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ITEM 42

RECONNAISSANCE

WILD ROSE MINE
Esmeralda County
Nevada

DAVID LECOUNT EVANS, CONSULTING GEOLOGIST

Foreword:

The property was visited on November 8, 1969 with owner and two of the organization that has assumed the property and its development. Only one half day was spent in getting over a part of the surface, discussing the problems, et cetera, because of the unfavorable cold, windy and slightly snowy weather.

Conclusions:

The property merits the detailed mapping and study, recommended below.

A pessimistic analysis by the USGS and Nevada Bureau of Mines (see attached copy below), and an equally impossible, irresponsible analysis, dated July 19, 1969, only confuse the picture.

On the basis of widths observed, and assuming continuity to the north, 1000 feet to obvious broken ground in a road cut, the occurrence offers the possibility of developing at the rate of 500,000 tons per 100 feet of vertical depth.

In short there are three approaches, the one extremely pessimistic, the other so optimistic that it is beyond reason, and the third, which has a reasonable chance of developing an ore body, economic in size and grade.

Recommendations:

We recommend that:

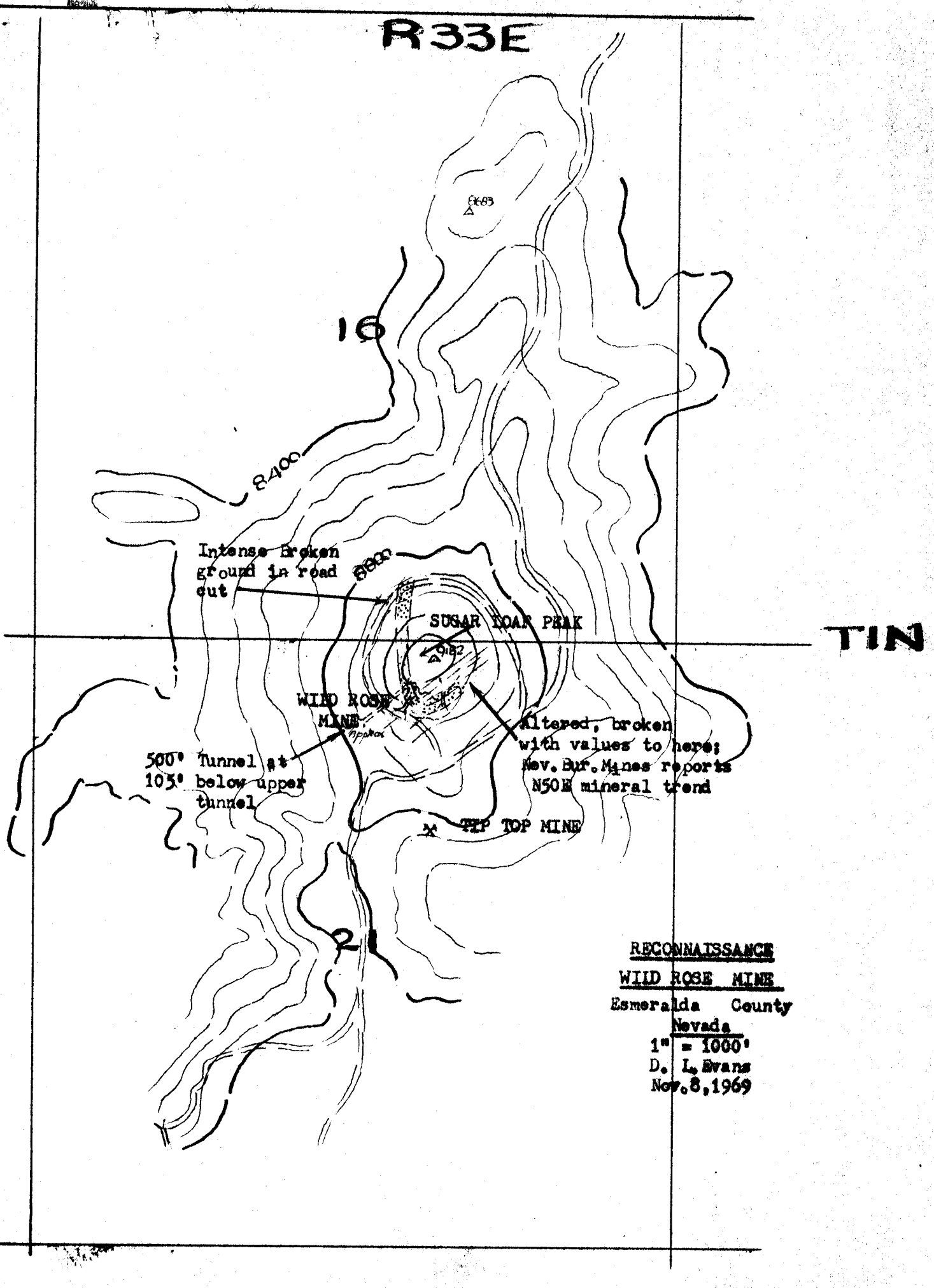
1- the property be mapped, geologically, in detail, and explored with surface cuts, following indicated trends and/or surface shows; the entire program assisted by soil analyses, using a 'sniffer' in the field.

2- if owners are prepared to await the return of good weather, and provide a favorable lease and option, with no down payments, Sonoma Mines consider taking on the responsibility of this work;

3- Sonoma discuss the possibilities with owners.

Location of Property:

The Wild Rose Mine lies on the Esmeralda-Mineral County line, for the most part in Esmeralda County, in sections 16 and 21, Township 1 North, Range 33 East, State of Nevada. Distance from Montgomery Pass is six miles south via good mountain road. Airline distance from the



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Goering orebody of the Kollsman B and B complex is four miles, to the northwest.

General and Limiting Conditions:

Access is fair, over a well conditioned, winding mountain road climbing 2000 feet in six miles from Montgomery Pass, on U.S. Highway #6.

Labor is available in the area; water supply exists in the area but not in great quantity; power is within six miles at Montgomery Pass, or five miles at the Kollsman Mill at the B and B; climate is favorable for nine months, but winter conditions at 9000 feet are sufficiently severe to hamper operations. Mill sites and tailings disposal offer no problems; mining would be by open pit.

Legal Title:

Property is reported to consist of 8 claims, purchased about two years ago by Mr. Eldon C. Herndon, partner in Commerce Electric Company, 4521 Produce Plaza West, Los Angeles, California.

Mr. Herndon, about a year ago, reached an agreement with a group, headed by Mr. S. A. De Santis, consulting chemical engineer of Los Angeles, for years a partner in Terminal Testing Laboratories, recently acquired by a major drug company. Mr. DeSantis' affiliation is now Daylin, Inc., and business address remains 2715 East 37th Street, Los Angeles, California.

History of Property and District:

Reference is made to the attached transcript from Bulletin 41, Nevada Bureau of Mines.

Geology:

Observed by the writer were:

1- a zone under development, by pit, with north-south strike, nearly vertical dip, and about 60 feet wide; consisting of shears, broken ground, erratic gouge and pockets filled with soft sulphatic material, sugary quartz and some cinnabar. The open pit development is above the old workings of the Wild Rose mine. Operators report six pound heads from this mining area. Reference is made to our own samples listed below:

2- mineralization and alteration continuing to the northeast about 200 to 300 feet from this mining zone, which according to Mr. Herndon who has trenched the zone, runs about 4 pounds;

3- A zone of badly broken ground, with abundant iron oxide and heavily altered and soft, cut by the road that circles Sugar Loaf Peak (see map); assuming that it is on the same as is being developed in the pit, the distance is 1000 feet; Mr. Herndon contends that the trend is continuous; he refers, too, to a second branch, which we did not see.

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4- structure and mineralization cutting volcanic, rhyolitic flows, which have been opalized with the silica following favorable rhyolitic beds.

Geologic Conclusions:

1- Impressive is the intensity of structural deformation, in pit-face and along terrace. Blocks dip steeply, and bedding planes are mixed in all directions. Broken ground (see #3 above) represents complete shattering, and width of zone exceeds 100 feet. The transition to orderly rhyolite beds beyond the zone is sharp. The zone is in line with the pit.

2- Bulletin #40's conclusions cannot be unequivocally accepted; past experience with other conclusions in this World War II effort, urges caution. For example, reserves of 100,000 tons, at the neighboring B and B, with 1.5 pound value, have become 1,500,000 tons at 2.0 pounds after detailed mapping and normal exploratory proceedures.

3. Concerning Bull. #40's treatment of the fault and its control of all mineralization; at the neighboring B and B, there is also a strong fault, probably an overthroust, striking across country at N60°E, dipping about 35° to the southeast, with about 40 feet of true thickness for the actual crushed zone; Where penetrated values in the broken zone average about 1.4 pounds, except for higher grade centers where averages climb to 3 pounds. Behind this major structure and in the footwall, lie the areas best ore bodies.

4. regarding the term "exhausted" in Bulletin 40, it must be remembered that the mining of high grade, 50 years ago was the miners' only salvation. "Exhausted" need not necessarily apply to today's lower grade materials that can be mined economically on $500 quicksilver, with more efficient mining and treatment equipment.

Development:

Apparently 1100 feet of workings explored the property. Little, if any, of that total is accessible today. The lower tunel is caved; even the portal has not been found.

Samples:

Mr. Herndon has done some intelligent sampling, taking material from trenches across mineralized and altered zones. His reports of 4 pound and six pound averages appear realistic. With reference to map his sampling of material across trend, in the Tip Top area, gives values just below 1 pound, which may be significant.

Our sampling was limited to a grab across 15 feet of ore zone in the pit, and a grab from white, opalized rhyolite, a low grade graben, in the overall zone.

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Our Sample "A", representing a grab from about 15 feet of true width, purposely avoided any apparent cinnabar. The sample consisted of about 1/3 altered rhyolite, 1/3 clay gouge and 1/3 material from the soft pockets. As analyzed by Hellsman Mineral and Chemical's metallurgical laboratory the sample ran 2.55 pounds of mercury per ton.

Our Sample "B", limited to random pieces of white rhyolite porphyry laced with thin opalite streaks, and occurring as a graben surrounded by "A" type material, assayed 1.60 pounds mercury per ton.

Taken, only for indication, and definitely down graded, the average of 2.07 pounds per ton satisfied the writer that a 6 pound head could be produced from the 60 foot zone.

We believe that the two mineralized areas, examined, should average 4 pounds, which would be $26.40 per ton on todays $500 market. Such would be an excellent 'head' for an open pit operation, assuming, of course, that the tonnage of comparable grade could be developed.

Finally, and for the record, the July 1969 Bailley reportlists five samples, which one can "take" or "leave", namely 50 pounds, 11.8 pounds, 11 pounds, 11.7 pounds and 8 to 10 pounds. The last seems to be a grab of 100 pounds from the same cut.

Ore Reserves:

Development is insufficient to support any reserve figure.

Conclusions and Comments:

Owners have equipped the property with a John Illo, ten ton per day, rotary type furnace and condencers. Head values to trommel are quoted at 6 pounds; material to furnace bin, after screening, is reported at 8 to 10 pounds. Plant is not operating, as it should be, because, perhaps, of the 9000 foot altitude.

Owners are in a confusing and untenable position, inasmuch as:

1- the basic 1944 description of the property condemns its future;

2- The Bailley report of July 1969 gives Wild Rose a reserve of 34,027,000 tons of ten pound rock, containing 4,500,000 flasks of mercury; this would be three times plus the reserve of the New Almaden which produced about 1,300,000 flasks;

3- Two geological studies have been made in the last two years, for which owners have neither maps, sections, an accurate reserve target, a planned program, or confidence;

4- The Illo recovery plant has been a poor investment, won't work, and has been providing them with a mixture of mercury and heavy, dirty sludge;

5- They believe in the property's possibilities, but with so many answers, and such variance, there seems to be a complete lack of confidence.

We conclude that only by mapping, sampling and planning ahead on a sound engineering basis, can any progress be anticipated.

It appears to be an opportunity if done under the proper direction.

Respectfully submitted,

David LeCount Evans

November 11, 1969
Reno, Nevada.

From University of Nevada Bull. Geol. & Mining Series #41

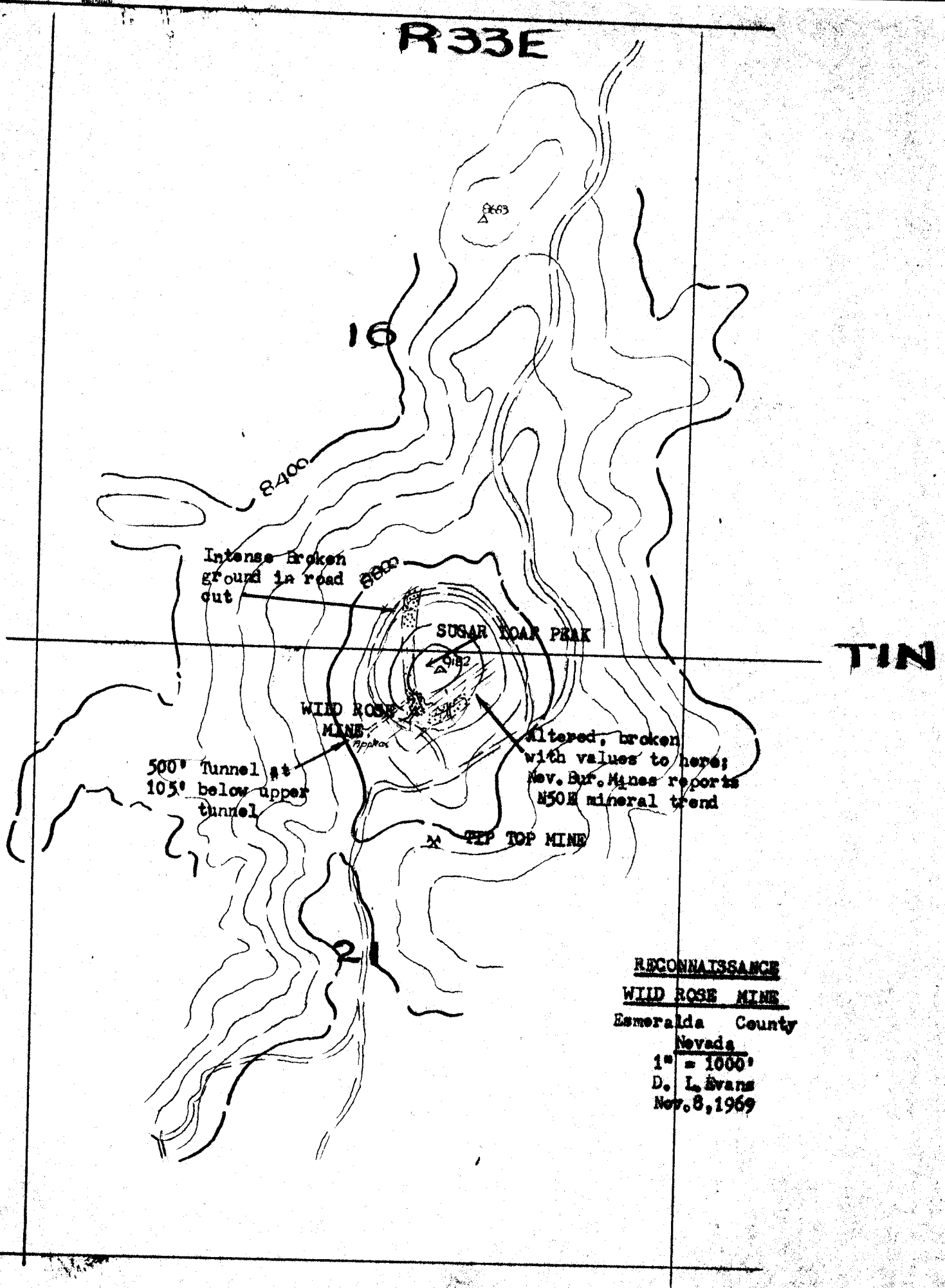
Quicksilver Deposits of Nevada; Bailey and Phoenix, USGS, 1944.

Property: Wild Rose; also known as Mt. Montgomery, Red Rose, and Starlight Group.
Location: Sections 16 and 21, T 1 N, R 33 E.
Ownership: J.E.Renfro of Mt. Montgomery.
Discovery: 1916 by Morris Brothers.
Production: 163 flasks to the end of 1943.
Geologic type: Opalite.

The Wild Rose mine is in the northern end of the Fish Lake Valley district, on Sugar Loak Peak at an elevation of 9000 feet. This property which is the oldest in the district, was discovered in 1916 and had been largely exhausted by 1918. It was first operated by Mr. Beedle who operated the Mt. Montgomery Mercury Company, installed a two pipe D Retort, and recovered about 150 flasks of quicksilver during the first Worl War. Following this the property was abandoned until 1929 when it was relocated by J. E. Renfro and Charles Kenefake who, however, did no development work.. In 1938 it was sold to W.H. Kirkbride who drove the 500 foot lower adit, but, finding little ore, abandoned the ground in 1941. Late in 1941 the present owner relocated the property, but it was idel in 1943.

Two adits, amounting to about 1100 feet of workings explore the ore zone, striking N 50 E. The lower adit is connected with the upper adit by a 105 foot combined raise and stope; the upper adit connects with two Glory Holes by several raises and ore chutes.

The rocks in the area consist of Tertiary rhyolite flows, trending about N 60 E and dipping 50 to 60 degrees southward. The rhyolite has been locally silicified to opalite along the fault zone explored by the workings, and locally it is converted into a different more porcellaneous variety of opalite along favorable layers. Cinnabar is disseminated in the blocky, opalized rib along the hanging wall of the fault, and in lesser amounts is distributed erratically in the clay gouge of the fault. The porcellaneous opalite in the footwall is apparently barren.



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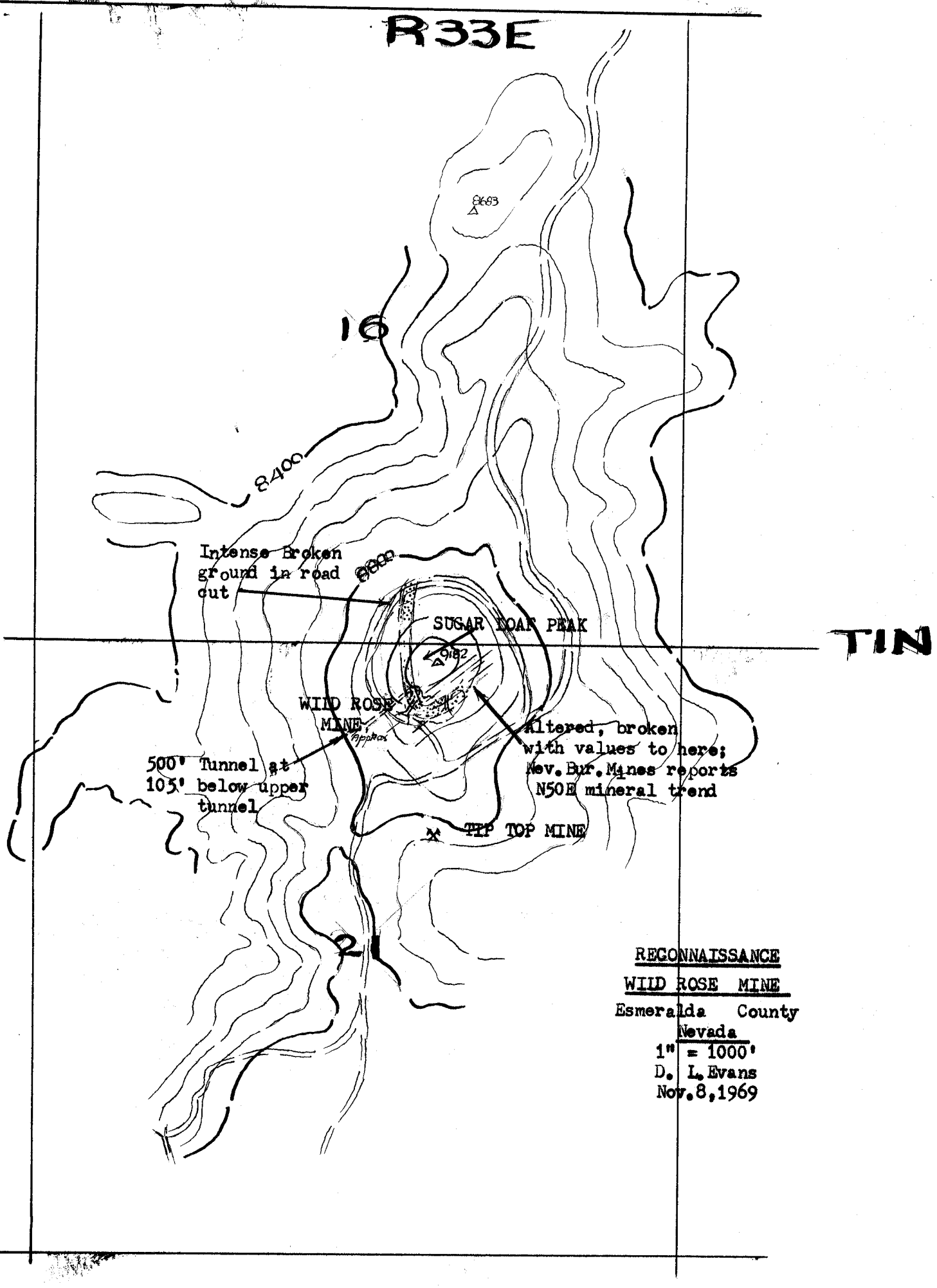

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