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CARGOLD MINING & DEVELOPMENT CORP.
BOGDANICH DEVELOPMENT COMPANY
MOUNTAIN CITY, NEVADA PLANT
OBSERVATIONS BY : J. H. WREN.

J. H. WREN & CO.

CONSULTING MINING ENGINEERS

CABLE ADDRESS
WRENCO

JUNE 25, 1961

PHONE GLADSTONE 6-0922
4297 D STREET
SACRAMENTO, CALIF.

TO :

Mr. W. T. CARSON, PRESIDENT
CARGOLD MINING AND DEVELOPMENT CORP.

MANAGEMENT COMMITTEE, C. M. & D. C.

BOARD OF DIRECTORS, C. M. & D. C.

FROM :

J. H. WREN, CONSULTING ENGINEER
CARGOLD MINING AND DEVELOPMENT CORP.

SUBJECT :

BOGDANICH DEVELOPMENT COMPANY MILL AT MOUNTAIN CITY, NEVADA.

1. THE BOGDANICH DEVELOPMENT COMPANY MILL AT MOUNTAIN CITY, NEVADA WAS INSPECTED ON JUNE 18, 1961 BY Mr. W. T. CARSON, SR. AND J. H. WREN IN THE COMPANY OF Mr. ANTHONY BOGDANICH AND Mr. A. M. BURANEK, WITH OBJECT OF MILLING PLANT AND MINING EQUIPMENT EVALUATION RELATIVE TO A SUBSEQUENT NEGOTIATION FOR THE PLANT'S PROCUREMENT BY CARGOLD MINING AND DEVELOPMENT CORP. TO BE USED AT THE TYBO MINE, NYE COUNTY, NEVADA.

ON JUNE 21, 1961 Mr. ANTHONY BOGDANICH AND Mr. A. M. BURANEK MADE A PRELIMINARY INSPECTION OF THE 2-G AREA'S OPEN WORKINGS AT THE TYBO MINE. Mr. BURANEK TOOK SOME SAMPLES OFF OF THE 300 LEVEL. ON JUNE 23RD Mr. BURANEK INFORMED VIA TELEPHONE THAT THE BOGDANICH COMPANY WAS SENDING A MINING ENGINEER TO TYBO FOR A MORE DETAILED INVESTIGATION OF THE AVAILABLE ORE RESERVES IN CONNECTION WITH THE PENDING MILLING PLANT NEGOTIATION.

2. EXHIBITS HERewith :

- A). A. M. BURANEK LETTER OF JUNE 23, 1961.
- B). ACTUAL ACCOUNTING STATEMENT FIGURES' BREAKDOWN, (PHOTOSKAT), OF THE BOGDANICH MILL COST.
- C). FINAL BOGDANICH PLANT FLOW SHEET PLAN.
- D). PHOTOS OF THE BOGDANICH DEVELOPMENT COMPANY MILLING PLANT, ASSAY LABORATORY, TRUCK SCALE AND EQUIPMENT.

**ENGINEERING MEMO OF JUNE 26, 1961 ;
BOGDANICH DEVELOPMENT COMPANY MILLING PLANT**

- 3. THE BOGDANICH MOUNTAIN CITY, NEVADA , MILLING PLANT WAS EXPERTLY DESIGNED BY THE WELL KNOWN BOOTH COMPANY METALLURGICAL FIRM OF SALT LAKE CITY, UTAH.**

THE PLANT IS NEW IN EVERY RESPECT AND OF LATEST DESIGN METALLURGICALLY, WITH NEW MODERN MILLING EQUIPMENT.

THE PLANT IS DESIGNED TO HANDLE COMBINED OXIDE-SULPHIDE ORES AND ALTHOUGH ONLY SOME 2,000 TONS OF ORE WAS THE TOTAL BOGDANICH RESERVES PUT THROUGH THE MILL, EVEN AT THE COMMENCEMENT OF TREATMENT GOOD RECOVERY WAS ACHIEVED.

THE PLANT WAS DESIGNED TO DELIVER A SINGLE CONCENTRATE. IT WILL BE NECESSARY TO ADD ONE FILTER AND ONE THICKNER TO ALIGN A LEAD AND A ZINC CONCENTRATE SEPARATELY FOR SELECTIVE FLOTATION.

THE PLANT'S CAPACITY IS REPORTEDLY 100 TONS PER DAY. WEAK POINT OF CAPACITY IS THE 5'X5' MARCY BALL MILL. IT IS BELIEVED THAT IF SECONDARY CRUSHING PRODUCT IS SET AT MINUS 1/2", 100 TONS PER DAY WILL BE POSSIBLE.

THE PLANT HAS VERY GOOD GRADE AND TONNAGE CONTROLS HAVING THREE AUTOMATIC SAMPLERS, PULP WEIGHING DEVICE, TRUCK SCALE AND A COMPLETELY NEW ASSAY LABORATORY.

THE MILL BUILDING IS COMPOSED OF STEEL INTERNAL MEMBERS AND COVERED WITH INSULATED METAL SHEET. IT SHOULD NOT BE TOO EXPENSIVE TO MOVE. MOVING AND ERECTION COST IS ESTIMATES TO BE \$23,500. HEREWITH DETAILED ACCOUNTING RECORDS SHOW THAT \$252,060.18 WAS SPENT BY THE BOGDANICH COMPANY ON THE TREATMENT PLANT. IT IS ACTUALLY BETTER THAN A NEW UNIT AS MUCH OF THE EQUIPMENT WOULD REQUIRE LONG WAITING PERIODS FOR DELIVERY, STEEL CHUTES, LAUNDERS, ETC. HAVE ALREADY BEEN FABRICATED AND THE PLANT PROVED GOOD RECOVERY WITHOUT TOO MUCH PRELIMINARY ADJUSTMENT.

THE BOGDANICH DEVELOPMENT COMPANY DOES NOT HAVE ORE TO FEED THIS MODERN TREATMENT PLANT IN THE MOUNTAIN CITY, NEVADA REGION. THE TYBO MINE NEEDS A PLANT IN-ORDER-TO EFFECT THE MOST ECONOMICAL PRODUCTION INCOME DELIVERY FROM THE EXTENSIVE ORE RESERVES THAT HAVE BEEN PROVEN. COMBINED OXIDE-SULPHIDE ORES IN THE TYBO MINE UPPER LEVELS WILL YIELD SOME CONSIDERABLE MORE GROSS AND NET INCOME IF A PLANT SUCH AS THE ONE DESCRIBED HEREIN, IS INSTALLED ON THE PROPERTY. THE ORE RESERVES, PLUS THE MILL, WILL ADD STRENGTH TO THE TYBO MINE INVENTORY. IT IS RECOMMENDED TO CONTRACT THE REMOVAL AND ERECTION OF THE PLANT, IF ACQUIRED, USING ONLY ONE COMPANY TIME MAN AS CMDC EXPENSE, THE PROSPECTIVE MILL SUPERINTENDENT TO OVERSEE AND INSPECT CONTRACT SPECIFICATIONS.

ENGINEERING MEMO OF JUNE 26, 1961 :
BOGDANICH DEVELOPMENT COMPANY MILLING PLANT.

4. BOGDANICH MILLING PLANT ACQUIREMENT NEGOTIATION SUGGESTIONS :

- A). PAYOUT OF THE PLANT'S AGREED UPON PURCHASE PRICE BY A CHARGE PAYABLE TO THE BOGDANICH DEVELOPMENT COMPANY FOR EACH TON RUN THROUGH THE UNIT. REMOVAL AND SET UP COST FOR THE ACCOUNT OF CMDC.
- B). PERCENTAGE OF THE OPERATION IN ACCORDANCE WITH THE CLEVELAND SAGARA ESCROW AGREEMENT RELATIVE TO SET-UP TO PRODUCTION INCOME.
- C). THE BOGDANICH DEVELOPMENT COMPANY IS DESIRIOUS OF SOME CASH DOWN IN SOME FASHION, IN VIEW OF THE SUBSTANTIAL INVESTMENT NOW TIED UP IN THE PLANT. THE CMDC NEEDS SOME MINING EQUIPMENT IN ACCORDANCE WITH THE TOTAL SETUP COST OF NOVEMBER 4, 1960 ENGINEERING ESTIMATE. THIS MINING EQUIPMENT WAS SCHEDULED TO BE BOUGHT FOR CASH IN-ORDER TO EFFECT ECONOMICAL PURCHASE. IT IS POSSIBLE THAT THE BOGDANICH PRINCIPALS COULD GET THE AMOUNT OF CASH LAID OUT IN THE ABOVE MENTIONED ESTIMATE AND LET THE MILL PAYOUT ON THE BASIS OF TONNAGE TREATED.
- D). SUMMARY :

IT IS BELIEVED THAT "B" ABOVE WOULD BE THE MOST EQUITABLE FOR BOTH CMDC AND THE BOGDANICH PEOPLE. THE CMDC WOULD HAVE A MAJOR INVENTORY ASSET DELIVERED. THAT INVENTORY ASSET WOULD ALLOW OXIDE-SULPHIDE ORES TO BE TREATED THAT WOULD NOT BE SUITABLE FOR TREATMENT IN ANY OTHER KIND OF A MILLING PLANT, THUS RISING IMMEDIATELY AVAILABLE ORE RESERVES IN THE UPPER LEVELS WHERE PRODUCTION CAN EASILY BE PRODUCED. BY SETTLING ON "B" PARAGRAPH THE BOGDANICH PRINCIPALS WOULD EVENTUALLY RECOVER THE TOTAL INVESTMENT PLUS A PROBABLE PROFIT.

5. INCOME PRIOR TO THE BOGDANICH PLANT INSTALLATION :

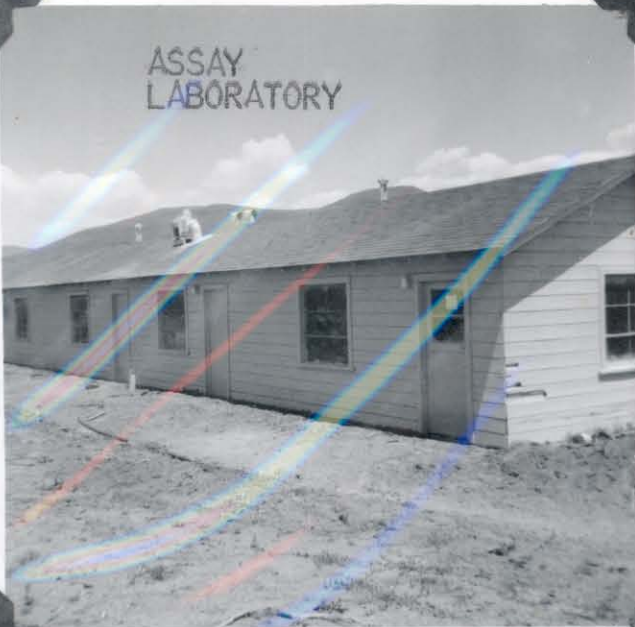
IF AN ARRANGEMENT IS MADE WITH THE BOGDANICH DEVELOPMENT COMPANY, IT WOULD NOT BE ECONOMICAL TO DEplete GOOD GRADE ORE RESERVES WHICH WILL SOON BE ACCESSIBLE IN VIEW OF ADDED FREIGHT, TRUCKING, CUSTOM MILL TREATMENT CHARGE AGAINST THE BASIC TON VALUE.

MR. TOMO ITO WHO HAS AN OPTION ON A GILMORE AND OR A BUNKERHILL AREA LEASE WANTS TO SET UP A JIG BENEFICIATION PLANT TO HANDLE THOSE ORES IF THE METALLURGY PROVES OUT. IT WILL TAKE HIS GROUPE THREE TO FOUR MONTHS TO RECOVER, EQUIP AND COMMENCE UNDERGROUND MINING. HIS BENEFICIATION PLANT COULD BE SETUP IN LESS THAN ONE MONTH (ABOUT THE TIME IT'LL TAKE TO COMMENCE PRODUCTION FROM THE 300' LEVEL OF THE 2-G SHAFT IF WE PRESS PROGRESS). MR. ITO COULD JIG BENEFICIATE MINE RUN PRODUCTION OUT OF BROKEN ORE UNTIL THE BOGDANICH PLANT IS INSTALLED, AT SO MUCH A TON CONCENTRATED AND THEN USE HIS SETUP FOR HIS OWN LEASED ORE.

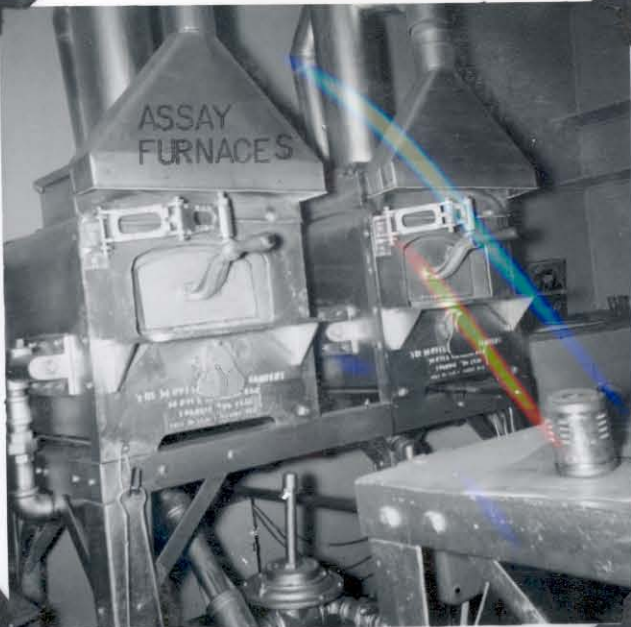
James H. Wren
JAMES H. WREN.



ASSAY
LABORATORY



ASSAY
FURNACES



TRUCK
SCALE



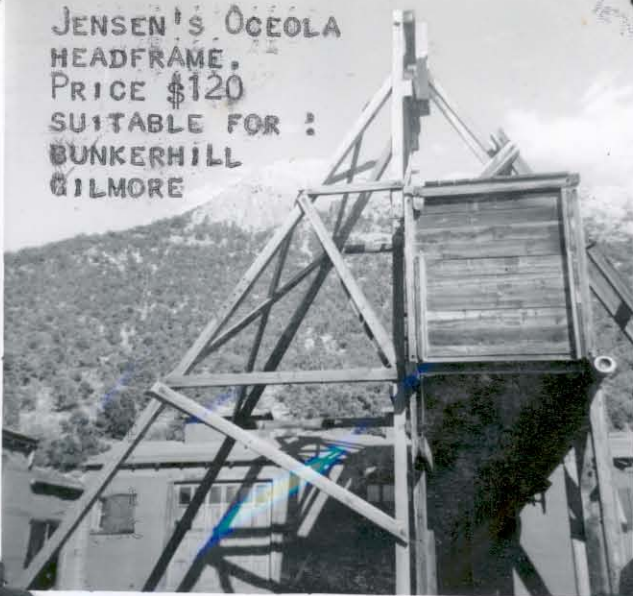
365 CU. FT. COMPRESSOR,
TRUCK AND WAGON DRILL
JUMBO



LOADER



JENSEN'S OCEOLA
HEADFRAME.
PRICE \$120
SUITABLE FOR :
BUNKERHILL
GILMORE



JENSEN'S OCEOLA HEADFRAME
PRICE \$120, SUITABLE FOR :
BUNKERHILL GILMORE



TUNGSTONIA MILL BUILDING

