pit zone assayed, and the preliminary drill holes along a north-south trend, a zone of mineralization several hundred feet long and 100 to 200 feet wide has been established with holes ER-13, 14, and 15 probably representing the west edge of the zone, with the southern, northern, and eastern edges yet to be established. Thicknesses will be up to 76 feet at least, and values will run up to 49 ounces based on present assay values. The drill logs for the Eagle Ore Body zone accompany this report.

DOT ZONE:

Map MP-ER-WS-1 shows the location of the drill holes of the Dot Zone and the location of the Bay Tunnel. Roads and drill sites were prepared above the southern end of the Bay Tunnel so drilling would be able to evaluate the near surface zone as well as possible extensions of the 19 ounce silver assays fround 200 feet below the surface in the Bay Tunnel. Holes ER-4, 5, and 6 were drilled in the first series, Hole 6 seemed to have been drilled in a fault zone and should be off-set because of poor recovery. Holes ER-4 and 5 were completed and had fair recovery and the assay values indicate a silver zone, probably the west edge, which extends eastward into the small pit area where samples indicate a 21 ounce silver zone at the surface.

Holes ER-4 and 7 with thicknesses of 84 and 76 feet of silver with values averaging 2.14 ounces, indicate a large low grade tonnage potential in this area, but with possible higher grade silver values as the zone extends eastward. Drilling will have to be done to confirm this, and to fully evaluate the size and value of the zone. The silver values tend to thin northwest, and several holes on the west side that intercepted little value and less altered rock, suggests this series of holes has established only the western portion of a silver zone that could extend for some distance to the east. The present drilling and sampling indicates a zone at least 400 feet long and perhaps at least that wide, which would provide considerable additional tonnage for the milling activities recommended for this area.

Because of the upper silver values in the holes drilled only shallow holes were drilled at this time, and the Bay Tunnel potential still remains to be evaluated.

3. OTHER ZONES:

Other zones of mineralization in the claim area that have been sampled include:

BLACK POINT ZONE:

Surface samples from this area assay 1 to 32 ounces of silver, in an around old workings. Drilling will be able to eventually evaluate this area which is east and south of the Eagle Zone, and may actually represent the eastern edge of the Eagle Zone, if so, there is a very large multi-million ton zone of ore in this area.

STAR:

On the Star claims, to the north, an outcropping of

of mineralized limestone assayed 62.48 ounces of silver per ton, with 2.73 % copper and 2.38 % lead. It is within the base metal zoning area, and has a large surface exposure and roads and sites will eventually be put into the area and the sampled area drilled to ascertain its full merit.

CUEVA (QUEVA):

Samples from another base metal zoned area east of the Condor area assayed 34.44 ounces of silver per ton. Roads and sites have not been put into this area as yet.

EAGLE ROOST CLIFF:

Above and eastward of the Eagle Deposit area, in the rugged cliffs of the top of the ridge, samples of an altered area assayed 305.74 ounces of silver per ton. Because this area has not been mapped or further evaluated, the significance of the high grade results is not known, but perhaps there are some near surface areas of extremely high grade ore, and this can be confirmed by field work and eventually drilling.

KATHY ZONE:

Numerous samples from this zone have been taken and the results are appended to this summary report on assay sheets. The area is being evaluated, and eventually may add to the reserves of the district. A small open pit potential of 3. to 6 ounce silver does exist that is 10 feet thick and has been exposed by dozer cuts.

NORTHERN CANYONS:

Claims staked in the Homested and northern canyon areas of the district have provided assay values from sampled areas running from 32 to 605 ounces of silver per ton. But mapping and field work has only started in these areas, and no idea of the merit, potential and possible tonnages can be determined as yet, except the areas are good for prospecting, and eventually drilling. Clearly much work remains to be done.

4. DRILL LOGS:

The assay and preliminary lithological drill logs for the DOT, EAGLE, and CONDOR ore deposits are included with this summary report. Petrographic work is still in progress and when completed the logs will be revised and completed. Some additional assaying is also being completed, mostly on areas above and below ore zones to make sure all zones that might carry silver values have been assayed.

MAPS

1. GENERAL:

At this writing mapping is in advanced stages, but is a continuing program and will not be completed until the final work in the district has been accomplished.

Accompanying this report are the following maps:.

CLAIMS MAPS: MAP SBR-1

This map shows the main properties on which the EAGLE, DOT, AND CONDOR ore deposits have been found so far. Other claim maps are in progress of being compiled for the district, and a composite claim maps is also being prepared.

DRILL HOLE MAPS:

The following maps of the drilled areas are included:

CONDOR ORE BODY:	MAP	MP-C-1
	MAP	MP-SL-1
DOT ORE BODY:	MAP	MP-ER-WS-1
BAY TUNNEL:	MAP	MP-ER-WS-1
EAGLE ORE BODY:	MAP	MP-ER-1
BELLE ORE BODY:	MAP	MP-B-1

From aerial photos of the region, a base map showing the geology and topogrpahy is being prepared, and all claims will eventually be plotted on this map as well. The aerial photos were taken by Aerial Surveys, Ltd.

The maps are all subject to additions and revision, and are therefore dated. Revision dates will appear as further work is completed. The maps show the average assay values in the drill holes including all silver values about 1 ounce per ton or more. The average values are therefore lower, but the average value can be increased by decreasing the tonnages.

A summary of the Claim Groups, Ore Zones, Holes drilled, and values appear on page 23, a January 1972 progress report.

DIAMOND MINING DISTRICT
STATUS
JANUARY 1972

CLAIM GROUP	ORE ZONE	HOLES DRILLED	INDICATED TONNAGE	SILVER CONTENT
SILVER LEDGE:	CONDOR	23	1,200,000	1 to 27 oz
	BARBARA	2		1+
EAGLE ROOST:	EAGLE	13	200,000	1 to 49 oz
	DOT	9	200,000	1 to 21 oz
	BAY TUNNEL			1 to 19 oz
	FALCON			1 to 350 oz
	COMSTOCK	1		1+
BLACK POINT:	BELLE	10	100,000	1 to 32 oz
QUEVA:	KATHY	10	200,000	1 to 306 oz
	NOON			1 to 14 oz
OLD CROW:	JANE	2		1+
SILVER CREVICE:	LOST CUEVA			1 to 92 oz
NORTH CREVICE:	caves			
SILVER STAR:	STAR			1 to 60
MINOLETTI:				
HOMESTED:	Lucky Legs			1 to 10
SHEEP CANYON:	Pixie			1 to 39
WALTERS CANYON:	MAGGINI			1 to 5

VALUES INCLUDE COPPER-LEAD-ZINC AND GOLD IN ALL ZONES EXCEPT THE SILVER LEDGE AND EAGLE ROOST AREAS.

PRESENT CLAIM: 325 6500 acres

OTHER DISTRICTS

1. GENERAL:

It should be clearly realized, that the SILVER PROJECT embraces a file of 60 districts. In 1971 drilling started in the DIAMOND MINING DISTRICT, in 1972 drilling has been conducted in the NEVADA MINING DISTRICT, the SAN FRANCISCO MINING DISTRICT, the NEWARK MINING DISTRICT, and the WASHINGTON MINING DISTRICT, all with success and the total reserves these and future drilling activities will develop create the basis for a long term milling and mining activity for a unitized program involving all of the districts whereever discoveries are made.

Each of these Districts will be the subject of reports, and information on each of the above is now being compiled. A brief statement on each of them will now follow until such time as detailed reports are available.

NEVADA MINING DISTRICT:

In this district 115 holes have been drilled. Some 37 mineralized areas are known, only eight have been drilled, and in six of these ore deposits have been found that assay 1-14 ounces of silver per ton, all within 80 feet of the surface, shallow, 4 to 60 feet thick, and amenable to open pit methods. The gold values are fair in this district as well. This district is six miles east of Ely, Nevada about 90 miles east of the Dimaond District.

SAN FRANCISCO DISTRICT:

The log for the discovery hole on the Rover No. 2 Claim accompanies this report. Silver up to 48 ounces and gold up to .22 ounces per ton were intercepted within the upper 40 feet of the drill hole. Claims are now being staked to cover favorable ground, and a series of additional drill holes are being drilled to prospect other adjoining areas on other claims. The district is six miles northwest of Ely, Nevada and very accessible.

NEWARK MINING DISTRICT:

In this district some 60,000 tons of ore are stockpiled with 3 to 12 ounce silver values, and the eight drill holes so far drilled suggest the structures containing the silver ore are going to depth. Additional drilling is being planned for this district which has beddings zones that assay 12 to 84 ounces of silver. It will take time and means to evaluate this district which is about 20 miles from the Diamond Mining District.

WASHINGTON DISTRICT:

Two holes were drilled during August 1972, assaying is still in progress. Claims have been consolidated in this area, and roads and sites are being made to mineralized areas. The main field effort in this district will be made during 1973. The district i- about 120 miles west of the Diamond Mining District, and will provide some additional reserve for the Silver Project, at least, and perhaps a major contribution if the drilling is successful.

2. OTHER DISTRICTS:

Work is now underway to make preliminary evaluation of other districts in the files, and to select drill sites and preliminary locations for field work and evaluation. As exploration gets underway in these districts additional reserves for a total SILVER PROJECT will be added.

MILLING

1. GENERAL:

A program of complete integration of silver activities has been recommended, from exploration to silver fabrication. In January 1972 a minting activity was formed to develop expertise in that area, and has successfully produced and sold 5 and 3 ounce silver bars, and is now contemplating a silver plate.

Of primary interest and most requisite to the project, is an initial production activity. It is recommended that the Diamond Mining District be the central district in the Silver Project, and that a 1,000 ton per day installation be installed in that district with an accompanying bullion furnace facility, to which concentrates from other districts can be brought for processing.

The 1000 ton per day facility could then be expanded to 2000 tons per day as reserves and mining activities permit. A preliminary chart outlining the devélopment of such a program is added to this report.

It is recommended that the CONDOR ORE BODY, be fully delimited and prepared for mining. The reserves of this ore body would supply a 1,000 ton per day operation with ore for three to 12 years, depending on just how much more tonnage is added as the engineering drilling is completed. When the EAGLE, DOT, AND BAY ZONES are completely drilled out, their tonnage and reserves will justify the expansion to a 2,000 ton per day facility, and the total reserves that will be added to the picture as the remaining 95 % of the Diamond District is explored will sustain an operation there for some time in the future, more than adequate to amortize and repay loans or financing as required and produce considerable profit in this day of silver demand.

Individual smaller concentrating units would be installed in the other districts, and concentrates brought to the central Diamond installation. A totally integrated program of exploration, mining, milling, bullion, silver fabricating and sales would then emerge, which would have a potential of more than 5,000,000 ounces of silver per year-or more.

My consuming 1,000 to 2,000 tons per day, the low grade ore down to almost 1 ounce in value sould be consumed. The ore zones are only a few feet from the surface, little overburden exists, and the zones are very thick, 20 to 112 feet thick, and will permit low cost strip mining. Cyanide recovery would be most applicable to begin with, and as base metals are encountered modifications to handle varying ore can be made. The required power, water, and initial reserves are now all available.

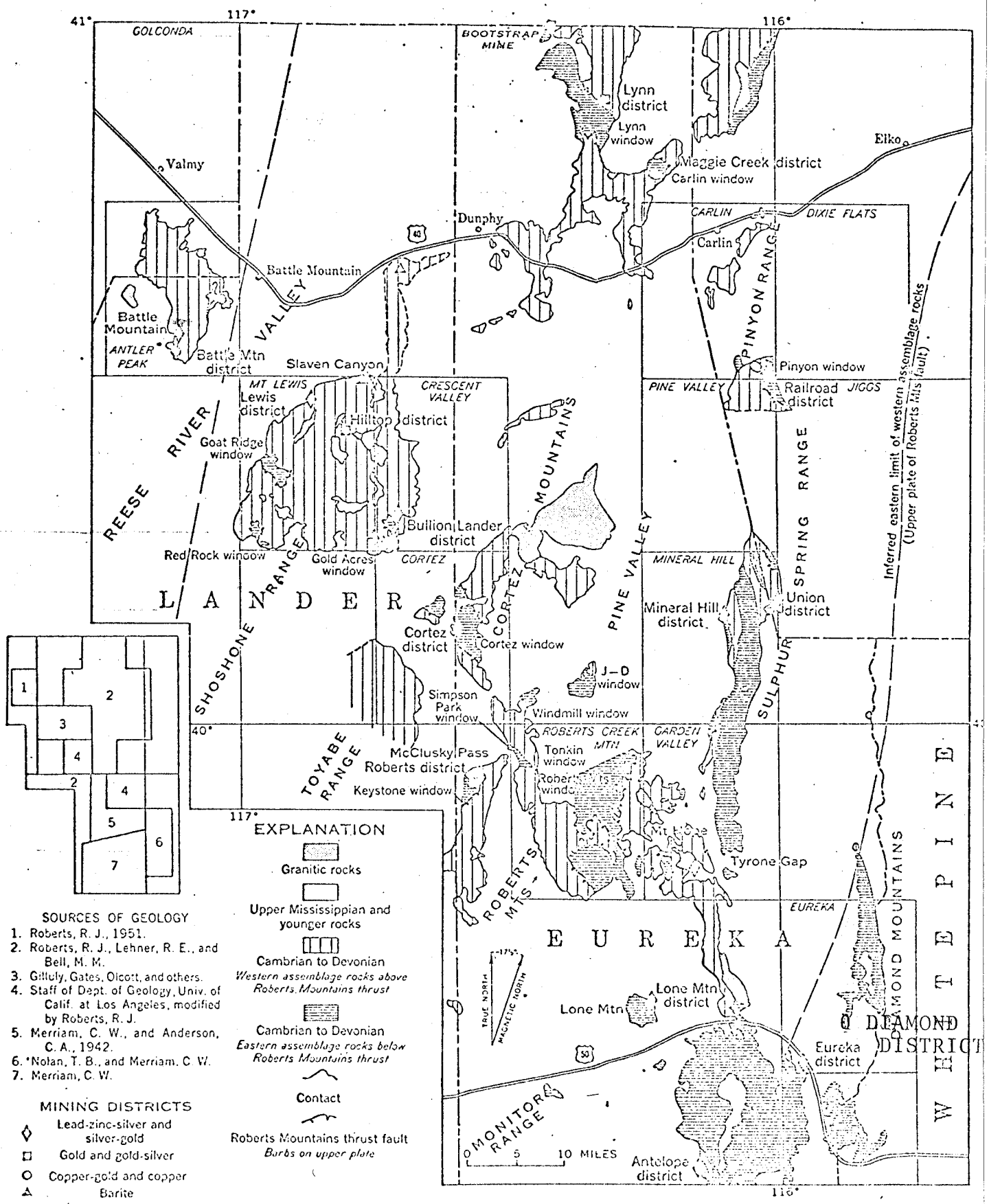


FIGURE 9.1.—Map showing distribution of Paleozoic facies, granitic rocks, and principal mining districts in Eureka County, Nev., and adjacent areas.

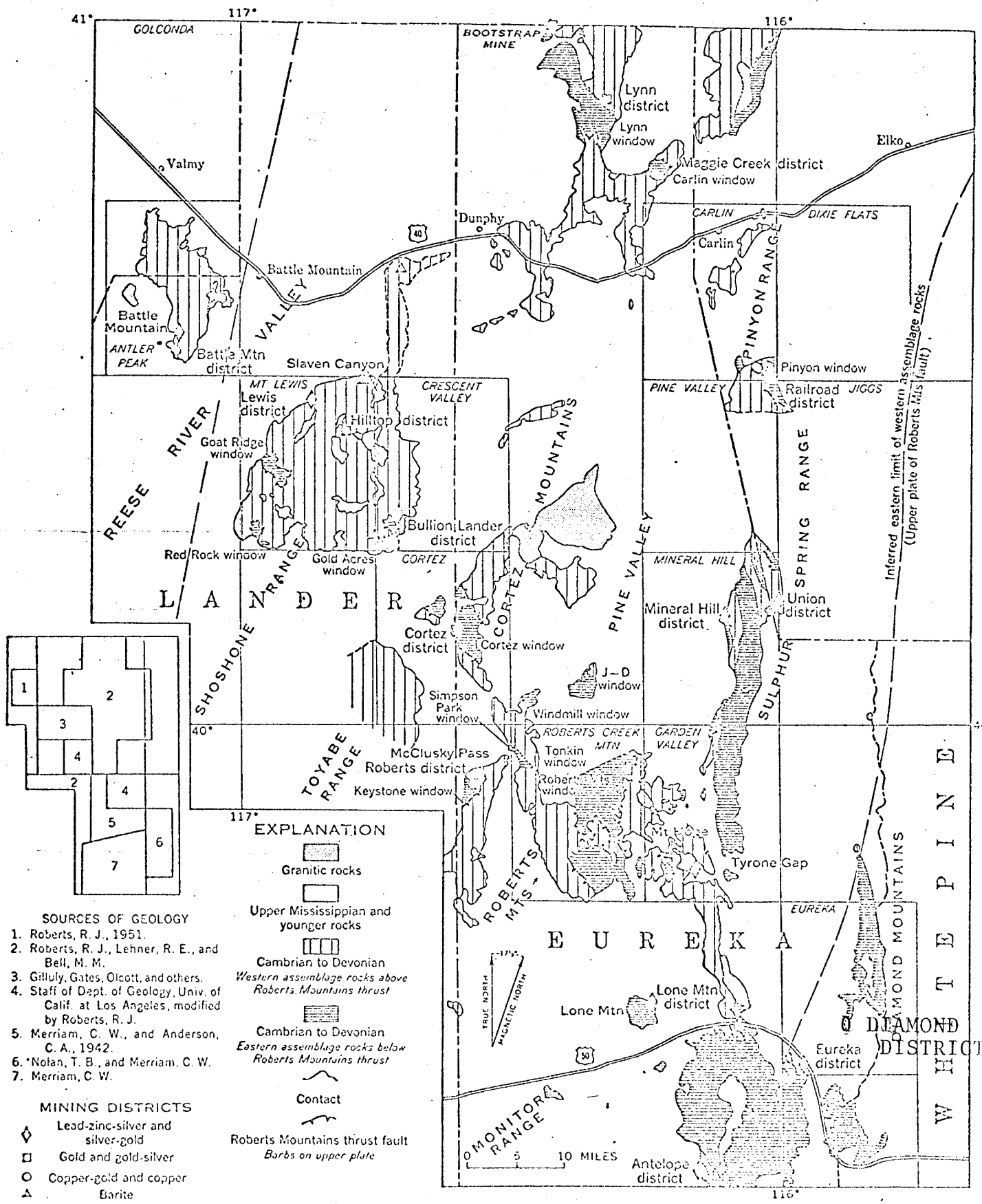


FIGURE 9.1.—Map showing distribution of Paleozoic facies, granitic rocks, and principal mining districts in Eureka County, Nev., and adjacent areas.

WHITE PINE ASSAY CO.

P. O. BOX 286 PHONE 289-2803
EAST ELY, NEVADA 89315

CERTIFICATE OF ASSAY

Name EINER ERICKSON Date Oct. 19, 1971

SAMPLE	oz. per ton Au	oz. per ton Ag	% Cu	% Pb	% Zn
Queva - Kathy H.G.	None	3.86	0.167	1.68	
" " 2	Trace	15.46	0.462	3.68	18.96
" " 3	None	0.18	0.051	0.216	
" " 4	None	0.14	0.118	0.489	

CERT. # 10 - 13

CHARGES $32.00

Gary Stewart
CHEMIST

WHITE PINE ASSAY CO.

P. O. BOX 286 PHONE 289-2803
EAST ELY, NEVADA 89315

CERTIFICATE OF ASSAY

Name EINER ERICKSON Date Oct. 22, 1971

SAMPLE	oz. per ton Au	oz. per ton Ag	% Cu	% Pb	% Zn
Queva - Upper - 1	Trace	0.19	0.027	0.036	Trace
" " - 2	None	1.18	0.169	2.92	0.15
" " - 3 V	None	0.92	0.140	0.244	0.04
Kathy - H G	None	206.14	5.17	40.81	0.65
" East	None	303.96	19.87	12.61	4.90
" Ore	None	53.86	1.17	26.10	16.00
" 2.5 ft.	None	20.90	0.613	15.00	9.25
" 3 ft.	None	81.84	1.59	23.52	5.20
" - 1 - 30 ft.	None	4.98	0.253	3.14	2.33

CERT. # 10 - 18

CHARGES $94.50

Gary Stewart
CHEMIST

WHITE PINE ASSAY CO.

P. O. BOX 286 PHONE 289-2803
EAST ELY, NEVADA 89315

CERTIFICATE OF ASSAY

Name EINER ERICKSON Date March 26, 1970

SAMPLE	oz. per ton Au	oz. per ton Ag	% Cu	% Pb	% Zn	pb	Zn			
Bay State Top Vein - N	None	4.71	0.817	2.27	0.34					
" " Vein H.G.	None	183.24	5.19	31.13	3.70					
" " Upper Vein	None	173.61	3.66	3.99	5.50					
" " " " N	None	107.36	2.95	0.65	9.20					
" " " " N - 2*	None	12.41	0.213	0.36 ~~11.10~~	0.30 ~~15.05~~	0.36	0.30			
" " Upper Bed	None	14.16	0.253	11.10	15.05					
" " Stock Pile	None	3.68	0.111	0.21	0.17					

CERT. # 3 - 5

CHARGES $59.50

Shey Stewart
CHEMIST

WHITE PINE ASSAY CO.

P. O. BOX 286 PHONE 289-2803
EAST ELY, NEVADA 89315

CERTIFICATE OF ASSAY

Name ~~EINER ERICKSON~~ Date Aug. 3, 1972

SAMPLE	oz. per ton Au	oz. per ton Ag	% Cu	% Pb	% Zn					
Her # 1 24	0.08	18.84	0.023	0.61	4.24					
" 28 A	0.22	49.84	0.019	1.43	6.05					
" 28 B	0.20	46.14	0.102	1.06	5.88					

CERT. # 6 - 51

CHARGES Pd.

Shey Stewart
CHEMIST

WHITE PINE ASSAY CO.

P. O. BOX 286 PHONE 289-2803

EAST ELY, NEVADA 89315

CERTIFICATE OF ASSAY

Name EINER ERICKSON

Date March 26, 1970

SAMPLE	oz. per ton Au	oz. per ton Ag	% Cu	% Pb	% Zn					
Eagle Roost H G - S	0.01	24.22								
" " 6	Trace	0.36								

CERT. # 3 - 2

CHARGES $7.00

Gary Stewart

CHEMIST

WHITE PINE ASSAY CO.

P. O. BOX 286 PHONE 289-2803

EAST ELY, NEVADA 89315

CERTIFICATE OF ASSAY

Name EINAR ERICKSON

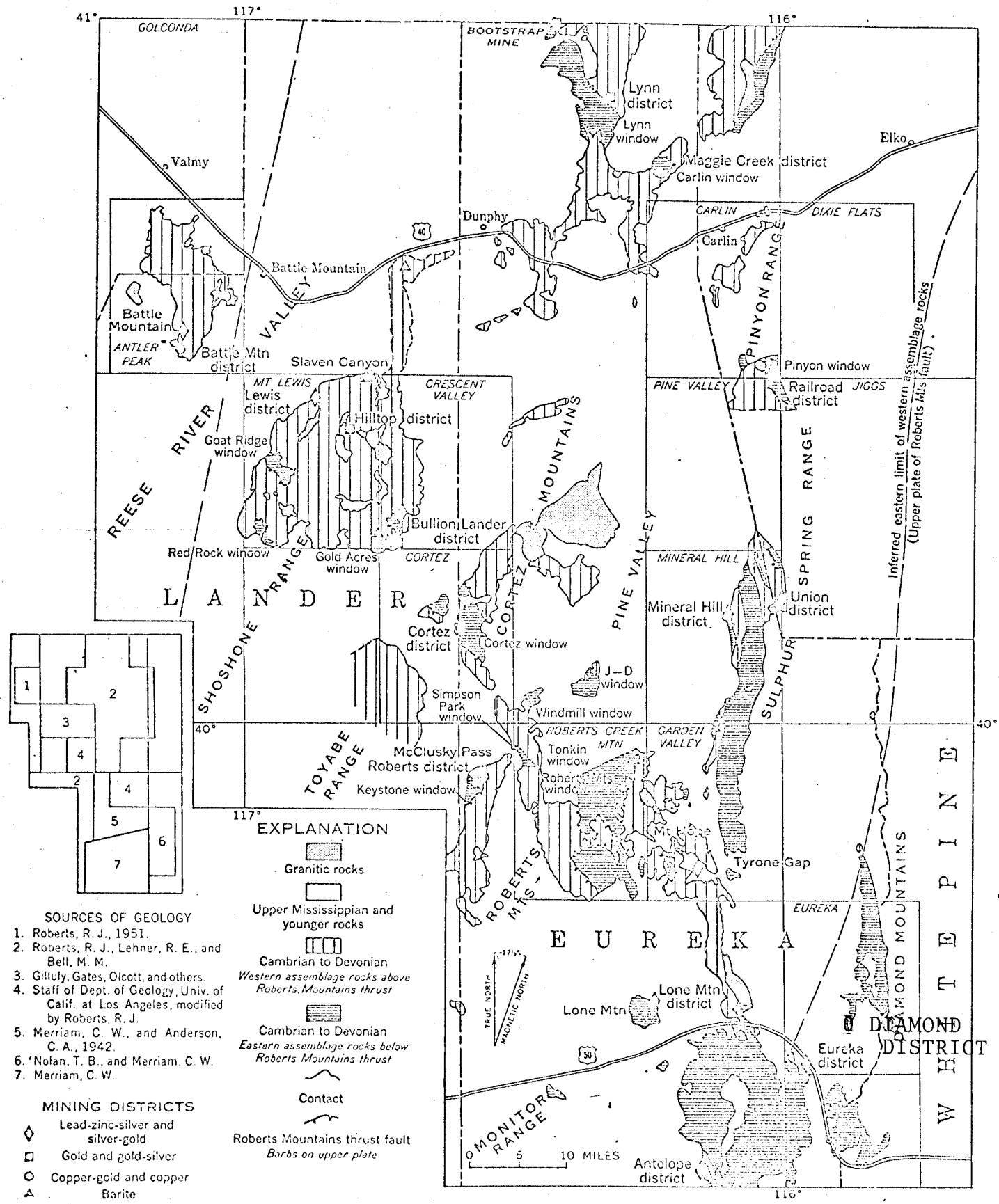
Date Apr. 6, 1971

SAMPLE	oz. per ton Au	oz. per ton Ag	% Cu	% Pb	% Zn					
Eagle Roost Cliff		305.74								
" " 8 P		1.76								
" " 9		0.16								
" " 10		1.62								

CERT. # 4-2

CHARGES $8.00

CHEMIST



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