

SAMPLE

No 0653

3680 0098



Western Testing Laboratories

1275 Kleppe Lane, No. 5 • Sparks, NV 89431 • (702) 331-3600

TYPE: Surface Underground Drill
Rock Chip Channel Grab
Core Cuttings _____

LOCATION: 30° - cut
30/
chip

ROCK: mostly clay
sp sh

Tz/0.06

ASSAY FOR: Au Ag Pb Zn Cu Mo _____

SAMPLE

No

0654

65° 13 dip  TN

Western Testing Laboratories

1275 Kleppe Lane, No. 5 • Sparks, NV 89431 • (702) 331-3600

TYPE: Surface Underground Drill
Rock Chip Channel Grab
Core Cuttings

LOCATION:

same line as 53

30' sh + Rm

across bolding 5'

ROCK:

F | 0.08

ASSAY FOR: Au Ag Pb Zn Cu Mo

SAMPLE

No

0656



Western Testing Laboratories

1275 Kleppe Lane, No. 5 • Sparks, NV 89431 • (702) 331-3600

TYPE: Surface Underground Drill
Rock Chip Channel Grab
Core Cuttings _____

LOCATION: _____

ROCK: white Rhyolite
± 3' above # 55

0.005 / 0.17

ASSAY FOR: Au Ag Pb Zn Cu Mo _____

SAMPLE

No

0655



Western Testing Laboratories

1275 Kleppe Lane, No. 5 • Sparks, NV 89431 • (702) 331-3600

TYPE: Surface Underground Drill
Rock Chip Channel Grab
Core Cuttings _____

LOCATION: _____

200' from station

ROCK: broken crystalline
iron stained
± 5'

Tr | 0.06

ASSAY FOR: Au | Ag Pb Zn Cu Mo _____

SAMPLE

No 0645



Western Testing Laboratories

1275 Kleppe Lane, No. 5 • Sparks, NV 89431 • (702) 331-3600

TYPE: Surface Underground Drill
Rock Chip Channel Grab
Core Cuttings

LOCATION: E&P Prospect

9'

ROCK: Vertical cut through
Dump

0.008 { N1

ASSAY FOR: Au Ag Pb Zn Cu Mo

SAMPLE

No

0647



Western Testing Laboratories

1275 Kleppe Lane, No. 5 • Sparks, NV 89431 • (702) 331-3600

TYPE: Surface Underground Drill
Rock Chip Channel Grab
Core Cuttings

LOCATION:

below 46

42" angle

30" vertical

ROCK:

Tr } Ni

ASSAY FOR: Au Ag Pb Zn Cu Mo

SAMPLE

No

0646



Western Testing Laboratories

1275 Kleppe Lane, No. 5 • Sparks, NV 89431 • (702) 331-3600

TYPE: Surface Underground Drill
Rock Chip Channel Grab
Core Cuttings

LOCATION: Erb prospect

2'

ROCK: lower part (50, 1)
vertical cut

Tr | 0.16

ASSAY FOR: Au Ag Pb Zn Cu Mo

SAMPLE

No

0648



Western Testing Laboratories

1275 Kleppe Lane, No. 5 • Sparks, NV 89431 • (702) 331-3600

TYPE: Surface Underground Drill *45*

Rock Chip Channel Grab

Core Cuttings

46,47

LOCATION:

0649

0648

6' cut

2 - 3' below

6'

surface

ROCK:

+ 3' to 4'

below

surface

~~allies handled~~

Ni||Ni

ASSAY FOR: Au Ag Pb Zn Cu Mo

SAMPLE

No

0652



Western Testing Laboratories

1275 Kleppe Lane, No. 5 • Sparks, NV 89431 • (702) 331-3600

TYPE: Surface Underground Drill
Rock Chip Channel Grab
Core Cuttings

LOCATION:

ROCK: Cut along 30'
what appears to
be carbonaceous
shale clay cont'd

0.066 | 0.06

ASSAY FOR: Au | Ag Pb Zn Cu Mo

SAMPLE

No

0649



Western Testing Laboratories

1275 Kleppe Lane, No. 5 • Sparks, NV 89431 • (702) 331-3600

TYPE: Surface Underground Drill
Rock Chip Channel Grab
Core Cuttings _____

LOCATION: _____

ROCK: _____

ollies banday

Tr | 0.04

ASSAY FOR: Au Ag Pb Zn Cu Mo _____

SAMPLE

No

0651



Western Testing Laboratories

1275 Kleppe Lane, No. 5 • Sparks, NV 89431 • (702) 331-3600

TYPE: Surface Underground Drill
Rock Chip Channel Grab
Core Cuttings

LOCATION: Same as 0150

ROCK: 6" below shall
greenish alteres
Rhyolite.

Fr | 0.72

ASSAY FOR: Au Ag Pb Zn Cu Mo

SAMPLE

No

0650



Western Testing Laboratories

1275 Kleppe Lane, No. 5 • Sparks, NV 89431 • (702) 331-3600

TYPE: Surface Underground Drill
Rock Chip Channel Grab
Core Cuttings _____

LOCATION: _____

ROCK: sha 6 223° 15" NW
barometric? ± 6"

Tr | Mi

ASSAY FOR: Au Ag Pb Zn Cu Mo _____

Richard S. Calone, President
Brown, Lane, Calone and Duncan
942 N. Hunter Street
Stockton, California 95202

SUBJECT: Pinson Mine Ore Reserve and
Royalty Calculations

Dear Mr. Calone:

The royalty calculations for the Pinson Mine were prepared from data given to me by Mr. Donald M. Duncan, manager of the Pinson Mine, at their office in Winnemucca, Nevada on June 5, 1980. At that time I also made a short visit to the Pinson Mine, where waste stripping for the open pit was just beginning and construction of mill buildings and machinery foundations was well started. The operation appeared to be well planned. Mr. Duncan told me that production is expected to start in January of 1981.

The following data were used for the calculation of the total ounces of gold expected to be recovered, the ounces of gold upon which the royalty will be paid, and the discounted present value, in dollars, of the royalties to be paid during the life of the mine.

Ore tonnages and grade figures (ounces of gold per ton) were taken from the latest pit reserve summary, done by the computer method, which was up-to-date as of June 5, 1980. A diluted mining grade was used to replace the non-diluted computer mining grade. This diluted grade was furnished by Mr. Duncan, as was the following information:

The mine is expected to work 345 operating days per year at a rate of 1000 tons of ore per day.

Mill recovery should be 85% of the diluted mining grade.

Deductions, before royalty payments, to be used for calculating the gold payments made by Engelhardt Minerals and Chemical Corp. are as follow:

Engelhardt's payments are to be based on 99.6% of the assay value of the dore (precious metal bullion). The remaining 0.4% will be lost during refining.

The refining charge is \$0.85 per recovered ounce of fine dore.

Shipping charges will be assumed to be \$2000 per every ten days.

Royalty Payments

Mr. George Murphy on June 25, 1980, gave me, by telephone, the royalty payment schedule as of May 27, 1980, which is as follows:

Advance royalties or pre-production payments are to be:

\$900 per month for the Pinson claims.

\$1000 per month for section 28.

Pre-production payments have been taken into account for 1980 only, as it is assumed that full production will begin in January of 1981.

Production royalties will be:

3% until \$1,500,000 have been paid.

2% thereafter, until the end of production.

The price of gold used in these calculations has been assumed to be \$500 per ounce, in real terms, and the royalty payments were based on sales after all deductions.

The discount factor used was 15% (see Whitney & Whitney, Inc.'s memorandum, 2nd paragraph). The 15% discount rate was used since it appeared to be the best for your purposes and should stand up under scrutiny. Should you feel that a different discount rate would better suit your purpose, a new discounted royalty could readily be calculated, using a discount rate of your choosing and at a cost of \$50 to \$100 for the new calculation.

Whitney and Whitney, Inc. were asked to make the final Pinson Mine royalty evaluation. Such calculations are one of their specialties, and certainly should be very creditable. I have examined their figures and find them acceptable.

Yours truly,

J. McLaren Forbes

TELEPHONE (702) 323-3050



WHITNEY & WHITNEY, INC.

MANAGEMENT CONSULTANTS FOR MINING INDUSTRY AND GOVERNMENT

P.O. BOX 11647
1755 E. PLUMB LN., SUITE 135
RENO, NEVADA 89510

INVOICE # 80-07-01

June 30, 1980

In Account With: Jim McLaren Forbes

For professional services provided in conjunction with
the Pinson Mine Royalty Valuation.

Labor:

John W. Whitney	2 hours @ \$40.00/hr.	\$80.00
Ronald Whitney	2 hours @ \$31.25/hr.	62.50
Secretarial	3 hours @ \$12.00/hr.	<u>36.00</u>

Total Labor: \$178.50

Total Due This Invoice: \$178.50

Paid by check
FNR consulting 475
8-7-80

George Murphy, Jr.

8690 EASY BIRD ROAD — P. O. BOX 20
MOKELEMNE HILL, CALIFORNIA 95245

(209) 286-1459

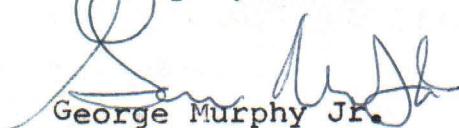
Aug. 4, 1980

Mr. J. McLaren Forbes
2275 Mueller Drive
Reno, Nevada 89509

Dear Mr. Forbes:

Enclosed is a check for \$772.94, covering your invoice dated July 25, 1980, and sent to Richard S. Calone. This is in regard to your appraisal of the Pinson Mining Co. property and also covers the invoice for \$178.50 submitted to you by Whitney & Whitney, Inc.

Thank you,


George Murphy Jr.

TELEPHONE (702) 323-3050



WHITNEY & WHITNEY, INC.

MANAGEMENT CONSULTANTS FOR MINING INDUSTRY AND GOVERNMENT

P.O. BOX 11647
1755 E. PLUMB LN., SUITE 135
RENO, NEVADA 89510

MEMORANDUM

TO: Jim McLaren Forbes
FROM: Whitney & Whitney
DATE: June 27, 1980
RE: Pinson Mine Royalty Valuation

Per your request we have prepared a royalty valuation for the Pinson Deposit royalty holder. The royalty value analysis was prepared using technical data supplied by yourself as obtained from Don Duncan. A gold price of \$500.00 in real terms was assumed. This is consistent with the forecasts now being used by the South African Gold Mining Industry. Constant dollars are used through-out. No attempt was made to forecast future inflation since that would be highly speculative.

The value of the royalty on the mineral interests was calculated using the discounted present value method of valuing a cash flow stream. This was done using a discount rate of 15% applied to the royalty payments before deducting any taxes. The discount rate of 15% is a real discount rate and does not include an adjustment for inflation. The royalty payments were calculated using constant dollars, therefore the discount rate does not include a factor for inflation. The discount rate of 15% is made up of a real required return of 8-10% for the individual investor plus a risk premium of 5-7% for this particular mining venture.

The present value of these royalty payments is \$2.03 million.

Blohm Building, Suite 1
Elko, Nevada 89801

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ITEM 98

AND WHEN RECORDED, MAIL TO:

John C. Miller, Attorney at Law
Blohm Building, Suite 201
Elko, Nevada 89801

QUITCLAIM DEED

THIS INDENTURE, made this 22nd day of May, 1980, between GERTRUDE P. COLLINS, also known as GERTRUDE M. COLLINS, a widow, of the County of San Joaquin, State of California, the party of the first part, and

PATRICIA MURPHY, a married woman, of the County of Calaveras, State of California, and BARBARA P. NOCETO, a married woman, of San Mateo County, California, the parties of the second part.

W I T N E S S E T H:

That said party of the first part, for and in consideration of the sum of ONE DOLLAR (\$1.00) to her in hand paid by said parties of the second part, the receipt whereof is hereby acknowledged, does, by these present remise, release and forever quitclaim unto said parties of the second part, in equal undivided interests, their heirs and assigns forever, all of those certain unpatented lode mining claims generally located within Section 32, Township 38 North, Range 42 East, M.D.B. & M., Potosi Mining District, Humboldt County, Nevada, more particularly described as:

<u>Claim</u>	<u>Book (Mining Notices)</u>	<u>Page(s)</u>	<u>BLM No.</u>
Pinson No. 1	A-3	120	82222
Pinson No. 2	A-3	121 (A.124)	82223
Pinson No. 3	A-3	122	82224
Pinson No. 4	A-3	122-123	82225
Pinson No. 5	A-3	233-234	82226
Pinson No. 6	A-3	234	82227
Pinson No. 7	A-3	123	82228
Pinson No. 8	A-3	235	82229
Pinson No. 9	A-3	235-236	82230
Pinson No. 10	A-3	236	82231
Pinson No. 11	A-3	236-237	82232
Pinson No. 12	A-3	237-238	82233
Pinson No. 13	A-3	238	82234
Pinson No. 14	A-3	238-239	82235
Pinson No. 15	A-3	239	82236
Pinson No. 16	A-3	240	82237
Pinson No. 17	A-3	240-241	82238

<u>Claim</u>	<u>Book (Official Records)</u>	<u>Page(s)</u>	<u>BLM No.</u>
Pinson No. 18	59	316	82239

together with, all and singular, the tenements, hereditaments and appur-

FILE COPY

tenances thereunto belonging or in any way appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof. To have and to hold, all and singular, the said premises together with the appurtenances unto said parties of the second part in equal undivided interests, and to their heirs and assigns forever.

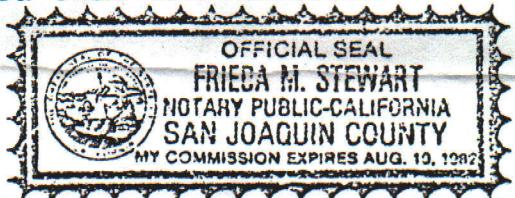
IN WITNESS WHEREOF, the party of the first part has hereunto set her hand and seal the day and year first above written.

Gertrude P. Collins
GERTRUDE P. COLLINS, aka
GERTRUDE M. COLLINS

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN JOAQUIN)

On May 22, 1980, before me, the undersigned, a Notary Public
in and for said State, personally appeared GERTRUDE P. COLLINS aka
GERTRUDE M. COLLINS, known to me to be the person whose name is sub-
scribed to the within instrument and acknowledged that she executed
the same.

WITNESS my hand and official seal.



Frieda M. Stewart
Notary Public in and for said State

John C. Miller, Attorney at Law
Blohm Building, Suite 201
Elko, Nevada 89801

AND WHEN RECORDED, MAIL TO:

John C. Miller, Attorney at Law
Blohm Building, Suite 201
Elko, Nevada 89801

GRANT DEED

THIS INDENTURE, made this 22nd day of May, 1980, between GERTRUDE P. COLLINS, also known as GERTRUDE M. COLLINS, a widow, of the County of San Joaquin, State of California, the party of the first part, and

PATRICIA MURPHY, a married woman, of the County of Calaveras, State of California, and BARBARA P. NOCETO, a married woman, of the County of San Mateo, State of California, in equal shares, the parties of the second part.

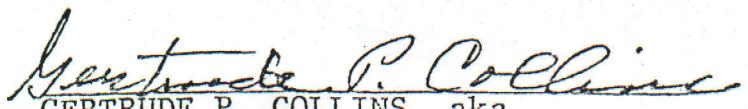
W I T N E S S E T H:

That said party of the first part, for and in consideration of the sum of ONE DOLLAR (\$1.00) to her in hand paid by said parties of the second part, receipt whereof is hereby acknowledged, does by these presents grant, bargain and sell all of her right, title and interest, believed to be an undivided one-half interest in the below described property, to the parties of the second part, in equal undivided interests, their heirs and assigns forever, all of that certain lot, piece or parcel of land situated, lying and being in the County of Humboldt, State of Nevada, particularly described as follows:

Township 38 North, Range 42 East, M.D.B. & M.
Section 28: E1/2 SW1/4; SW1/4 SW1/4
Containing 120 acres, more or less.

together with all and singular, the tenements, hereditaments and appurtenances thereunto belonging or in any way appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof. To have and to hold, all and singular, the said premises together with the appurtenances unto said parties of the second part in equal undivided interests, and to their heirs and assigns forever.

IN WITNESS WHEREOF, the party of the first part has hereunto set her hand and seal the day and year first above written.

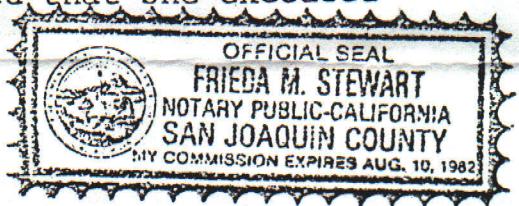

GERTRUDE P. COLLINS, aka
GERTRUDE M. COLLINS

FILE COPY

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN JOAQUIN)

On May 22, 1980, before me, the undersigned, a Notary Public
in and for said State, personally appeared GERTRUDE P. COLLINS aka
GERTRUDE M. COLLINS, known to me to be the person whose name is sub-
scribed to the within instrument and acknowledged that she executed
the same.

WITNESS my hand and official seal.



Frieda M. Stewart
Notary Public in and for said State

PROJECTED MINING RATE AND ANNUAL OUNCES RECOVERED
FOR ROYALTY ANALYSIS
JUNE 27, 1980

YEAR	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	TOTAL
Mining Rate (T/Yr)		177,000	354,000	354,000	354,000	354,000	354,000	354,000	354,000	354,000	236,000	3,245,000
(A Stage) 1		177,000	324,000									501,000 @ .176 = 88,176
(A Ult.) 2			30,000	354,000	122,000							506,000 @ .174 = 88,044
(N&CENTRAL)B3					232,000	354,000	345,000	187,000				1,127,000 @ .08 = 90,160
(B CleanUp) 4									167,000	160,000		327,000 @ .062 = 20,274
(South B) 5										194,000	354,000	645,000 @ .100 = 13,900
(C Zone) 6											97,000	139,000 @ .100 = 13,900
Cumulative Tonnage Millions	.177	.531	.885	1.239	1.593	1.947	2.301	2.655	3.009	3.245	3.245	
Diluted Mining Grades												
A Stage @ .176	.176	.1611										
A Ult. @ .174		.0147	.1740	.0600								
N & Central @ .08				.0524	.0800	.0800	.0422					
B Clean Up @ .062								.0292	.0280			
South B @ .078									.0427	.0780	.0320	
C Zone @ .100												.0590
Weighed Average Grade	.176	.1758	.1740	.1124	.08	.08	.0714	.0707	.0780	.0910		
Mined Ounces	31,152	62,233	61,596	39,790	28,320	28,320	25,276	25,028	27,612	21,476	350,803	
Recoverable Oz. @ 85%	26,479	52,898	52,357	33,822	24,072	24,072	21,484	21,274	23,470	18,255	298,183	
Cumulative Recoverable Ounces	26,479	79,377	131,734	165,556	189,628	213,700	235,184	256,458	279,928	298,183	298,183	

*NOTE: Figures between the bracketed lines are not always mining grades. These figures were used in calculating the Weighted Average Grade.

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ITEM 99

PROJECTED NET SALES REVENUES
FOR ROYALTY ANALYSIS
JUNE 27, 1980

YEAR	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	TOT
Annual Ounces Recovered	-0-	26,479	52,898	52,357	33,822	24,072	24,072	21,484	21,274	23,470	18,255	298,
Ounces Paid @99.6%		26,373	52,686	52,148	33,687	23,976	23,976	21,398	21,189	23,376	18,182	296,
Gross Sales @500. (\$Mill)		13.186	26.343	26.074	16.844	11.988	11.988	10.699	10.594	11.688	9.091	148.
Refining Charge @85¢/oz Recover (\$Mill)		.023	.045	.045	.029	.020	.020	.018	.018	.020	.016	.2
Shipping Charges 2000 per 10 day 35.4 shipments per year (\$Mill)		.035	.071	.071	.071	.071	.071	.071	.071	.071	.047	.6
Net Sales After Deductions (\$Million)	-0-	13.128	26.227	25.958	16.744	11.897	11.897	10.610	10.505	11.597	9.028	147.
Royalty Payment (\$Mill) @3% @2%	.0133	.3938	.7900	.3029 .3100	.3349	.2379	.2379	.2122	.2101	.2319	.1806	.1. 1.
Cumulative Royalty (\$Mill)	.0133	.4071	1.1971	1.8100	2.1449	2.3828	2.6207	2.8329	3.0430	3.2749	3.4555	3.
Discount Factor @15%	1.0	.8696	.7561	.6575	.5718	.4972	.4323	.3759	.3269	.2843	.2472	
Discounted Royalty @15% (\$Mill)	.0133	.3424	.60	.4030	.1938	.1183	.1028	.0797	.0687	.0659	.0446	2.0
Cum. Disc. Royalty	.0133	.3557	.9557	1.3557	1.5525	1.6708	1.7736	1.8533	1.9220	1.9879	2.0325	2.0

Table I

Duplicate

PROJECTED MINING RATE AND ANNUAL OUNCES RECOVERED
FOR ROYALTY ANALYSIS
JUNE 27, 1980

YEAR	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	TOTAL
Mining Rate (T/Yr)		177,000	354,000	354,000	354,000	354,000	354,000	354,000	354,000	354,000	236,000	3,245,000
(A Stage) 1		177,000	324,000									501,000 @ .176 = 88,176
(A Ult.) 2			30,000	354,000	122,000							506,000 @ .174 = 88,044
(N&CENTRAL) B3					232,000	354,000	345,000	187,000				1,127,000 @ .08 = 90,160
(B CleanUp) 4									167,000	160,000		327,000 @ .062 = 20,274
(South B) 5										194,000	354,000	645,000 @ .100 = 13,900
(C Zone) 6											139,000	139,000 @ .100 = 13,900
Cumulative Tonnage Millions	.177	.531	.885	1.239	1.593	1.947	2.301	2.655	3.009	3.245		3.245 = 0.15% / ton not undiluted grade
Diluted Mining Grades												
A Stage @ .176	.176	.1611										
A Ult. @ .174		.0147	.1740	.0600								= 0.11 = 17% diluted
N & Central @ .08	*			.024	.0800	.0800	.0422					*
B Clean Up @ .062							.0292	.0280				
South B @ .078								.0427	.0780	.0320		
C Zone @ .100										.0590		
Weighed Average Grade	.176	.1758	.1740	.1124	.08	.08	.0714	.0707	.0780	.0910		
Mined Ounces	31,152	62,233	61,596	39,790	28,320	28,320	25,276	25,028	27,612	21,476	350,803 @ 0.11% / ton grade	
Recoverable Oz. @ 85%	26,479	52,898	52,357	33,822	24,072	24,072	21,484	21,274	23,470	18,255	298,183	
Cumulative Recoverable Ounces	26,479	79,377	131,734	165,556	189,628	213,700	235,184	256,458	279,928	298,183	298,183	

* NOTE: Figures between the bracketed lines are not always mining grades. These figures were used in calculating the Weighted Average Grade.

213,700

PROJECTED MINING RATE AND ANNUAL OUNCES RECOVERED
FOR ROYALTY ANALYSIS
JUNE 27, 1980

YEAR	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	TOTAL
Mining Rate (T/Yr)		177,000	354,000	354,000	354,000	354,000	354,000	354,000	354,000	354,000	236,000	3,245,000
(A Stage) 1		177,000	324,000									501,000 @ .176 = 88,176
(A Ult.) 2			30,000	354,000	122,000							506,000 @ .174 = 88,044
(N&CENTRAL) B3					232,000	354,000	345,000	187,000				1,127,000 @ .08 = 90,160
(B CleanUp) 4								167,000	160,000			327,000 @ .062 = 20,274
(South B) 5									194,000	354,000	97,000	645,000 @ .100 = 13,900
(C Zone) 6											139,000	139,000 @ .100 = 13,900
Cumulative Tonnage Millions		.177	.531	.885	1.239	1.593	1.947	2.301	2.655	3.009	3.245	3.245
Diluted Mining Grades												
A Stage @ .176		.176	.1611									
A Ult. @ .174			.0147	.1740	.0600							
N & Central @ .08		*			.0524	.0800	.0800	.0422				
B Clean Up @ .062								.0292	.0280			
South B @ .078									.0427	.0780	.0320	
C Zone @ .100												.0590
Weighed Average Grade		.176	.1758	.1740	.1124	.08	.08	.0714	.0707	.0780	.0910	
Mined Ounces		31,152	62,233	61,596	39,790	28,320	28,320	25,276	25,028	27,612	21,476	350,803
Recoverable Oz. @85%		26,479	52,898	52,357	33,822	24,072	24,072	21,484	21,274	23,470	18,255	298,183
Cumulative Recoverable Ounces		26,479	79,377	131,734	165,556	189,628	213,700	235,184	256,458	279,928	298,183	298,183

*NOTE: Figures between the bracketed lines are not always mining grades. These figures were used in calculating the Weighted Average Grade.

PROJECTED NET SALES REVENUES
FOR ROYALTY ANALYSIS
JUNE 27, 1980

YEAR	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	TOTALS
Annual Ounces Recovered	-0-	26,479	52,898	52,357	33,822	24,072	24,072	21,484	21,274	23,470	18,255	298,183
Ounces Paid @99.6%		26,373	52,686	52,148	33,687	23,976	23,976	21,398	21,189	23,376	18,182	296,991
Gross Sales @500. (\$Mill)		13.186	26.343	26.074	16.844	11.988	11.988	10.699	10.594	11.688	9.091	148.495
Refining Charge @85¢/oz Recover (\$Mill)		.023	.045	.045	.029	.020	.020	.018	.018	.020	.016	.254
Shipping Charges 2000 per 10 day 35.4 shipments per year (\$Mill)		.035	.071	.071	.071	.071	.071	.071	.071	.071	.047	.650
Net Sales After Deductions (\$Million)	-0-	13.128	26.227	25.958	16.744	11.897	11.897	10.610	10.505	11.597	9.028	147.501
Royalty Payment (\$Mill) @3% @2%	.0133	.3938	.7900	.3029	.3100	.3349	.2379	.2379	.2122	.2101	.2319	.1806 1.5 1.9555
Cumulative Royalty (\$Mill)	.0133	.4071	1.1971	1.8100	2.1449	2.3828	2.6207	2.8329	3.0430	3.2749	3.4555	3.4555
Discount Factor @15%	1.0	.8696	.7561	.6575	.5718	.4972	.4323	.3759	.3269	.2843	.2472	
Discounted Royalty @15% (\$Mill)	.0133	.3424	.60	.4030	.1938	.1183	.1028	.0797	.0687	.0659	.0446	2.0325
Cum. Disc. Royalty	.0133	.3557	.9557	1.3557	1.5525	1.6708	1.7736	1.8533	1.9220	1.9879	2.0325	2.0325

BROWN, LANE, CALONE & DUNCAN
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

NAT BROWN, JR., INC.
FREEMAN D. LANE, INC.
RICHARD S. CALONE, INC.
DENNIS J. DUNCAN, INC.
JOHN ROSTER
DANIEL C. LAMBERTSON

ATTORNEYS AT LAW
942 N. HUNTER STREET
STOCKTON, CALIFORNIA 95202
(209) 464-4745

WILLIAM H. DICK
RETIRED

May 29, 1980

Mr. Jim McLaren Forbes
2275 Meuller Drive
Reno, Nevada 89509

RE: Pinson Mine

Dear Mr. Forbes:

Enclosed you will find legal descriptions on the transfer of the mining patents and also the mineral interests and references contained therein to the legal descriptions of the mineral interests for your reference.

In addition I have discussed the outlining of your proceeding to value those mineral interests based upon the current ore body and discounted present worth method on the potential recovery at a projected average price on the minerals to be recovered. In addition, I believe it would be appropriate to discount the value on a present worth basis with an additional discount for contingencies to reflect the expectancy of these mineral interests.

I would like to confirm that you are authorized to proceed at the fee of \$250.00 per day based upon your estimate of completing the job within two to five days.

Please do not exceed this estimated budget without prior written approval from this office. I also understand that we will reimburse you for reasonable travel, meals and lodging expenses.

If this is pursuant to your understanding of the matter would you kindly sign the enclosed copy and return for my file. In addition, we are hoping that you can hand something to us preliminarily by June 15 with a complete report by the end of June. Please advise if this timetable is inconvenient or simply impossible to meet.

Very truly yours,

BROWN, LANE, CALONE & DUNCAN
RICHARD S. CALONE, INC.

RSC:bk
cc: George Murphy
encl.

By Richard S. Calone
Richard S. Calone, President

J. McLAREN FORBES
Consulting Geologist

2275 MUELLER DRIVE
RENO, NEVADA 89509

TELEPHONE: AREA CODE 702 - 826 1545

April 11, 1981

Mr. Putnam Livermore
care-Chickering & Gregory
23rd. Floor
3 Embarcadero Center
San Francisco, CA 94111

Subject:--ESTIMATED PRODUCTION from the PINSON MINE,
1981 through 1990.

This estimate of production at the Pinson Mine, for the ten years of 1981 through 1990, is based on data furnished by Donald M. Duncan, Manager at the Pinson Mine. The information included a Pit Reserve Summary, as done by Computer Method, of June 5, 1980, the assumed mining and milling costs, as of June 5, 1980, as well as probable charges relating to the refining and sale of doré bullion to be produced. Royalty payments were based on a 3% royalty for the first \$1,500,500 of royalty and a continued royalty at a rate of 2% thereafter.

From the above data, which undoubtedly will change as mining progresses, the accompanying ESTIMATED PRODUCTION, PINSON MINE, 1981 through 1990, was produced. In my considered opinion, this is as good an estimation as can be made using the data at hand, at this point in time.

The Nevada Net Proceeds of Mines Tax, for the Golconda Mining District, in Humboldt County, Nevada is 2.2003% per \$100. Depletion was assumed to be 15% of net sales, after royalty payments. The discounted present value was calculated using tables given in Economic Evaluation and Investment Decision Methods, by Franklin J. Stremole of the Colorado School of Mines. No information was provided to me which could be used for depreciation.

The price of gold used in this estimate was \$500 per ounce. I contacted several authorities, including the Mocota Metals Corporation, as to their views regarding the future price of gold. None of them would make a prognostication.

As for the discounted present value, it seems that a discount rate of no less than 20% is justified. The risk factor of any mining venture is always high, in the best of times. It certainly increases under present day conditions with the unstable price of gold, high inflation, and unpredictable environmental impacts which could increase costs and have a deterring effect on the operation as a whole.

Another factor which could conceivably change production rates will be the operating capacity of the mill, after it has been well broken in. It often happens that mills designed for a given tonnage can, if the metallurgy turns out to be more favorable than expected, increase their capacity by possibly 50%. Conversely, should the ore not be as amenable to treatment as metallurgical tests have indicated, then milling capacity might have to be reduced.

I believe that this project was well researched and designed, but unexpected changes in ore type and/or metallurgical problems as well as fluctuations of the price of gold could well cause management to alter the daily rate of production.

J. McLaren Forbes

Registered Geologist State of California #2336.
Registered Professional Engineer and Land Surveyor
State of New Mexico #991.

Table I

PROJECTED MINING RATE AND ANNUAL OUNCES RECOVERED
FOR ROYALTY ANALYSIS
JUNE 27, 1980

YEAR	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	TOTAL
Mining Rate (T/Yr)		177,000	354,000	354,000	354,000	354,000	354,000	354,000	354,000	354,000	236,000	3,245,000
(A Stage) 1		177,000	324,000									501,000 @ .176 = 88,176
(A Ult.) 2			30,000	354,000	122,000							506,000 @ .174 = 88,044
(N&CENTRAL) B3					232,000	354,000	345,000	187,000				1,127,000 @ .08 = 90,160
(B CleanUp) 4								167,000	160,000			327,000 @ .062 = 20,274
(South B) 5									194,000	354,000	97,000	645,000 @ .100 = 13,900
(C Zone) 6											139,000	139,000 @ .100 = 13,900
Cumulative Tonnage Millions	.177	.531	.885	1.239	1.593	1.947	2.301	2.655	3.009	3.245		3.245
Diluted Mining Grades												
A Stage @ .176	.176	.1611										
A Ult. @ .174		.0147	.1740	.0600								
N & Central @ .08	*			.0524	.0800	.0800	.0422					
B Clean Up @ .062							.0292	.0280				
South B @ .078								.0427	.0780	.0320		
C Zone @ .100											.0590	
Weighed Average Grade	.176	.1758	.1740	.1124	.08	.08	.0714	.0707	.0780	.0910		
Mined Ounces	31,152	62,233	61,596	39,790	28,320	28,320	25,276	25,028	27,612	21,476	350,803	
Recoverable Oz. @85%	26,479	52,898	52,357	33,822	24,072	24,072	21,484	21,274	23,470	18,255	298,183	
Cumulative Recoverable Ounces	26,479	79,377	131,734	165,556	189,628	213,700	235,184	256,458	279,928	298,183	298,183	

*NOTE: Figures between the bracketed lines are not always mining grades. These figures were used in calculating the Weighted Average Grade.

TABLE 11

PROJECTED NET SALES REVENUES
FOR ROYALTY ANALYSIS
JUNE 27, 1980

YEAR	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	TOTALS
Annual Ounces Recovered	-0-	26,479	52,898	52,357	33,822	24,072	24,072	21,484	21,274	23,470	18,255	298,183
Ounces Paid @99.6%		26,373	52,686	52,148	33,687	23,976	23,976	21,398	21,189	23,376	18,182	296,991
Gross Sales @500. (\$Mill)		13.186	26.343	26.074	16.844	11.988	11.988	10.699	10.594	11.688	9.091	148.495
Refining Charge @85¢/oz Recover (\$Mill)		.023	.045	.045	.029	.020	.020	.018	.018	.020	.016	.254
Shipping Charges 2000 per 10 day 35.4 shipments per year (\$Mill)		.035	.071	.071	.071	.071	.071	.071	.071	.071	.047	.650
Net Sales After Deductions (\$Million)	-0-	13.128	26.227	25.958	16.744	11.897	11.897	10.610	10.505	11.597	9.028	147.501
Royalty Payment (\$Mill) @3% @2%	.0133	.3938	.7900	.3029 .3100	.3349	.2379	.2379	.2122	.2101	.2319	.1806	1.5 1.9555
Cumulative Royalty (\$Mill)	.0133	.4071	1.1971	1.8100	2.1449	2.3828	2.6207	2.8329	3.0430	3.2749	3.4555	3.4555
Discount Factor @15%	1.0	.8696	.7561	.6575	.5718	.4972	.4323	.3759	.3269	.2843	.2472	
Discounted Royalty @15% (\$Mill)	.0133	.3424	.60	.4030	.1938	.1183	.1028	.0797	.0687	.0659	.0446	2.0325
Cum. Disc. Royalty	.0133	.3557	.9557	1.3557	1.5525	1.6708	1.7736	1.8533	1.9220	1.9879	2.0325	2.0325

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942 N. HUNTER STREET
STOCKTON, CALIFORNIA 95202



Jim McLaren Forbes
2275 Meuller Drive
Reno, Nevada 89509

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209-469-4775

942 N Hunter
Stockton Ca.
95202

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UNIVERSAL RECORD OF CHARGE

3732 202745 11008
01/80 THRU 12/80 58 AX TRAVELODGE
J MCLAREN FORBES

FALLON T/L 248 6092620902 FAL 7727903234 ON, 7920501703 NV.	CHARGE TAX TELEPHONE TIPS / MISC.	CC TYPE AUTHORIZATION CODE 6-DATE Type of Delayed Charge REVISED TOTAL Amount of Delayed Charge
TERMS. PAYABLE WITHOUT DISCOUNT UPON RECEIPT OF MONTHLY STATEMENT. PRICE AND AMOUNT INCLUDE ALL APPLICABLE FEDERAL, STATE AND LOCAL TAXES.		TOTAL CHARGE 25.44
X J McLaren Forbes BUYER'S SIGNATURE		SHOULD THERE BE A CHARGE THAT DID NOT APPEAR ON YOUR BILL AT CHECK OUT TIME, IT WILL APPEAR ABOVE IN THE SHADeD BOXES.
3-GUEST COPY		
NOTICE TO BUYER: Do not sign before reading this agreement or if any spaces intended for agreed terms are left blank.		
Cardholder agrees to pay to the issuer of the presented credit card the herein stated charges in accordance with the agreement between cardholder and said issuer.		

(PLEASE PRINT)

248	6481	THE UNDERSIGNED AGREES TO TERMS AND CONDITIONS ON REVERSE SIDE
NAME J. McLaren Forbes		
ADDRESS 2275 Mueller Dr		
CITY & STATE Reno NV 89501		
REPRESENTING		
MAKE OF CAR Scout	LICENSE NO. WGE357	YEAR 1970
STATE REGISTERED NV		
GUEST PAYMENT PREFERENCE →		<input type="checkbox"/> CASH <input checked="" type="checkbox"/> CREDIT CARD <input type="checkbox"/> OTHER
SIGNATURE J McLaren Forbes		
ROOM 104 CLERK	ROOM CHARGE \$ 24.00	
ARRIVAL DATE 6-4-80	TAX \$ 1.44	
NUMBER OF GUESTS 1	MISC CHARGES \$	
RATE \$ 24.00	TELEPHONE \$	
NUMBER OF DAYS CHARGED 1	TOTAL AMOUNT \$ 25.44	
70 E. WILLIAMS AVE. FALLON, NEVADA 89406		
RESERVE AHEAD FOR ANY TRAVELODGE CALL TOLL FREE (800) 255-3050 IN CANADA CALL NEAREST TRAVELODGE		
FALLON		
TRAVELODGE MOTELS & MOTOR HOTELS		

	ESTIMATED PRODUCTION										
	PINSON MINE 1981-1990.....										
Weighted average diluted grade; mined each year, in ounces per ton of gold-----	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	TOTAL
Mining rate, tons of ore to mill per year, does not include waste. --	354000	354000	354000	354000	354000	354000	354000	354000	354000	354000	0.100 0.108
Heap Leaching tonnage per year-----	550000	550000	550000	550000	550000	550000	550000	550000	550000	550000	590000 3245000
Total Mine & Heap Leaching per year											550000 5500000
Mining costs per year for ore to mill plus waste stripping. Strip ratio varies(5.1 thru 14.7 to 1) waste to ore. Mining cost \$1.00 per ton for ore or waste moved. --	\$2159000	3878000	4801000	3140000	3186000	3186000	5329000	2195000	2755000	799000	\$31428000
Milling and all other operational costs, \$10.00 per ton ore milled-----	3540000	3540000	3540000	3540000	3540000	3540000	3540000	3540000	3540000	530000	\$32450000
Heap Leaching at \$1.00 per ton-----	550000	550000	550000	550000	550000	550000	550000	550000	550000	550000	550000 \$ 5500000
Total operating costs for mine,--	6249000	7968000	8891000	7230000	7276000	7276000	9419000	6285000	6845000	1939000	\$ 69378000
Mined recoverable ounces at 85% recovery-----	52958	52698	47893	24072	24072	24072	18957	23470	24975	5015	298096
Heap Leaching recoverable ounces at 50% recovery-----	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	55000
Total recoverable ounces of gold--	58458	58158	53343	29572	29572	29572	24457	23970	30475	10515	353092
\$ at \$500.00 per ounce of gold---	\$29229000	29079000	26672000	14786000	14786000	14786000	12229000	14485000	15238000	5258000	176548000
(to nearest thousand)											
Deductions: Pay for 99.6% recovered gold, refining charge 85¢ per ounce. Shipping and insurance \$2000.00 per 10 days-----	\$226000	225000	211000	143000	143000	143000	129000	142000	146000	42000	1550000
Net sales after deductions-----	\$29003000	28854000	26461000	14643000	14643000	14643000	1210000	14343000	15092000	15216000	174998000
Royalty payments at 3%-----	\$ 870000	630000	157000	529000	293000	293000	293000	242000	297000	302000	104000
Royalty payments at @%-----	\$ 870000	787000	529000	293000	293000	293000	242000	297000	302000	104000	4000000
Total Royalty payments-----	\$ 870000	787000	529000	293000	293000	293000	242000	297000	302000	104000	4000000
Net sales after royalty payments-----	\$28133000	28067000	25932000	14350000	14350000	14350000	11858000	14056000	14790000	5112000	190998000
Total operating costs-----	\$6249000	7968000	8891000	7230000	7276000	7276000	9419000	6285000	6845000	1939000	69378000
Gross operating revenue-----	\$21884000	20099000	17041000	7120000	7074000	7074000	2439000	7771000	7945000	3173000	101620000
Nevada Net Proceeds of Mines tax 2.2003 % per \$100.00-----	\$ 482000	442000	375000	157000	186000	156000	54000	171000	175000	70000	2238000
Less repayment of loans-----	\$ 7875000	7875000	2500000								
Less other equities-----	\$ 2500000										
Net Operating Revenue-----	\$11027000	9282000	16666000	6963000	6918000	6918000	2385000	2600000	2770000	3103000	78632000
Depletion, 15% of net sales after royalty payments-----	\$4220000	4221000	3890000	2153000	2153000	2153000	1779000	2108000	2219000	767000	25652000
Net Operating revenue less depletion-----	\$ 6807000	5072000	12776000	4810000	4765000	4765000	606000	5492000	5551000	2336000	52980000
Discounted Present Value of the Net Operating Revenue less depletion At a discount rate of % -----	15%-----	\$ 5919000	3835000	8400000	2781000	2369000	2060000	228000	1795000	1578000	577000 29542000
Partners-- 1%-----	\$ 59000	38000	84000	27000	23000	21000	2000	18000	16000	6000	296000
20%-----	\$ 5672000	3522000	7394000	2320000	1915000	1596000	1696000	1277000	1076000	377000	28218000
Partners-- 1%-----	\$ 57000	35000	74000	23000	19000	16000	2000	13000	11000	4000	282000
25%-----	\$ 5446000	3246000	6541000	1978000	1562000	1249000	127000	921000	745000	251000	22076000
Partners-- 1%-----	\$ 55000	33000	65000	20000	16000	13000	1000	1000	8000	3000	221000

J. McLaren Forbes
April, 11, 1981

(36)
ITEM 99

36800098

	ESTIMATED					PRODUCTION						TOTAL	
	PINSON 1981					MINE 1990							
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990			
Weighted average diluted grade, mined each year, in ounces per ton of gold-----	0.176	0.175	0.159	0.080	0.080	0.080	0.063	0.078	0.083	0.100	0.108		
Mining rate, tons of ore to mill per year, does not include waste. --	354000	354000	354000	354000	354000	354000	354000	354000	354000	59000	3245000		
Heap Leaching tonnage per year-----	550000	550000	550000	550000	550000	550000	550000	550000	550000	550000	5500000		
Total Mine & Heap Leaching per year												Total Tons-- 8745000	
Mining costs per year for ore to mill plus waste stripping. Strip ratio varies(5.1 thru 14.7 to 1) waste to ore. Mining cost \$1.00 per ton for ore or waste moved.--	2159000	3878000	4801000	3140000	3186000	3186000	5329000	2195000	2755000	799000	\$31428000		
Milling and all other operational costs, \$10.00 per ton ore milled--	3540000	3540000	3540000	3540000	3540000	3540000	3540000	3540000	3540000	530000	\$32450000		
Heap Leaching at \$1.00 per ton--	550000	550000	550000	550000	550000	550000	550000	550000	550000	550000	\$550000		
Total operating costs for Mine, Mill and Heap Leaching-----	6249000	7968000	8891000	7230000	7276000	7276000	9419000	6285000	6845000	1939000	\$69378000		
Mined recoverable ounces at 85% recovery-----	52958	52698	47843	24072	24072	24072	18957	23470	24975	5015	298096		
Heap Leaching recoverable ounces at 50% recovery-----	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500		
Total recoverable ounces of gold---	58458	58158	53343	29572	29572	29572	24457	28970	30475	10515	353092		
\$ at \$600.00 per ounce of gold---	\$35075000	34895000	32006000	17743000	17743000	17743000	14674000	17382000	18285000	6309000	\$211855000		
Deductions: Pay for 99.6% recovered gold, refining charge \$5¢ per ounce. Shipping and insurance \$2000.00 per 10 days-----	\$121000	121000	116000	96000	96000	96000	96000	96000	101000	80000	\$1019000		
Net sales after deductions-----	\$34813000	34634000	31762000	17576000	17576000	17576000	14523000	17216000	18111000	6204000	\$20991000		
Net sales after royalty payments-----	\$33769000	33789000	31127000	17224000	17224000	17224000	14232000	16872000	17749000	6080000	\$205290000		
Total Operating Cost-----	\$6249000	7968000	8891000	7230000	7276000	7276000	9419000	6285000	6845000	1939000	\$69378000		
Gross operating Revenue-----	\$27520000	25821000	22236000	9994000	9948000	9948000	4813000	10587000	10904000	4141000	\$155912000		
Nevada Net Proceeds of Mines tax- 2.2003 % per \$100.00-----	606000	568000	489000	220000	219000	219000	106000	233000	240000	91000	\$2991000		
Less repayment of loans-----	\$7875000	7875000											
Less other equities-----	\$2500000	2500000											
Net Operating Revenue-----	\$16539000	14878000	21747000	9774000	9729000	9729000	4707000	10354000	10169000	4050000	\$111676000		
Depletion, 15% of net sales after royalty payments-----	\$5065000	5068000	4669000	2583000	2583000	2583000	2134000	2530000	2662000	912000	\$30789000		
Net Operating Revenue less depletion-----	\$11474000	9810000	17078000	7191000	7146000	7146000	2573000	7824000	7507000	3138000	\$80887000		
Discounted Present Value of the Net Net Operation Revenue less depletion:													
Atta discount rate of %													
15%--\$ 9977000	7417000	11228000	4111000	3552000	3089000	967000	2557000	2134000	775000	\$45807000			
Partners 1%--\$ 100000	74000	112000	41000	36000	31000	10000	26000	21000	8000	\$458000			
20%--\$ 9561000	6812000	9883000	3468000	2871000	2393000	718000	1819000	1454000	506000	\$39557000			
Partners 1%--\$ 96000	68000	99000	35000	29000	24000	7000	18000	15000	5000	\$396000			
25%--\$ 9179000	6278000	8743000	2945000	2341000	1872000	539000	1312000	1007000	337000	\$34553000			
Partners 1%--\$ 92000	63000	87000	30000	23000	19000	5000	13000	10000	3000	\$345000			