MINE FINDERS, INC.
8700 WEST 14TH AVENUE
LAKEWOOD, COLORADO 80215
(303) 233-0585

February 9, 1972

Mr. Les Smith
Colorado Energy Corporation
5401 Western Avenue
Boulder, Colorado 80301

Dear Les:

As I mentioned on the phone, Quintana Minerals was kind enough to furnish us some information about their activity in the Eastside area, which they prospected in 1967. The most significant thing we learned was the results of their two deepest drill holes, numbers 1 and 2.

Hole No. 1 is shown on Gary's map in the northeast part of the prospect. It reached a depth of 665 feet and assayed only .02% Cu and about .010% Mo. The rocks are primarily silicified sediments from collar to 300 feet and silicified porphyry from there to bottom.

Hole No. 2 is the most northwesterly of the three other Quintana holes that are shown on Gary's map in the southwest part of the prospect. It reached a depth of 743 feet and averaged about .05% Cu and essentially nil Mo. The rocks are limy sediments except for a porphyry sill between 150 and 200 feet.

The other two Quintana holes were shallow and drilled primarily to intersect the Eastside vein. We did not receive [illegible] for them.

[illegible] conditions:

1. An initial one-year agreement wherein:

   a. M.F.I. takes over all property payments after three months.

b. M.F.I. would earn 10% retained working interest for every $100,000 spent, up to a maximum of $800,000 or 80%.

c. After M.F.I. has spent $800,000, C.E.C. would retain a 20% contributory working interest or a 5% royalty on net smelter returns.

d. M.F.I. has the option to terminate the agreement with 30 days' notice.

2. M.F.I. would have the option to sign an agreement for the second year wherein:

a. M.F.I. would continue making the property payments as well as satisfy the assessment requirements.

b. M.F.I. would make payments of $500/month to C.E.C. as an advance on profits or royalties.

c. M.F.I. would continue to earn 10% retained working interest for every $100,000 spent, up to a maximum of $800,000 or 80%.

d. C.E.C. would retain their 20% contributory working interest or 5% royalty on net smelter returns after M.F.I. has spent $800,000.

e. M.F.I. would retain the option to terminate the agreement with 30 days' notice.

3. Subsequent agreements would be similar except that M.F.I. would increase advance profit or royalty payments to $1,000/month.

[illegible]

I am going to be out of town [illegible], if you have any questions, please contact our president, Bob Wallace.

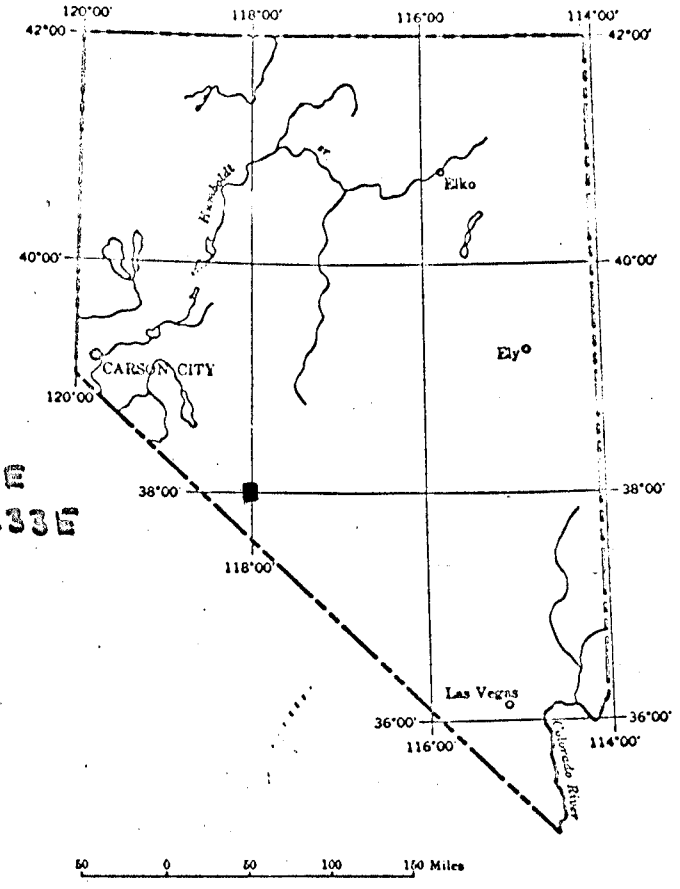
Sincerely yours,

Neil Muncaster
Vice President

NKM:rf

EASTSIDE STORY

EASTSIDE COPPER PROSPECT



EASTSIDE
T3N, R33E

INDEX MAP SHOWING LOCATION OF THIS REPORT

Interoffice Communication

To David C. Davis - Reno

From O. J. Roman - Reno

Date May 4, 1973

Subject Eastside Project

Eastside Summary

The Eastside Copper Prospect - Mineral County, Nevada (T3N,R33E) was first visited in April of 1972 with an initial good impression of the property. Subsequent to the visit Conoco obtained the property under a renewable option agreement contract.

Field work began in late April, but continual bad weather prevented an active program until May. Geological mapping, geochemical sampling and geophysical surveys were completed by September of 1972. The forementioned surveys all pointed to the "graben" area having an intrusive buried at depth.

Drilling started in October of 1972 and continued through April of 1973 with a total of 4580 feet of drilling consisting of 4 vertical core holes and 2 angle core holes. Drilling results in the graben area showed the target deeper than first thought. All drill holes had altered rock that exhibited a high degree of sulfide flooding and alteration, but low copper values. The angle drill holes were located on the old mine vein structure and did encounter copper, silver and zinc values but not of economic quantity.

In view of our present goal of an open-pit type mine operation this property does not fit into this category any longer. Additional deep and costly drilling would be necessary to find the intrusive which has produced this extensive sulfide system.

A 6 square mile area was investigated and mapped in detail for this project. The earliest rocks are the Ordovician Palmetto formation which consists of sandy limestone, limestone, shale, quartzite, hornfels and cherts each of varing thickness. Jurassic Cretaceous age dikes cut the area and are believed associated with the buried intrusive in the northern portion of the property. The area is mantled in part by Tertiary volcanics. Basin and Range faulting has produced a series of NE trending horsts and graben structures of alternating Ordovician horsts and Tertiary capped grabens. One particular graben is known as "the graben" and is of importance because of its position over the buried intrusive.

Other prominent structural trends in this area are EW and NW. Folding in the Ordovician has produced a series north trending anticlines with north plunges. Older sulfide healed fault structures are evident throughout the area and have been reactivated from time to time.

Geological mapping showed both a metamorphic and hydrothermal halo to exist around the graben with the more intense alteration skewed to the east. The metamorphic alteration recrystallized the Ordovician cherts to fine and medium grained quartzites and the shales to hornfels with sillmanite porphyroblasts. Later hydrothermal alteration produced quartz-sulfide sericite veinlets. This mineralization had several pulses producing cross-cutting veinlets that are stockwork in appearence.

Several dikes transect the area and in some cases follow older faults. The early high grade mining on the south end of the property was conducted along a major northeasterly trending dike intruded fault. Adjacent to the graben a 30-40 foot dike is exposed which is highly altered and has stockwork sulfide veinlets with some veins up to a foot in thickness. The pyrite is now limonite and jasperoid. The several dikes in the area form a radial pattern which converges on the graben area. The dike in the early workings can be traced for over a mile into the graben area. The dikes are quartz porphyry at the farthest extent and become more porphyritic closer to the graben area. The dikes in ES-1 are probably quartz-monzonite.

Geochemical sampling also haloed the graben area. Anomalous moly values were found periferial to the graben with a higher core area to the east of the graben. Copper followed a similar overall pattern but without a high core and values continued southward to the area of the old workings. No lead zinc values were encountered at the surface in the graben area, but did occur as a crescent shaped area in the vicinity of the old workings giving the appearence of an outer halo. The geochem survey was done on 200 foot centers in the Ordovician with no obvious mineralization sampled. The detailed geochem program covered approximately 2 square miles.

Induced polarization surveys were run over the entire Eastside project area. The area was found to be highly anomolous for both the resistivity and percent frequency effect plots. Once again the graben area was the central area of the anomaly. All indication are one of a pyrite halo.

Self potential (S.P.) surveys were run over selected areas and one particular area was found to be extremely anomalous. ES-3 was drilled on this site. Ground electromagnetics were ren, but the hand-held instrument was unable to penetrate to any usable depth.

The drilling program began in October with ES-1 located on the graben near the highly altered dike. This hole encountered the Ordovician at 90 feet. after going through Tertiary volcanics. Several dikes were cut in this hole. The hole was highly altered to the total depth of 713 feet. Only low copper values were present, but the moly values continued to be high throughout the hole. The hole was stopped because of drilling difficulties.

Hole ES-2 was drilled on the top of the graben with the Ordovician expected at about 425 feet. The hole was drilled to 1023 feet and never reached the Ordovician. The Tertiary volcanics were present for the first 600 feet and then interbedded volcanics and Ordovician detrital material to total depth. The last 50 feet of the hole had a high chlorite and serpentine content and may be the bounding fault on the graben. THe graben is in the center of a steeply dipping anticline in the Ordovician.

ES-3 was drilled on a geophysical anomaly that was outside the hydrothermal halo. The first 100 feet of the 625 foot hole were altered and had a high amount of jasperiod. From that depth downward the alteration was nil. Assay values confirmed the geology.

Hole ES-4 was the only hole that was able to penetrate successfully to any great depth. This site is located within the geochem halo and was spudded in porphyroblastic hornfels which indicated the proximity of the intrusive. The alteration started out strong but had died out by 1659 feet, the total depth of the hole. Continual faulting brought unaltered blocks into play. This is the only hole that had carbonate and sulfate present and also native silver, sphalerite and galena. At depth the hole was definately in the propylitic alteration zone. No significant values were encountered.

Holes ES-5 and 6 were in the old Eastside mine area. Angle hole (-45°) ES-5 was cored to 235 feet on the angle and tested the mineralization in the old Eastside mine workings and the existence of the southern extension of the anticline. Eleven feet of 1.50% Cu was encountered between 158-169 feet (7.8' true width) and .18% Cu between 169-180 feet (7.8' true width) through the objective zone. The silver content averaged 0.22 oz/ton over the same intervals while between 149 and 169 (14.1 true width) the zinc averaged .21%. Low silver kicks were present throughout the hole.

Angle hole (-45°) ES-6 encountered anomalous mineralization throughout the hole. Copper values cored between 9-30 feet (14.9' true width) averaged .16% and between 70 and 140 feet (49.5' true width) averaged .14% Cu. The entire hole ran silver values with the interval between 20 and 190 feet (120.2' true width) averaging .10 oz/ton. Zinc values were also present throughout the hole averaging 0.24% Zn between 60 and 300 feet (169.7' true width). Interestingly, between 160 and 170 (7.1' true width) .029 oz/ton gold was encountered.

The following are a few thoughts for anyone doing further work on Eastside.

If our drilling program were to be extended in search of the buried intrusive the next hole should be north of the graben where a site is already prepared. A chance exists that it may be closer to the surface though still deep.

In the area of ES-6 the Ordovician is a limy sandstone to sandy limestone which is a good replacement host as readily seen at the surface. This same bed plunges northward toward to the graben and buried intrusive and is probably replaced at depth. Once again the target is very deep.

O. J. Roman

O. J. Roman

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Geochem and Geophysical Anomaly Sketch MAP

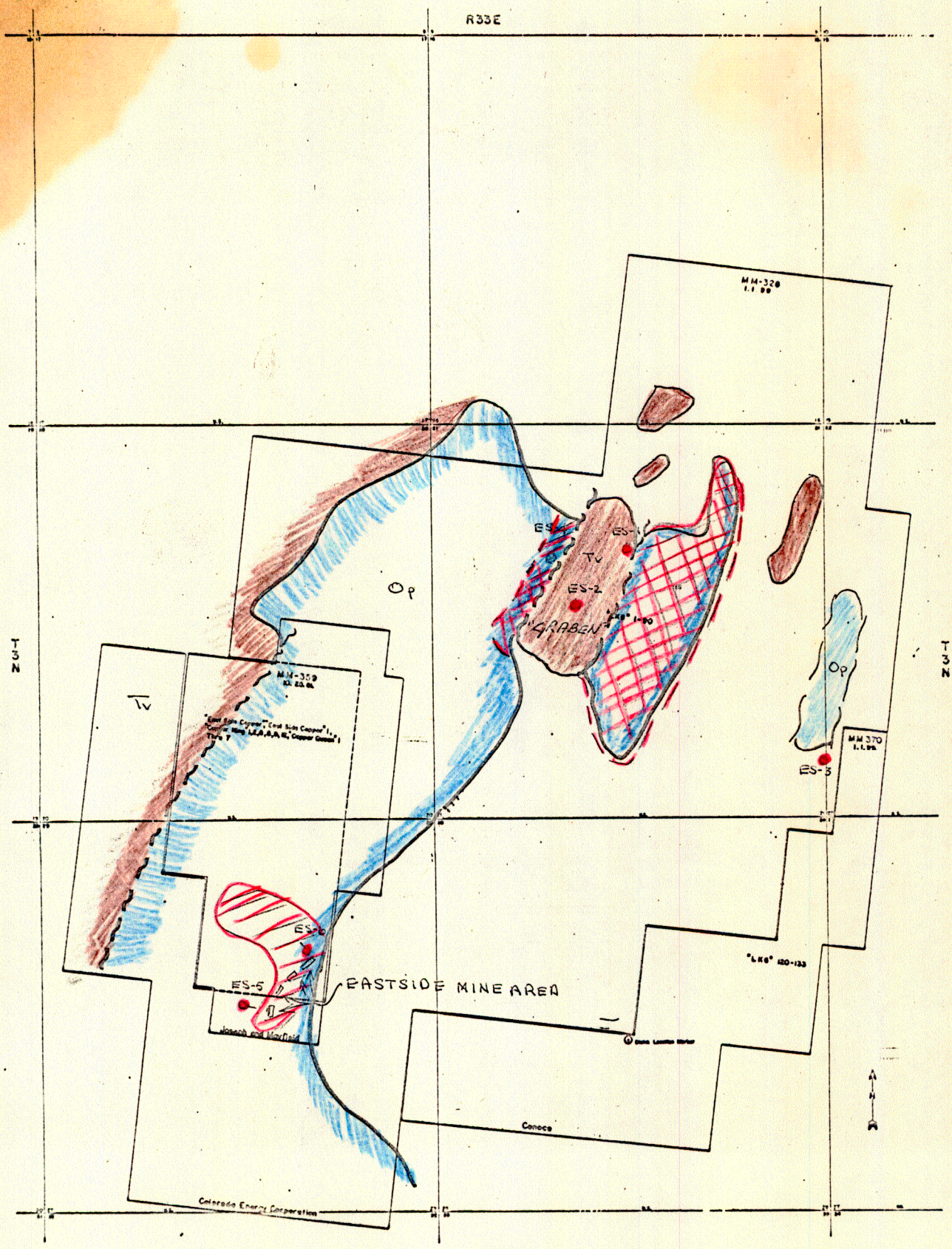
MINERALS EXPLORATION DEPARTMENT

SECTION

EAST SIDE NO. 20

MINERAL COUNTY, NEVADA

SKETCH MAP OF GEOLOGY

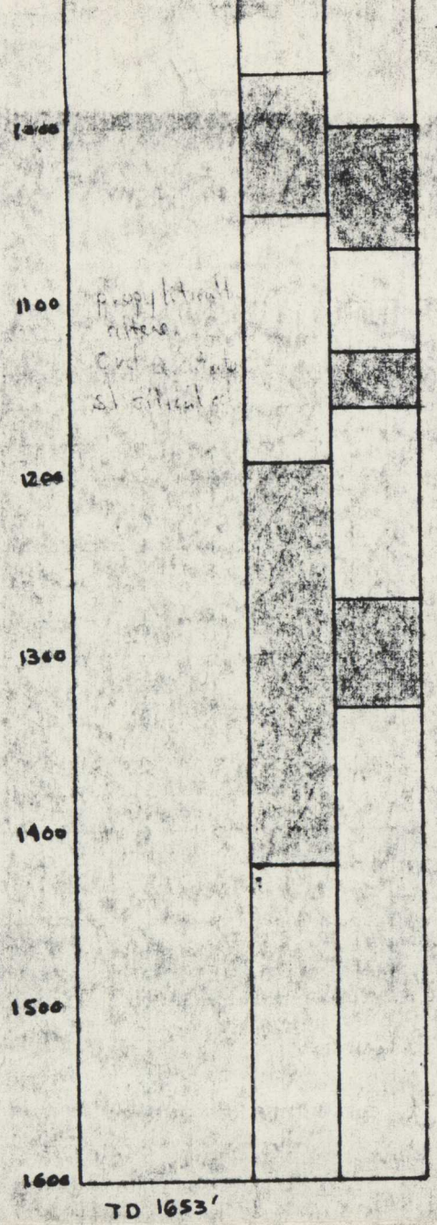


MOST INTENSE ALTERATION

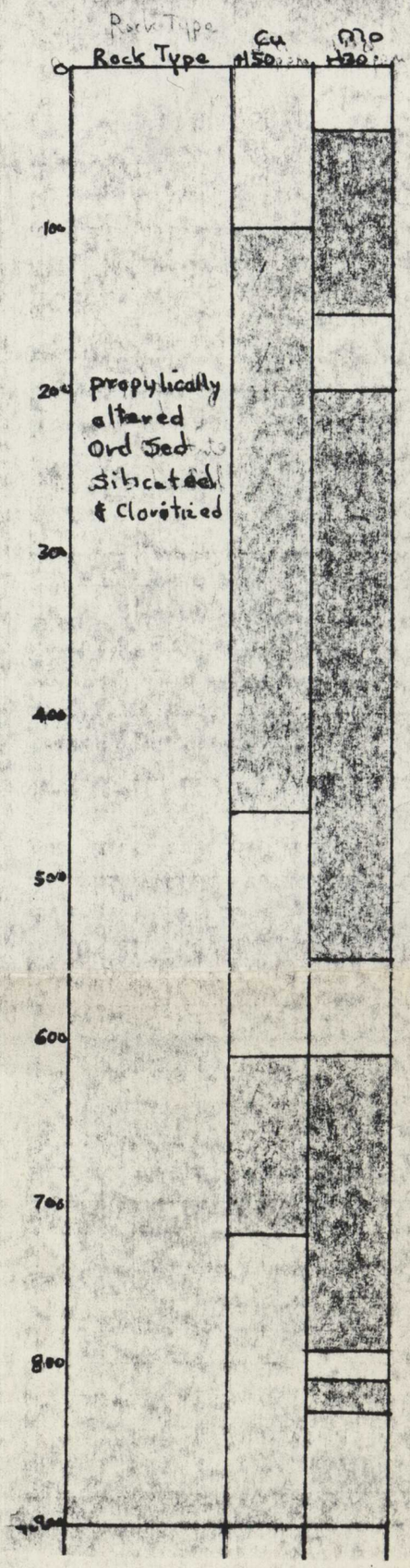
Hydrothermal

Hydrothermal & Metamorphic

MINERALS EXPLORATION DEPARTMENT
GEOLOGY SECTION
EAST SIDE MG 20
MINERAL COUNTY, NEVADA



ES-4 CE 6100"



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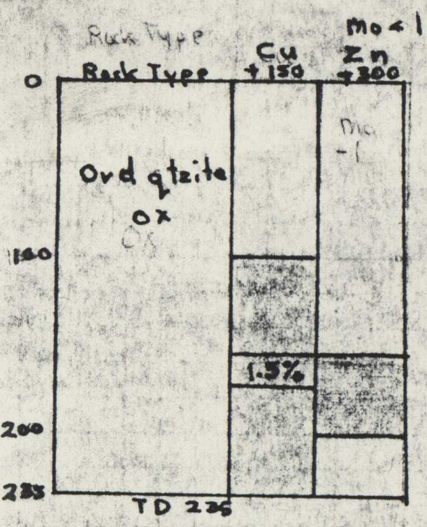
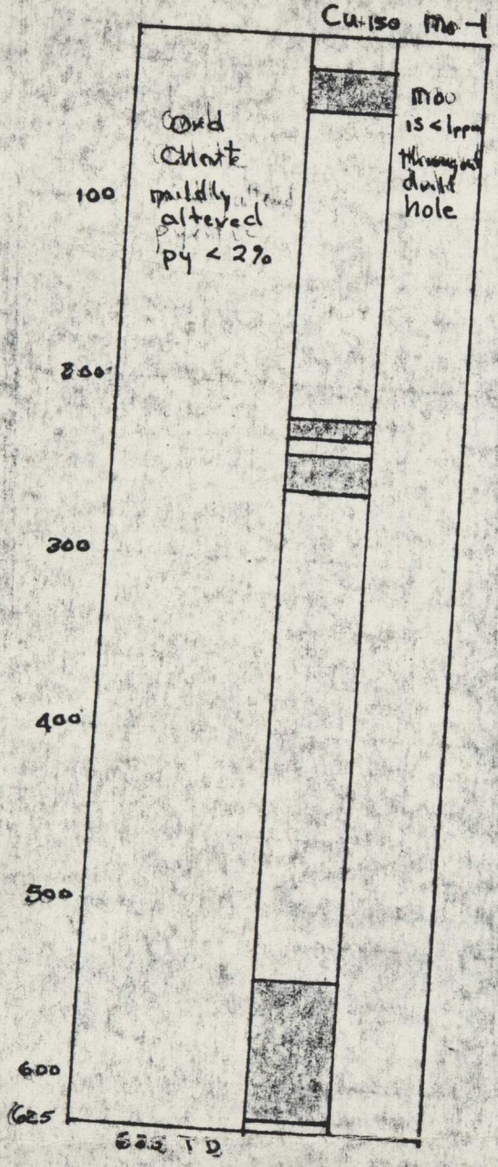
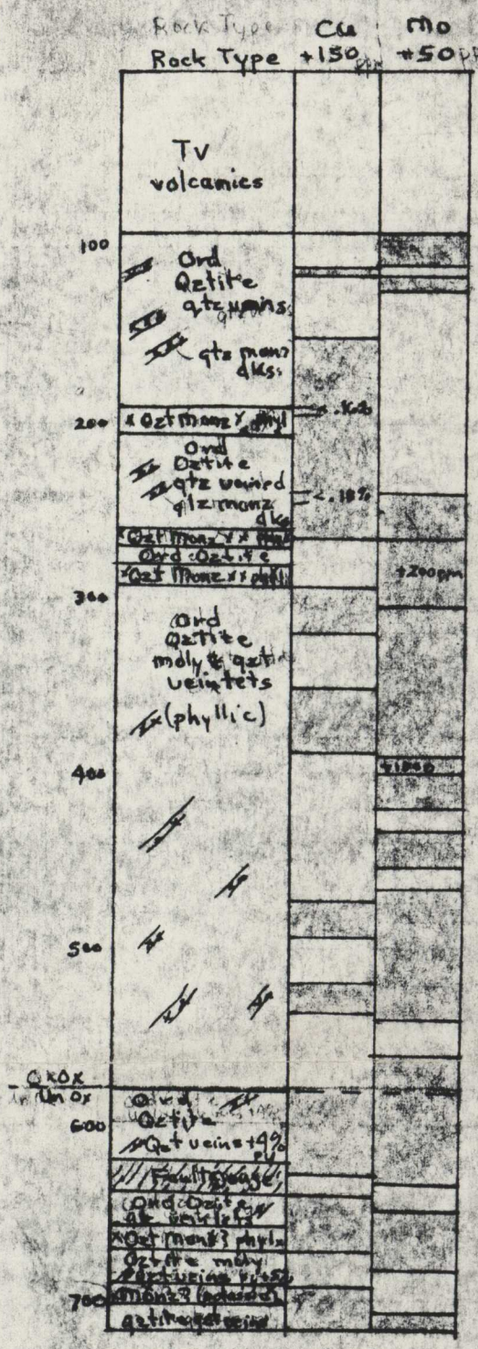
ES-5 CE 6550
Angle hole @ 45° to East

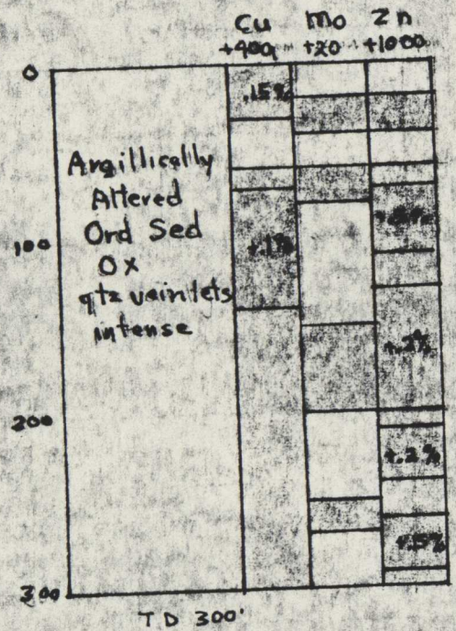




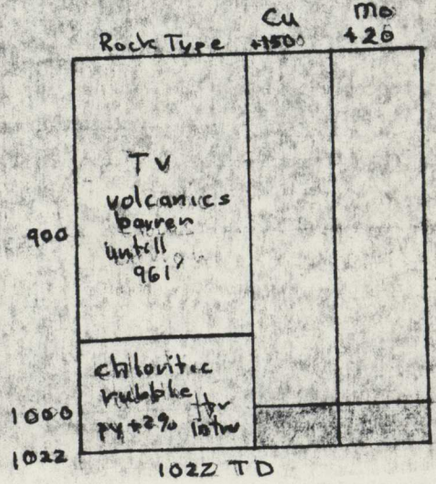
ES-1 CE ~2460'
ES-1



ES-6 CE 6300'
Angle hole @ 45° to West



ES-2 CE 6360 300'



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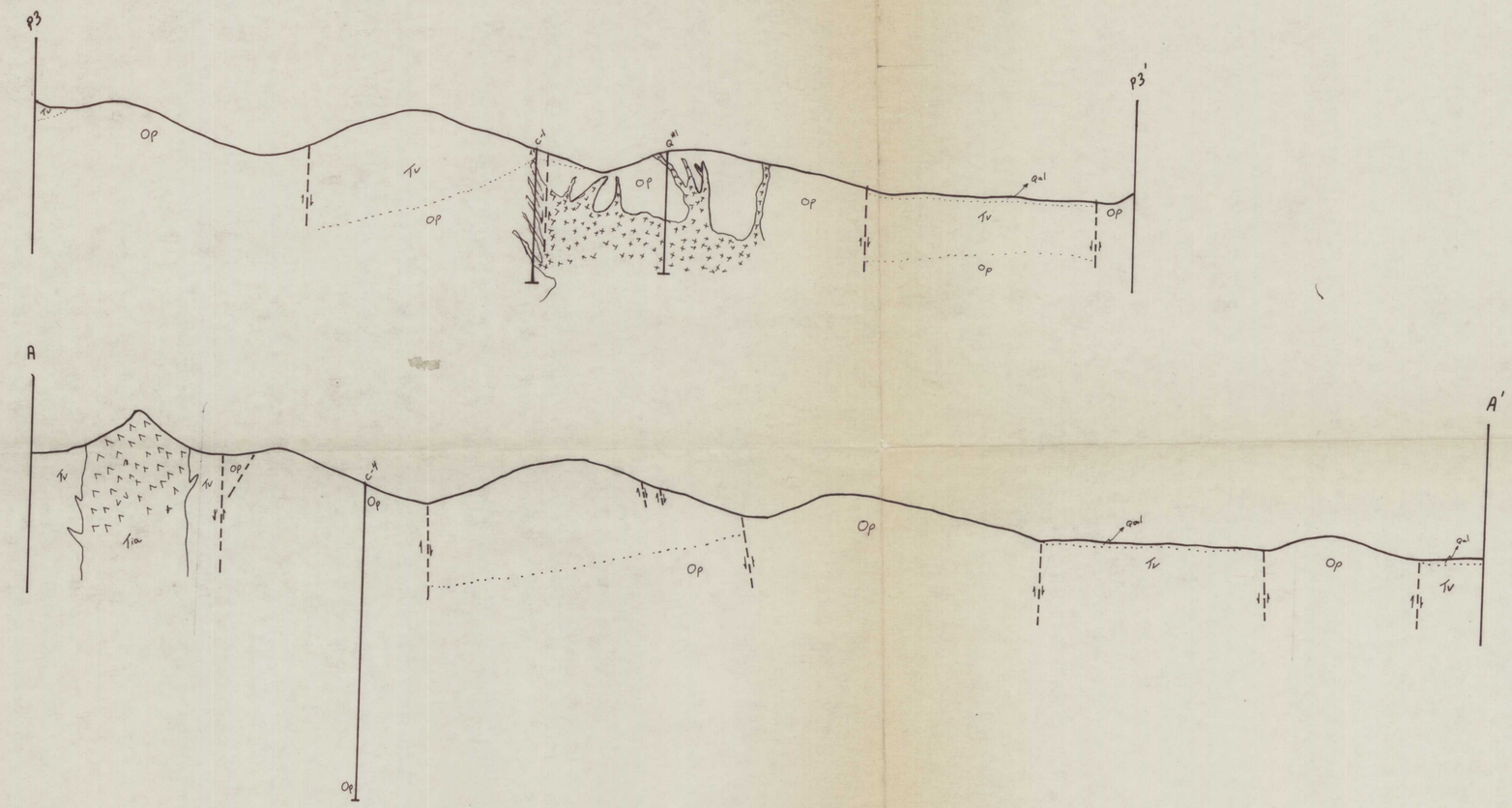
9000 ft 91



CROSS SECTIONS

EASTSIDE PROJECT

TR FRANK

1670 0006

EASTSIDE CU GEOCHEM.

- SAMPLE SITE
- CU ANOMALY
- TRENCH SAMPLE
- CONTOUR
- FAULT

CONOCO DATA
from G. Grauberger

SCALE 1"=500'
by T. FRANK 10/73

EASTSIDE MO GEOCHEM

• SAMPLE SITE
MO ANOMALY

TRENCH SAMPLE
100 CONTOUR
U/D FAULT

CONOCO DATA
from G. Grauberger

SCALE 1"=500'
by T. FRANK 10/73

1670 0006

GEOLOGIC MAP EASTSIDE PROJECT

RECENT GRAVEL

TERTIARY VOLCANICS

J-K PORPHYRY DIKES

Ord. PALMETTO FORMATION

SCALE 1"=500'

T.R. FRANK

16700006