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Item # 43

Mr. Wm. M. Smart
Room 1705, 30 East 42nd Street
New York 17, New York

October 11, 1958

Messrs. L. A. Bliss
W. H. Kohler
A. Q. Lundquist
L. E. Sausa
L. A. Wright

Dear Mr. Smart:

Mr. Keith Kunze, General Superintendent at the Getchell Mine, informed me by telephone that Getchell was negotiating with another concern for the sale of its properties. This other party has also shown interest in the Riley and Richmond. Mr. Kunze wanted to know if we would take \$20,000 for the Riley, and I told him I thought the figure too low. He then suggested we set a price on the Riley and Richmond for Getchell to consider. Getchell apparently would want to buy from us and include the Riley and Richmond in its package to the other party.

Riley

This property does not have any large tonnage remaining. It is on a former railroad land grant with end and side lines being vertical - there are no extra lateral rights. It is bounded on all sides by Getchell property.

At the close of operations there on April 1, 1957, our engineers estimated the remaining ore reserves at 22,200 tons developed and ready to mine, 6,900 tons probable, and 2,000 tons possible, for a total of 31,100 tons. I believe some 50,000 to 100,000 tons will yet be mined from the Riley with very little additional exploration and development costs. It is assumed the remaining ore will average 0.57% WO_3 , as did the past production.

Assuming 50,000 tons of ore containing 0.57% WO_3 , a recovery of 88%, a WO_3 sales price of \$25.00 per unit and a 10% royalty, the value of the property would be \$62,700. Using the engineers' estimate of 31,100 tons, the value would amount to \$39,000. The buildings are of little value, except for the Quonset hut. Most of the underground pipe and rail remain in place. The 12 mine cars there have small value, and would require rebuilding before use. There are 2 - 10 KVA, 3 - 75 KVA, 6 - 100 KVA and 3 - 150 KVA transformers at the Riley. These may have a resale value of \$15,000, if a buyer could be located. Ore plus transformer values are:

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| | <u>50,000 Tons</u> | <u>11,100 Tons</u> |
|--------------|--------------------|--------------------|
| Ore | \$ 62,700 | \$ 39,000 |
| Transformers | <u>15,000</u> | <u>15,000</u> |
| Total | \$ 77,700 | \$ 54,000 |

Richmond

On August 8, 1958, Mr. W. H. Kohler wrote "An Opinion on the Richmond Tungsten Mine", and sent two copies to Mr. Kerr in New York. This property consists of one patented claim and, to quote Mr. Kohler, "It has the largest single outcrop of taconite in the district, as much as 200 feet wide and possibly more than 1,000 feet long. Portions of this contain 0.25% WO_3 at the surface and in minable quantities. Sulfide minerals occur at the surface of the Richmond in greater quantity than is usual in the district."

Although the Richmond is probably the best prospect in the Osgood Range, it is still a prospect, and would require some \$20,000 to \$30,000 for preliminary diamond drilling to prove, or disprove, the existence of commercial ore bodies.

If we assume at least as much tonnage as has already been mined, i.e., 35,000 tons containing 0.25% WO_3 , a recovery of 88%, a \$25.00 per unit sales price and at 10% royalty, the Richmond has a value of \$19,250. Exploration work might indicate substantially larger tonnage and higher WO_3 content. Ore containing 0.25% WO_3 at a sales price of \$25.00 per unit, without appreciable amounts of by-product is not commercial.

The Richmond does not require annual assessment work, no watchman, no maintenance, although does have some small costs for taxes and insurance. This property could be held for a long time at very reasonable cost. We feel that we should hold on to the Richmond unless a reasonable price can be obtained for the property.

Combined values for the Riley and Richmond are:

| <u>RILEY</u> | | <u>RICHMOND</u> | <u>TOTAL</u> |
|--------------------|---------------------|-----------------|--------------|
| <u>50,000 Tons</u> | <u>Transformers</u> | | |
| \$ 62,700 | \$ 15,000 | \$ 20,000 | \$ 97,700 |
| <u>11,100 Tons</u> | <u>Transformers</u> | | |
| \$ 39,000 | \$ 15,000 | \$ 20,000 | \$ 74,000 |

Your comments on the Riley and Richmond will be appreciated.

Yours very truly,

H. L. McKinley:aml