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158
Item 2

April 11, 1947

To the Board of Directors
Reorganized Silver King Divide Mining Co.
Tonopah, Nevada

Gentlemen:

The following observations were made on my visit to your New Pass properties near Austin, Nevada on March 25th to 27th, 1947 and will summarize the operations there up to that date.

MINE

Deepening of the Thomas W shaft below the 340 level has been started and an advance of 35 feet has been made in it. A skip pocket has been cut below the 340 level. This will allow a cheaper and more efficient handling of the ore mined from above that level.

The reasons for sinking this shaft below the 340 level are almost too apparent to need mentioning. First, each foot of depth gained increases greatly the potential ore which it will make available for mining. Second, by drifting from the shaft about 150 feet below the 340 level, a connection can be made with the 350 level of the Gold Belt mine, and this of course, will block out a large tonnage of ore, besides providing better ventilation for both mines and permit more efficient mining from them.

In the Thomas W the north drifts on both the 240- and 340 levels have been driven through the flat-dipping fault which is shown on the 140 level; and the ore has been found to continue through the fault with only a small offset to the west. The actual finding of ore through this fault greatly increases the possibilities of extending the ore a considerable distance to the north. And it serves to confirm this writer's statement made in the January 9th report that tonnage estimates can be made with confidence (in this ore deposit) without actually blocking out the ore on four sides.

The Gold Belt shaft has been found to be accessible to the 250 level, and only a small amount of work will be required to put it into operation. The 250 level in the Gold

Belt corresponds roughly to the 340 level in the Thomas W.

The first work from the Gold Belt shaft will be on the 100-ft. level, which will connect with the 240-ft. level of the Thomas W. The distance between the two faces is at present about 170 feet. Connecting these two faces will make available for immediate mining a block of ore between the Thomas W and Gold Belt shafts, and above this elevation, 400 feet long. Allowing for the slope of the surface between the two shafts, and using 2.5 feet as the thickness of the vein, this indicates a block of ore having 13,000 tons. Since a small amount of ore has been mined from the block, and since there will probably be minor pinches in the vein, a figure of 10,000 tons should be conservative in estimating the amount of ore to be won from this block.

It is recommended that you should start mining above the 100-foot level of the Gold Belt; and extraction can be continued above the 240 level of the Thomas W.

Stoping at the rate of 40 tons per day would be a good volume of ore to produce during the breaking-in period of the mill, and while the remainder of the development program is being carried out in the mine. If mining is done at this rate there will be sufficient ore in the block of ground above the 100-240 levels of the Gold Belt and Thomas W to keep the mill operating until other parts of the mines can be readied for extraction.

After chutes are installed and stopes started, each miner should break not less than 10 tons per shift. This figure is low enough to permit mining the ore carefully and keep it free from waste to maintain the highest grade possible. As the stopes are enlarged and new ground opened up the rate of mining can be increased gradually until the full capacity of the mill has been reached.

The grade of ore to be milled should be between \$18 and \$20. This estimate is based on the recovery from development ore milled by Smith and Snyder in the 5-stamp mill, and from assays taken to date.

The Superior Tunnel No. 4 has been cleaned out, track and pipe laid in to the orebody, and a winze started at about the center of the orebody. The ore had been in a pinch at the tunnel level; but at the time of this writer's last visit the winze had reached a depth of 15 feet and the ore was showing in the bottom.

MILL

Mill construction was practically completed at this last visit. It required only installation of the amalgamation plates, classifier, concentrating tables, a water tank and small odds and ends to be in operating condition.

Ore will enter the top of the mill through a grizzly screen, pass through the crusher and be elevated to the fine-ore bin. From this bin it will be fed automatically to the ball mill, pass through the classifier and over the amalgamation plates, where most of the gold will be recovered. After leaving the plates it will go through the flotation machines, which will pick up any values not caught by amalgamation. The flotation tailings will pass over concentrating tables, which are more to give the mill operators a visual idea of how the plates and flotation cells are working, than to recover any values.

Milling of the ore has already been proven by the extraction of \$50,000 from stamps and straight amalgamation. In the new mill an extraction of at least 90% of the gold is confidently expected.

Ores accumulated in the bins at the stamp mill, from current development work, are to be milled at once.

Water for the new mill is to be had from two wells located one-half mile from the mill. It is delivered through a 2-inch pipe line, and from all indications should be sufficient to operate the mill. However, if it should not provide a sufficient amount, there is a spring about one-fourth mile below the mill which, if developed, should give any additional water needed.

MONTEZUMA

During the month of February several days were spent in a visit to your Montezuma lead-silver property located 10 miles westerly from Goldfield, Nevada in the Montezuma range. At that time the property was snowbound.

At the New York mine the deposit is opened through a 70° inclined shaft 160 feet deep, with a drift at the bottom 120 feet in length. The shaft was sunk through an orebody which started at the surface and part of the ore was mined in the early days of the camp. There is, for a length of 60 feet on the bottom level, continuous ore showing in the drift. This varies in width from four to fourteen inches; and cut samples at regular intervals assayed as follows:

SAMPLE NO.	VALUE PER TON			TOTAL, \$
	GOLD, \$	SILVER, \$	LEAD, \$	
1	0.35	9.70	26.40	36.45
2	0.70	5.60	10.50	16.80
3	0.00	24.95	69.00	93.95
4	0.70	47.70	99.60	148.00
5	5.25	59.20	223.80	288.25
6	0.70	40.50	189.00	230.20
7	1.40	33.10	82.50	117.00
8	1.40	45.20	158.40	205.00
9	1.40	53.55	186.20	241.15
10	1.05	12.70	16.80	30.55
11	1.05	31.70	150.30	183.05
12	1.40	45.25	139.80	186.45

These values are calculated on the following metal prices:
gold \$35.00 per ounce; silver 90¢ per ounce and lead 15¢ per pound.

This ore deposit is in limestone, probably of the same age as the ore-bearing lime of Eureka, and is perhaps several thousand feet thick. There is every indication that additional development work will open more orebodies.

A shipment of ore sent to the U. S. Smelting Refining & Mining Company in September, 1946, weighing 55.009 dry tons, assayed .0425 oz. gold, 64.46 oz. silver and 56.50% lead. The gross assay value of this ore today would be: Gold \$1.49, silver \$58.01, and lead \$169.50 or a total of \$229.00 per ton.

The operation of this property on a split-check leasing basis is to be recommended and should prove to be a profitable one for the company; as leasers operating on this basis will be more interested in keeping the high grade ore clean and will work longer hours.

Very truly yours,

Harry H. Hughes, E.M.

No	In.	Au	Ag	Au	
3	28	.14	.1	3.92	2.8
4	24	.22	.4	5.28	9.6
5	21	.28	.3	5.88	6.3
6	18	.25	.2	4.50	3.6
7	18	.54	.9	9.72	16.2
8	18	.70	1.0	12.60	18.0
9	20	.38	1.4	7.60	28.0
10	23	.40	1.0	9.20	23.0
11	27	.48	1.0	12.96	27.0
12	28	1.50	1.1	42.00	30.8
13	28	.28	.2	7.84	5.6

N Drift
340 L

Av. width = 23"

Av.	253			121.50	170.9
		.480	.7		
	Av. Val.			\$17.43	

15	25	.54	1.1	13.50	27.5
16	22	.37	1.0	8.14	22.0
17	23	.38	1.2	8.74	27.6
18	26	.11	.7	2.86	18.2
19	26	.34	.5	8.84	13.0
20	29	1.42	.8	41.18	23.2
21	34	.34	.4	11.56	13.6
22	30	.48	1.2	14.40	36.0
23	30	.36	.5	10.80	15.0
24	32	.72	.8	23.00	24.0
25	30	.22	.6	6.60	18.0
26	35	.44	1.8	15.40	63.0

S Drift
340 L

Av. width 28"

	340			170.02	301.3
		.50	.9		
	Av. Val.			\$18.31	

27	42	.14	.3	2.94	6.3
28	33	.20	.4	6.60	13.2
29	50	.26	.1	13.00	5.0
30	50	.70	2.1	35.00	100.5
31	52	.40	.8	20.80	41.6
32	42	.11	.5	4.62	21.0
33	26	.12	.6	3.12	15.6
34	16	.36	.9	5.76	14.4
35	15	.16	Tr	2.40	
	305			94.24	217.6

Superior Tunnel No 4
Av. .309 - .7
Av. Val = \$11.45
Av. width = 34"

