3750 0006

SUMMARY SHEET
INHALTSANGABE

289

Item 6

ENTERPRISE : UNTERNEHMEN:	NEVADA PLACER
RESOURCE : FINDIGKEIT:	GOLD AND SILVER
LOCATION: GEGEND :	PERSHING COUNTY, NEVADA
RESERVES: VORRAT :	2.1 BILLION TONS OF ORE
REVENUE POTENTIAL : MOEGLICHES EINKOMMEN:	$9.5 BILLION
NET PRESENT VALUE : (8% discount) for 6 years operation GEGENWAERTIGER WERT: (netto) 8% rabatt fuer 6 jahre operation	+ $7,512,000
ACQUISITION COST: KAUFPREIS :	$2,500,000
ROYALTIES: ZINS :	5% OF GROSS INCOME FOR 5 YEARS

COMMENTS :
BEMERKUNG: The Nevada Placer property is extremely large and will be operated as a strip (open pit) mine. Many other valuable minerals exist on the property, as well as rare earths. Everything of value will be mined.

DOCUMENTATION:
DOKUMENTE :

1. Option
2. Title abstract
3. Mining claim assessments (tax)

DOCUMENTATION:
DOKUMENTE :

4. Water right permit
5. Geologist report and assays
6. Assay letters
7. Report on water supply
8. Copy of Kennecott option letter
9. Photos and maps
10. Governmental history
11. Copies of various governmental publications

PROPOSAL FOR OPERATION OF THE NEVADA PLACER MINE

SECTION I. INTRODUCTION AND BACKGROUND

Starting in 1934, Maurice Constant began acquiring the Nevada Placer mining claims. By 1953, he had acquired almost all of the claims listed in this sale. Prior to his death in 1963, he assigned ownership of the claims to his daughter and two corporations.

During the period of Maurice Constant's ownership, he basically promoted the property. Some small scale mining operations were initiated at various times; but due to various reasons, nothing substantial resulted.

The two corporations that were assigned ownership were Constant DeRebecque, Inc. and Industrial Petroleum, Inc.

SECTION II. PROPERTY DESCRIPTION

A. DESCRIPTION AND LOCATION

The Nevada Placer Mine is approximately 320 unpatented mining claims located in the Rabbit Hole and Rosebud mining districts in Pershing County, Nevada, containing over 22,000 acres of land.

In addition to these claims, there is an additional 200 claims that are yet to be surveyed. The property has an average elevation of 4500 feet above sea level and moderate winter weather. Mining operations can be planned year round.

The area consists mainly of pre-Tertiary slates and shists partly covered by valley alluvium and multi-terraced gravels which contain the

placer deposits.

B. PRODUCT

This is primarily a gold placer but certain other minerals do show up in amounts that make their recovery economincal. A few of these minerals are silver, cinnabar, chrome, tungsten, nickel-cobalt, cassiterite, titanium, and black sand.

Estimates were on the basis of the average recoverable gold concentrate. We have not included market values for other minerals that will be recovered. This would give a higher value to the revenue from sales and slightly lower production cost.

C. ASSAYS

The assay values for this placer material are very high with the gold better than $8.00 per cu. yd. Thes values have been determined by using all of the available reports and information that we have. All of the past reports and a new report dated September 2, 1976. This report was written by Mr. G.R. Moore, a Mining Engineer. This report is inculded in this proposal.

Mr. Moore 's report gave a reserve of 9,600,000 tons for only 40 feet of depth, for each 100 acres. This is over 2 billon tons for the full 22000 acres. This information added to our existing reports and assays gives us approximately $8.00 per cu. yd. The value of the reserves is then over 10 billion dollars.

SECTION III. BUSINESS PLAN

This project will be operated and managed by U.S. International

Energy Corporation (USIE). The technical operations will be controlled and closely supervised by highly trained and competent personnel. Administrative and managerial functions will likewise come under the direct supervision of well qualified persons with directly applicable experience. (See section titled "Organizational Structure of USIE").

A. MARKETING

The marketing of the values from the Nevada Placer property would be handled by U. S. International Energy Corporation. It is proposed that the concentrates from the mill on the Nevada Placer mine be transported to Salt Lake City, Utah and refined at the USIE Precious Metals Refinery.

SECTION IV. STUDY AND ESTIMATES

A detailed engineering study was made for this mine operation. This is described in detail in exhibits. In the case of this mine, adequate electric power facilities, water, housing for employees and transportation access are now available or will be when the mine is in operation.

Estimates were made to derive the capital requirement for this production complex. Extimates of capital requirements included cost of property acquisition, exploration, mine development, mine and mill equipment and installation, plant facilities, utilities, and working capital.

Financial analysis included estimates for sales and the costs of labor, supplies, administration and general overhead, marketing and transportation, taxes and insurance, depreciation, and Federal and State taxes.

SECTION V. MINING

There is ample water on the property that has been proven. Water rights for the 19 wells are owned by the seller. It would be possible to use any of the various placer mining methods that are known to exploit this property; but due to the large extent of alluvium, we propose to use a land stripping open pit type excavation method.

Distribution of Placers in sorted and resorted Placers is very irregular. In the case of this property, heavy gold is concentrated on top of a stratum of clay and gravel which is called false bedrock. The coarse and fine gold is mainly scattered throughout the lower part of the deposit. These areas are called pay streaks. The pay streaks are formed one on top of another, overlaying each other. Tests have shown numerous pay streaks down to at least a depth of 1500 feet.

Our proposal is to first loosen the material using tractors with rippers, sizing it, and hauling it to the mill. The larger waste material is piled for use in reclaiming the area after mining. This is an efficient, simple method of Placer mining due to the absence of trees, surface growth, rock outcroppings, and large boulders.

SECTION VI. MILLING

Our proposal for milling of this ore is fairly complex due to the number of recoverable elements that are available in the material. We plan on a large 5000 to 6000 cubic yard per day operation. We expect to recover over 87% of the values in the raw ore.

SECTION VII. ACKNOWLEDGMENTS

Estimates and proposals are based on umberous sources including data developed by the U. S. Geological Survey, U. S. Bureau of Mines, U. S. Department of the Interiod; from various publications such as Peeles "Mining Engineers Handbook," and Colorado Mining Association's "1976 Mining Year Book"; upon professional papers, bulletins and circulars from universities and other government bureaus; from various company officials with knowledge of their own and other properties; company reports; and the judgment of the authors and other engineers from U. S. International Energy Corporation.

SECTION IX CASH FLOW PROJECTIONS

The cash flow projections shown on the following page are based on the following assumptions:

1. The recoverable values from the placer material is $8 a cubic yard for which the mining company will receive 80% or $6.40. Expenses (Marketing & Transportation) include costs of sending concentrates to the refinery in Salt Lake City, Utah.
2. The cost of processing the placer material is $2.80 a cubic yard.
3. Royalty of 5% of the Gross Income is to be paid.
4. Management expenses are approximately $0.46 a cubic yard.
5. USIE will purchase the placer property for $2,500,000 and will lend the operating company $13,000,000 for capital equipment and operating capital.

The projections indicate that the placer mining will result in a favorable after tax cash flow with sufficient funds to maintain a million dollars a year purchase of additional capital equipment and still repay one million dollars each year toward the repayment of the loan.

The projections assume that the processing of placer materials will be one million cubic yards the first year and growing to four and one-half million cubic yards during the sixth year. From the valuable minerals recovered there are projected a stream of yearly net income cash flows that grow to over four million dollars a year.

A calculated net present value (discounted at 8%) of the steam of net cash flows plus the loan repayment amounts plus the sixth year value of the undepreciated capital equipment gives a value of $7,512,000.

NEVADA PLACER
COSTS AND PRODUCTION

I.	MINE COST Purchase of corporation and property	$ 2,500,000.00
II.	MINE AND MILL OPERATION Cost of operation for six months - until production is up to capacity and general start-up labor	1,014,000.00
III.	UTILITIES General hookups plus instrumentation including electric, gas, communication, etc.	115,286.00
IV.	NEW WORKINGS Opening new pit areas and the related development work	323,640.00
V.	SITE PREPARATION Including the following: road work and improvements, fences, leveling areas (mill sites, shops, parking and service areas, etc.), trenching and foundations	372,081.00
VI.	WATER DEVELOPMENT Opening wells, enlargement of ponds, storage of water, and reworking of existing wells	161,400.00
VII.	STRUCTURES AND BUILDINGS Including the following: modular-type mobile homes (offices, security, living quarters, etc.), shops, fuel tanks, bins, assorted buildings and sheds	721,175.00
VIII.	TESTING AND EVALUATION	1,292,648.00
X.	MAJOR EQUIPMENT Including the following: caterpillar tractors, dump trucks, front end loaders, flatbed truck, pickup trucks, service trucks, trailers, back-hoes, compressors, conveyors, lighting systems, crushers, grinders, grizzlys, generators, dredges, crane, mixers, scales, four-wheel-drive trucks, cells, tables, filters, dryers, feeders, classifiers, screens, jigs, pumps and others	7,397,890.00

XI.	MINOR EQUIPMENT, MATERIALS AND SUPPLIES Including the following: tires, batteries, chemicals, spare parts, wire, piping, cable, hose, small pumps, reagents, tools, security items, and first aid material	831,200.00
XII.	MISCELLANEOUS	270,680.00
	TOTAL COST OF MINE	$15,000,000.00

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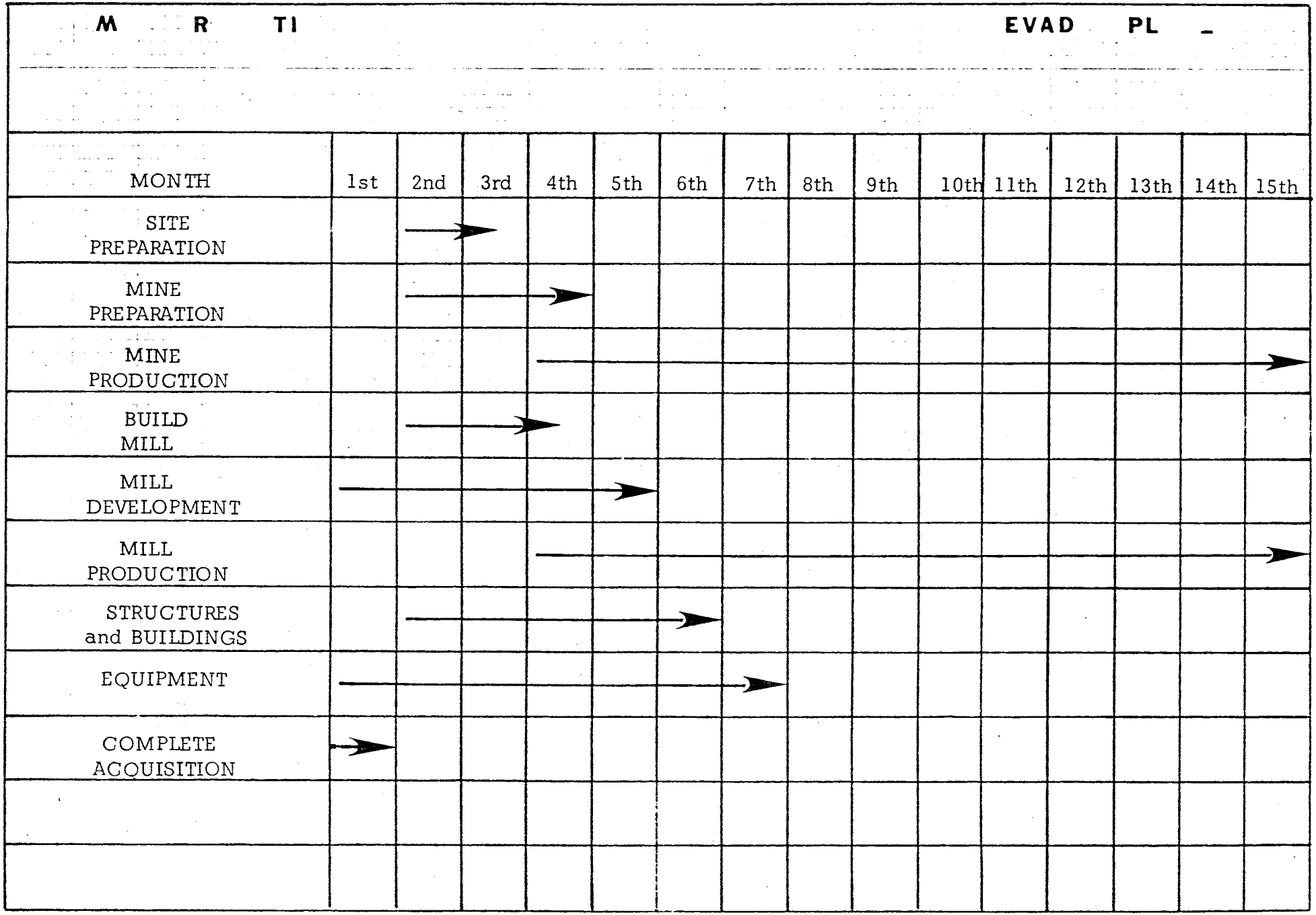
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MILL DEVELOPMENT
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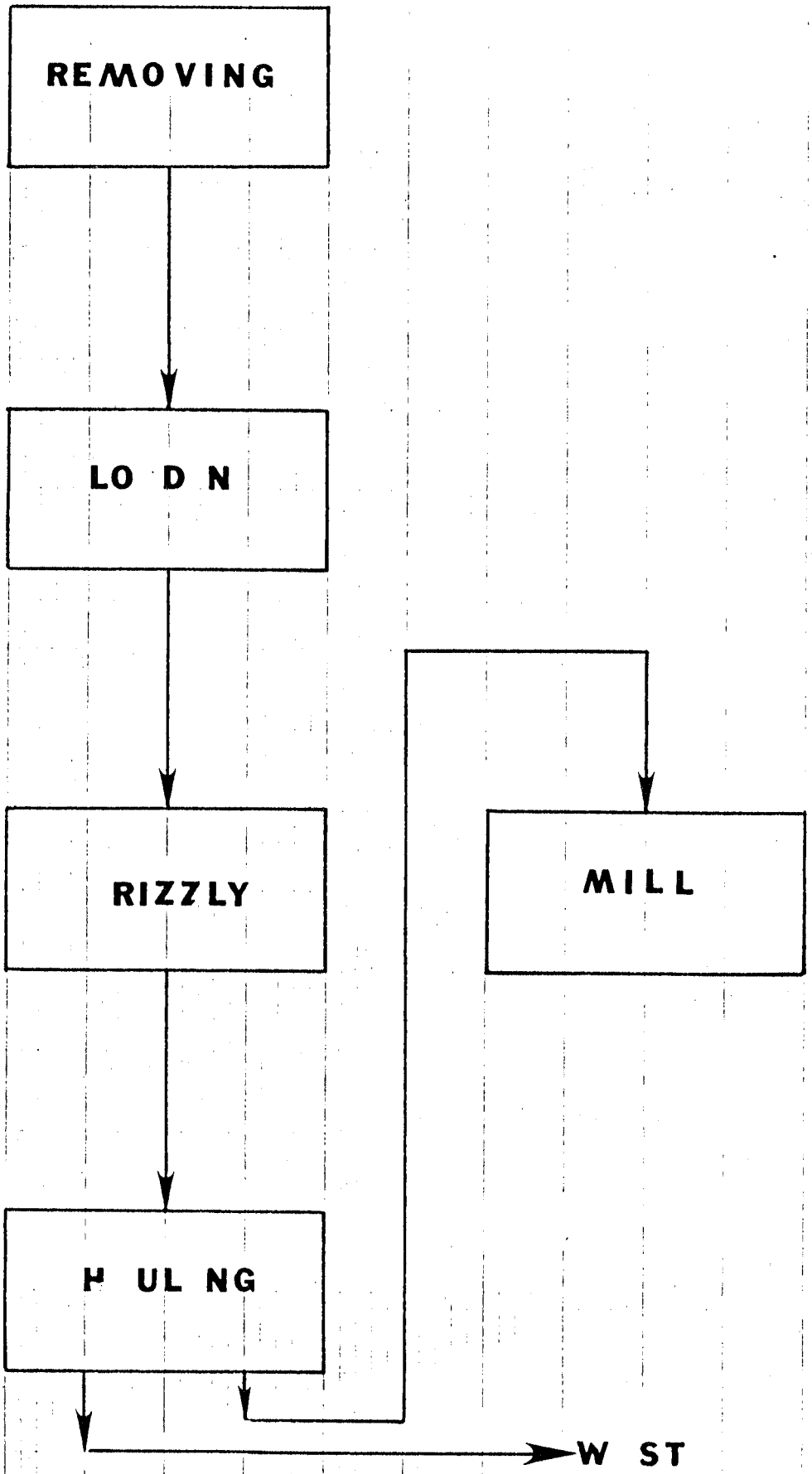
STRUCTURES and BUILDINGS
EQUIPMENT
COMPLETE ACQUISITION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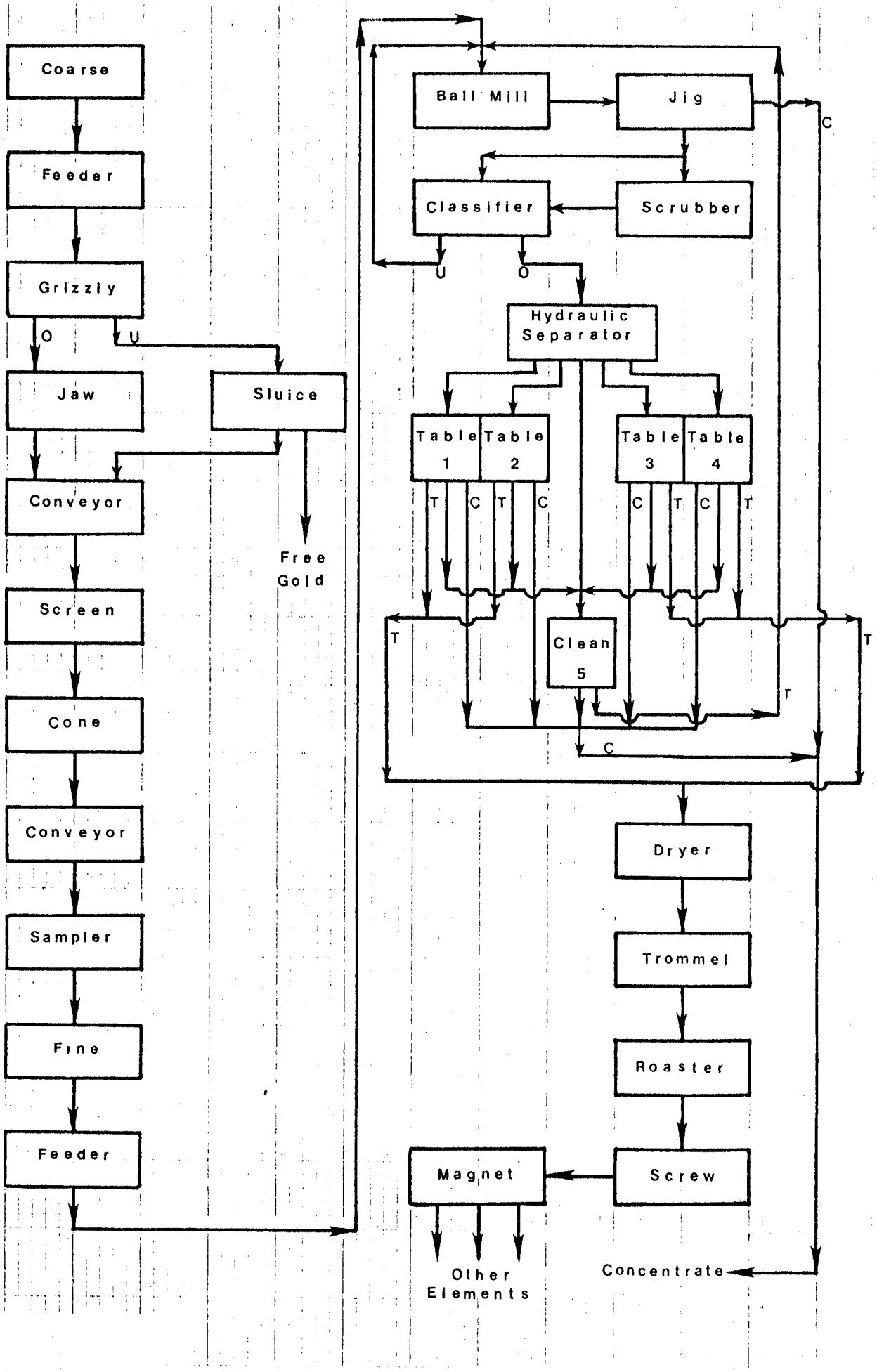
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Trommel
Roaster
Screw
Magnet
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Concentrate

NEVADA ASSAY OFFICE

5800 RENO HIGHWAY
FALLON, NEVADA 89406

Telephone 867-3678

July 27, 1979

Pacific Exploration
Fallon, Nevada

Assay no: 116957

Std: Fire assays:

	Gold	Silver (in oz./ton)
1--A-Barrel-High cons	15.30	.98
2---Large Bag	0	0
3-- Cons.	26.78	T
4-- 40-1	65.00	.07

Corrected and controlled assays:

							Total Gold	Total Silver
1	15.50	0	0	0	0	0	15.66	.98
2	0	.03	.02	.01	0	0	.03	0
3	27.14	0	0	0	0	0	27.14	.36
4	65.52	0	0	0	0	0	65.52	.14

Mercury amalgamation:

comb.-1,2,3-- 1#4oz. Recovered gold -- .30172 grams or 15.49 oz/ton

4 4 oz. .29308 " " 74.81 "

NEVADA ASSAY OFFICE

William L. Copley

WILLIAM L. COPLEY